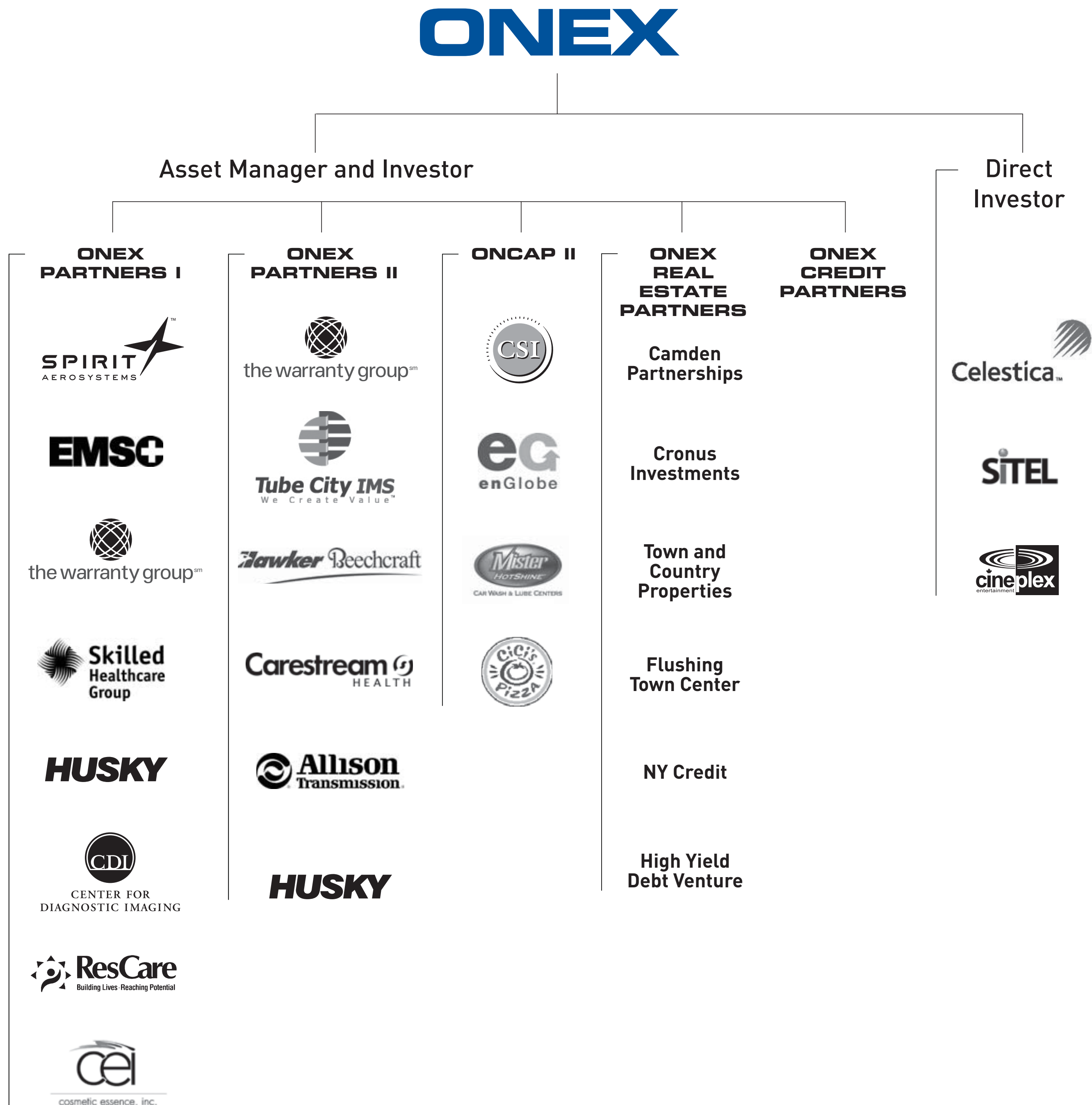
Management's Discussion and Analysis and Financial Statements

Second Quarter Ended June 30, 2008

THE ONEX OPERATING COMPANIES

Onex' businesses generate annual revenues of $35 billion, have assets of $39 billion and employ approximately 235,000 people worldwide.



The investment in The Warranty Group is split almost equally between Onex Partners I and II.
The investment in Husky is split approximately 20%/80% between Onex Partners I and II, respectively.

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ONEX CORPORATION

A Leading Private Equity Investor and Alternative Asset Manager

Founded in 1984, Onex is one of North America's oldest and most successful private equity investors and alternative asset managers. Onex has completed more than 250 acquisitions valued at approximately $42 billion. Employing a disciplined, active ownership investment approach in these acquisitions, the Company has generated 3.4 times the capital invested by Onex and third parties, earning a 29 percent compound IRR on realized and publicly traded investments.

Onex manages approximately $6.4 billion of third-party capital through its Onex Partners and ONCAP families of funds, as well as through Onex Credit Partners. Through these Funds, Onex generates annual management fee income from third parties and is entitled to a carried interest on that third-party capital. Onex also has a real estate investment platform, Onex Real Estate Partners.

The Onex Funds

Large-cap Private Equity

- Onex Partners LP, initiated November 2003 – US$1.655 billion
- Onex Partners II LP, initiated November 2006 – US$3.45 billion
- Onex Partners III LP, initiated April 2008 – US$3.39 billion committed to June 30, 2008 (fundraising not yet complete)

Mid-cap Private Equity

- ONCAP L.P., initiated December 1999 – $400 million
- ONCAP II L.P., initiated May 2006 – $574 million

Credit Securities

- Onex Credit Partners, established in November 2007 – US$345 million

Real Estate

- Onex Real Estate Partners, initiated January 2005 – US$400 million

Onex is a public company whose Subordinate Voting Shares are traded on the Toronto Stock Exchange under the symbol OCX.

Throughout this report, all amounts are in Canadian dollars unless otherwise indicated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The interim Management's Discussion and Analysis ("interim MD&A") of the financial condition and result of operations analyzes significant changes in the unaudited interim consolidated statements of earnings, unaudited interim consolidated balance sheet and the unaudited interim consolidated statements of cash flows of Onex Corporation ("Onex"). As such, this interim MD&A should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto of this report. The interim MD&A and the Onex unaudited interim consolidated financial statements have been prepared to provide information on Onex on a consolidated basis and should not be considered as providing sufficient information to make an investment decision in regard to any particular Onex operating company.

The following interim MD&A is the responsibility of management and is as of August 13, 2008. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, comprised exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and approved the disclosure.

The interim MD&A is presented in the following sections:

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Onex Corporation's interim financial filings, including the second quarter 2008 MD&A and Financial Statements, and Annual Reports, Annual Information Form and Management Information Circular, are available on the Company's website, www.onex.com, or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

This interim MD&A may contain, without limitation, statements concerning possible or assumed future results preceded by, followed by or that include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance. They involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. Onex is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in the MD&A.

INDUSTRY SEGMENTS

At June 30, 2008, Onex had seven reportable industry segments. A description of our operating companies by industry segment, and the economic ownership of Onex and its limited partners in those businesses, is presented below.

Industry Segments	Companies	Economic Ownership (Onex Manages/Owns)
Electronics Manufacturing Services	**Celestica Inc.** (TSX/NYSE: CLS), a global provider of electronics manufacturing services (website: www.celestica.com). **Onex shares held: 27.3 million**	13%/12%[1]
Aerostructures	**Spirit AeroSystems, Inc.** (NYSE: SPR), the world's largest independent designer and manufacturer of aerostructures (website: www.spiritaero.com). **Onex shares held: 8.6 million** **Onex Partners I shares subject to a carried interest: 17.2 million**	23%/6%[1]
Healthcare	**Emergency Medical Services Corporation** (NYSE: EMS), the leading provider of emergency medical services in the United States (website: www.emsc.net). **Onex shares held: 12.1 million** **Onex Partners I shares subject to a carried interest: 16.3 million**	77%/29%
	Center for Diagnostic Imaging, Inc., a U.S. provider of diagnostic and therapeutic radiology services (website: www.cdiradiology.com). **Total Onex, Onex Partners I and Onex management investment at cost: $88 million** **Onex portion: $21 million** **Onex Partners I portion subject to a carried interest: $64 million**	82%/19%
	Skilled Healthcare Group, Inc. (NYSE: SKH), an organization of skilled nursing and assisted living facilities operators in the United States (website: www.skilledhealthcare.com). **Onex shares held: 3.5 million** **Onex Partners I shares subject to a carried interest: 10.7 million**	40%/9%
	Carestream Health, Inc., a global provider of medical and dental imaging and healthcare information technology solutions (website: www.carestreamhealth.com). **Total Onex, Onex Partners II and Onex management investment at cost: $521 million** **Onex portion: $206 million** **Onex Partners II portion subject to a carried interest: $292 million**	98%/39%
	Res-Care, Inc.[2] (NASDAQ: RSCR), the largest U.S. provider of residential, training, educational and support services for people with disabilities and special needs (website: www.rescare.com). **Onex shares held: 2.0 million** **Onex Partners I shares subject to a carried interest: 6.2 million**	25%/6%

(1) Onex' economic ownership percentage excludes shares held in connection with the Management Investment Plan.

(2) This investment is accounted for on an equity basis in Onex' unaudited interim consolidated financial statements.

Industry Segments	Companies	Economic Ownership (Onex Manages/Owns)
Financial Services	**The Warranty Group, Inc.,** the world's largest provider of extended warranty contracts (website: www.thewarrantygroup.com). **Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: $556 million** **Onex portion: $175 million** **Onex Partners I portion subject to a carried interest: $204 million** **Onex Partners II portion subject to a carried interest: $155 million**	**97%/30%**
Customer Support Services	**Sitel Worldwide Corporation,** a global provider of outsourced customer care services (website: www.sitel.com). **Onex investment at cost: $337 million**	**66%/66%**
Metal Services	**Tube City IMS Corporation,** an outsourced services provider to steel mills (website: www.tubecityims.com). **Total Onex, Onex Partners II and Onex management investment at cost: $234 million** **Onex portion: $92 million** **Onex Partners II portion subject to a carried interest: $132 million**	**87%/35%**
Other Businesses		
• *Theatre Exhibition*	**Cineplex Entertainment Limited Partnership**[2] (TSX: CGX.UN), Canada's largest film exhibition company (website: www.cineplex.com). **Onex shares held: 12.8 million**	**26%/22%**[1]
• *Aircraft & Aftermarket*	**Hawker Beechcraft Corporation**[2]**,** the largest privately owned designer and manufacturer of business jet, turboprop and piston aircraft (website: www.hawkerbeechcraft.com). **Total Onex, Onex Partners II and Onex management investment at cost: $564 million** **Onex portion: $223 million** **Onex Partners II portion subject to a carried interest: $319 million**	**49%/20%**
• *Commercial Vehicles*	**Allison Transmission, Inc.**[2]**,** the world leader in the design and manufacture of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles (website: www.allisontransmission.com). **Total Onex, Onex Partners II, certain limited partners and Onex management investment at cost: $805 million** **Onex portion: $250 million** **Onex Partners II portion subject to a carried interest: $357 million**	**49%/15%**
• *Injection Molding*	**Husky Injection Molding Systems Ltd.,** the leading global supplier of injection molding equipment and services to the PET plastics industry (website: www.husky.ca). **Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: $626 million** **Onex portion: $226 million** **Onex Partners I portion subject to a carried interest: $97 million** **Onex Partners II portion subject to a carried interest: $278 million**	**99%/36%**

(1) Onex' economic ownership percentage excludes shares held in connection with the Management Investment Plan.

(2) This investment is accounted for on an equity basis in Onex' unaudited interim consolidated financial statements.

Industry Segments	Companies	Economic Ownership (Onex Manages/Owns)
Other Businesses (cont'd)		
• *Personal Care Products*	**Cosmetic Essence, Inc.,** an outsourced supply chain management services provider to the personal care products industry (website: www.cosmeticessence.com). **Total Onex, Onex Partners I and Onex management investment at cost: $138 million** **Onex portion: $32 million** **Onex Partners I portion subject to a carried interest: $100 million**	**91%/21%**
• *Mid-cap Opportunities*	**ONCAP,** a private equity fund focused on acquiring and building the value of mid-capitalization companies based in North America (website: www.oncap.com), which actively manages investments in CSI Global Education Inc., EnGlobe Corp. (TSX: EG), Mister Car Wash and CiCi's Pizza. **Total Onex, ONCAP and Onex management investment at cost: $169 million** **Onex portion: $75 million** **ONCAP portion: $89 million**	**44%/44%**
• *Real Estate*	**Onex Real Estate Partners,** a platform dedicated to acquiring and improving real estate assets in North America. **Onex investment in Onex Real Estate Partners transactions at cost: $185 million[1]**	**86%/86%**
• *Credit Securities*	**Onex Credit Partners,** a credit investing platform focused on generating attractive risk-adjusted returns through the purchase of undervalued credit securities. **Onex investment in Onex Credit Partners' funds at cost: $50 million**	**50%[2]/50%[2]**

(1) Investment at cost in Onex Real Estate excludes Onex' investment in Town and Country properties as Town and Country has been substantially realized and has returned all of Onex' invested capital.

(2) This represents Onex' share in the General Partner of Onex Credit Partners.

FINANCIAL REVIEW

This section discusses the significant changes in Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flow for the three and six months ended June 30, 2008 compared to those for the same periods ended June 30, 2007 and compares Onex' financial condition at June 30, 2008 to that at December 31, 2007.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the unaudited interim consolidated statements of earnings for the three and six months ended June 30, 2008 and 2007, the corresponding notes thereto and the December 31, 2007 audited annual consolidated financial statements.

Accounting policies and estimates

Onex prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of these financial statements in conformity with Canadian GAAP requires management of Onex and management of the operating companies to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the unaudited interim consolidated financial statements. Significant accounting policies and methods used in the preparation of the financial statements are described in note 1 to the unaudited interim consolidated financial statements and note 1 to the December 31, 2007 audited annual consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on a regular basis based on historical experience and other relevant factors. Included in Onex' unaudited interim consolidated financial statements are estimates used in determining the allowance for doubtful accounts, inventory valuation, the valuation of intangible assets and goodwill, the useful lives of property, plant and equipment and intangible assets, revenue recognition under contract accounting, pension and post-employment benefits, losses and loss adjustment expenses reserves, restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

New accounting policies in 2008

Inventories

On January 1, 2008, Onex adopted the *Canadian Institute of Chartered Accountants Handbook* ("*CICA Handbook*") Section 3031, "Inventories", which provides further guidance on the measurement and disclosure requirements for inventory. The new standard outlines the types of costs that can be capitalized and requires the reversal of previous inventory writedowns if economic conditions have changed to support higher inventory values. Under this standard, Onex is required to disclose quarterly the amount of inventory recognized in cost of sales, as well as any inventory writedowns or reversals. During the first six months of 2008, $7.9 billion of inventory was expensed in cost of sales ($4.1 billion in the second quarter of 2008) and there were no significant inventory writedowns or reversals recorded. The adoption of this standard did not materially affect the unaudited interim consolidated financial statements.

Financial instruments presentation and disclosures

On January 1, 2008, Onex adopted *CICA Handbook* Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These new standards require the disclosure of information on the significance of financial instruments on the Company's consolidated financial position and performance, the nature and extent of risks arising from financial instruments, and management's objectives, policies and procedures for managing such risks. Note 1 to the unaudited interim consolidated financial statements provides these additional disclosures on financial instruments.

Capital disclosures

On January 1, 2008, Onex adopted *CICA Handbook* Section 1535, "Capital Disclosures", which provides guidance for disclosing information about an entity's capital and how it manages its capital. This standard requires the disclosure of an entity's objectives, policies and procedures relating to ongoing capital management. Note 1 to the unaudited interim consolidated financial statements provides that new disclosure.

Variability of results

Onex' unaudited interim consolidated operating results may vary substantially from period to period for a number of reasons, including some of the following: acquisitions

or dispositions of businesses by Onex, the parent company; the volatility of the exchange rate between the Canadian dollar and certain foreign currencies, primarily the U.S. dollar; the change in market value of stock-based compensation for both the parent company and its operating companies; and changes in market value of Onex' publicly traded operating companies. Operating companies' activities may include the purchase or sale of businesses; fluctuations in customer demand and in materials and employee-related costs; changes in the mix of products and services produced or delivered; changes in the financing of the business; and charges to restructure operations.

Since most of Onex' operating companies report in U.S. dollars, the upward or downward movement of the U.S. dollar to Canadian dollar exchange rate for the current period compared to the same period last year will impact Onex' reported consolidated results of operations. During the second quarter of 2008, the average U.S. dollar to Canadian dollar exchange rate was 1.0100 Canadian dollars, 8 percent lower compared to 1.0981 Canadian dollars for the second quarter of 2007. For the six months ended June 30, 2008, the average U.S. dollar to Canadian dollar exchange rate was 1.0070 Canadian dollars, 11 percent lower compared to 1.1349 Canadian dollars for the first half of 2007.

There were no significant acquisitions or dispositions of businesses in the first half of 2008 by Onex, the parent company.

Consolidated revenues and cost of sales

Consolidated revenues grew 16 percent to $6.8 billion in the second quarter of 2008 from $5.9 billion for the same quarter of 2007. Consolidated cost of sales was $5.5 billion for the three months ended June 30, 2008, an increase of 14 percent from $4.8 billion for the same quarter last year.

For the six months ended June 30, 2008, revenues were up 14 percent to $13.0 billion from $11.4 billion for the first half of 2007. Consolidated cost of sales was $10.5 billion for the first six months of 2008, up 12 percent from $9.5 billion for the same period of 2007.

The reported Canadian dollar revenues and cost of sales of Onex' operating companies may not reflect the true nature of the operating results of those operating companies due to the translation of those amounts and the associated fluctuation of the U.S. dollar to the Canadian dollar exchange rate. Therefore, in table 1 below, revenues and cost of sales by industry segment are presented in Canadian dollars as well as in the functional currency of the companies for the three and six months ended June 30, 2008 and 2007. The percentage change in revenues and cost of sales in Canadian dollars and in the functional currency of the companies for these periods is also shown. The discussions of revenues and cost of sales by industry segment that follow are in the companies' functional currencies in order to eliminate the impact of foreign currency translation on those revenues and cost of sales.

Changes in Revenues and Cost of Sales by Industry Segment for the Three-Month Period Ended June 30

TABLE 1 *(Unaudited) ($ millions)*	Revenues					
	Canadian Dollars			Functional Currency		
Three months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Electronics Manufacturing Services	**$ 1,897**	$ 2,116	**(10)%**	**US$ 1,876**	US$ 1,937	**(3)%**
Aerostructures	**1,073**	1,055	**2 %**	**US$ 1,062**	US$ 959	**11 %**
Healthcare	**1,458**	1,215	**20 %**	**US$ 1,443**	US$ 1,114	**30 %**
Financial Services	**334**	364	**(8)%**	**US$ 331**	US$ 330	**–**
Customer Support Services	**451**	497	**(9)%**	**US$ 446**	US$ 453	**(2)%**
Metal Services	**1,015**	462	**120 %**	**US$ 1,004**	US$ 420	**139 %**
Other[(a)]	**587**	161	**265 %**	**C$ 587**	C$ 161	**265 %**
Total	**$ 6,815**	$ 5,870	**16 %**			

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) 2008 other includes CEI, Husky, Radian, ONCAP, Onex Real Estate and the parent company. 2007 other includes CEI, Radian, ONCAP, Onex Real Estate and the parent company.

Changes in Revenues and Cost of Sales by Industry Segment for the Three-Month Period Ended June 30 (cont'd)

Cost of Sales

TABLE 1 *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Three months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Electronics Manufacturing Services	**$ 1,748**	$ 1,995	**(12)%**	**US$ 1,729**	US$ 1,826	**(5)%**
Aerostructures	**858**	847	**1 %**	**US$ 849**	US$ 769	**10 %**
Healthcare	**1,073**	982	**9 %**	**US$ 1,062**	US$ 902	**18 %**
Financial Services	**158**	169	**(7)%**	**US$ 157**	US$ 154	**2 %**
Customer Support Services	**294**	324	**(9)%**	**US$ 292**	US$ 295	**(1)%**
Metal Services	**965**	422	**129 %**	**US$ 955**	US$ 383	**149 %**
Other[a]	**405**	93	**335 %**	**C$ 405**	C$ 93	**335 %**
Total	**$ 5,501**	$ 4,832	**14 %**			

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) 2008 other includes CEI, Husky, Radian, ONCAP, Onex Real Estate and the parent company. 2007 other includes CEI, Radian, ONCAP, Onex Real Estate and the parent company.

Changes in Revenues and Cost of Sales by Industry Segment for the Six-Month Period Ended June 30

Revenues

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Six months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Electronics Manufacturing Services	**$ 3,740**	$ 4,274	**(12)%**	**US$ 3,712**	US$ 3,779	**(2)%**
Aerostructures	**2,114**	2,173	**(3)%**	**US$ 2,098**	US$ 1,913	**10 %**
Healthcare	**2,811**	2,029	**39 %**	**US$ 2,791**	US$ 1,809	**54 %**
Financial Services	**664**	720	**(8)%**	**US$ 659**	US$ 635	**4 %**
Customer Support Services	**929**	938	**(1)%**	**US$ 922**	US$ 829	**11 %**
Metal Services	**1,629**	783	**108 %**	**US$ 1,616**	US$ 694	**133 %**
Other[a]	**1,154**	484	**138 %**	**C$ 1,154**	C$ 484	**138 %**
Total	**$ 13,041**	$ 11,401	**14 %**			

Cost of Sales

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Six months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Electronics Manufacturing Services	**$ 3,455**	$ 4,036	**(14)%**	**US$ 3,429**	US$ 3,568	**(4)%**
Aerostructures	**1,694**	1,757	**(4)%**	**US$ 1,681**	US$ 1,546	**9 %**
Healthcare	**2,075**	1,652	**26 %**	**US$ 2,060**	US$ 1,474	**40 %**
Financial Services	**316**	342	**(8)%**	**US$ 315**	US$ 302	**4 %**
Customer Support Services	**606**	608	**–**	**US$ 602**	US$ 537	**12 %**
Metal Services	**1,538**	714	**115 %**	**US$ 1,526**	US$ 632	**141 %**
Other[a]	**865**	345	**151 %**	**C$ 865**	C$ 345	**151 %**
Total	**$ 10,549**	$ 9,454	**12 %**			

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) 2008 other includes CEI, Husky, Radian, ONCAP, Onex Real Estate and the parent company. 2007 other includes Cineplex Entertainment, CEI, Radian, ONCAP, Onex Real Estate and the parent company.

Electronics Manufacturing Services

Celestica Inc. ("Celestica") reported a 3 percent decline in revenues to US$1.9 billion in the second quarter of 2008 from the same quarter last year. The revenue decline in the second quarter was due primarily to lower volumes associated with weaker demand in Celestica's servers end market, as well as the impact of customer disengagements from previous quarters primarily in the enterprise communications end market. These factors more than offset the increase in revenue primarily from customers in the company's consumer and telecommunications end markets.

Cost of sales was US$1.7 billion for the three months ended June 30, 2008, down 5 percent from US$1.8 billion for the second quarter of 2007. This compares to the 3 percent decline in revenues. Gross profit for the second quarter of 2008 was US$147 million, up by US$36 million from the second quarter of last year due primarily to operational improvements in Mexico and Europe. Celestica also continued to benefit from cost reductions, restructuring actions, the impact of renegotiating or exiting unprofitable accounts and the streamlining of processes throughout the company.

For the six months ended June 30, 2008, revenues were down 2 percent to US$3.7 billion, while cost of sales declined 4 percent to US$3.4 billion. The changes in revenues and cost of sales for the first half of 2008 and the improvement in gross profit were due to the same factors as noted above for the second quarter.

Aerostructures

Spirit AeroSystems, Inc. ("Spirit AeroSystems") reported second-quarter revenues of US$1.1 billion, an 11 percent increase from US$959 million in the same quarter of 2007. The revenue growth in the quarter was due primarily to an 18 percent increase in deliveries to Boeing and Airbus. Cost of sales for the three months ended June 30, 2008 was US$849 million, up 10 percent from US$769 million for the three months ended June 30, 2007, in line with the higher revenues in the quarter.

During the first half of 2008, revenues at Spirit AeroSystems were up 10 percent to US$2.1 billion from US$1.9 billion for the same period of 2007 due primarily to a 12 percent increase in deliveries to Boeing and Airbus. Cost of sales for the first half of 2008 was US$1.7 billion, up 9 percent from US$1.5 billion for the six months ended June 30, 2007. Cost of sales as a percentage of revenues remained relatively unchanged period over period.

Healthcare

The healthcare segment revenues and cost of sales consist of the operations of Emergency Medical Services Corporation ("EMSC"), Center for Diagnostic Imaging, Inc. ("CDI"), Skilled Healthcare Group, Inc. ("Skilled Healthcare") and Carestream Health, Inc. ("Carestream Health").

In the companies' U.S. dollar functional currency, the healthcare segment reported a 30 percent increase in consolidated revenues to US$1.4 billion for the three months ended June 30, 2008. Cost of sales had a corresponding 18 percent increase to US$1.1 billion in the second quarter of 2008. For the first half of 2008, the healthcare segment reported revenues of US$2.8 billion, up 54 percent from US$1.8 billion in the first six months of 2007, while cost of sales increased 40 percent to US$2.1 billion over the same period last year.

Table 2 provides revenues and cost of sales by operating company in the healthcare segment for the three and six months ended June 30, 2008 and 2007 in both Canadian dollars and the companies' functional currencies. Res-Care, Inc. ("ResCare") is accounted for by an equity method and thus that company's revenues and cost of sales are not consolidated.

Healthcare Revenues and Cost of Sales for the Three-Month Period Ended June 30

Revenues

TABLE 2 *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Three months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Emergency Medical Services	**$ 577**	$ 568	**2 %**	**US$ 571**	US$ 517	**11%**
Center for Diagnostic Imaging	**35**	31	**13 %**	**US$ 35**	US$ 28	**25%**
Skilled Healthcare	**182**	166	**10 %**	**US$ 180**	US$ 151	**19%**
Carestream Health[a]	**664**	450	**48 %**	**US$ 657**	US$ 418	**57%**
Total	**$ 1,458**	$ 1,215	**20 %**	**US$ 1,443**	US$ 1,114	**30%**

Cost of Sales

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Three months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Emergency Medical Services	**$ 507**	$ 489	**4%**	**US$ 502**	US$ 445	**13%**
Center for Diagnostic Imaging	**11**	10	**10%**	**US$ 11**	US$ 9	**22%**
Skilled Healthcare	**154**	127	**21%**	**US$ 153**	US$ 116	**32%**
Carestream Health[a]	**401**	356	**13%**	**US$ 396**	US$ 332	**19%**
Total	**$ 1,073**	$ 982	**9%**	**US$ 1,062**	US$ 902	**18%**

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) The reported results for Carestream Health are from its April 2007 acquisition date.

Healthcare Revenues and Cost of Sales for the Six-Month Period Ended June 30 (cont'd)

Revenues

TABLE 2 *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Six months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Emergency Medical Services	**$ 1,145**	$ 1,181	**(3)%**	**US$ 1,137**	US$ 1,040	**9%**
Center for Diagnostic Imaging	**65**	63	**3 %**	**US$ 65**	US$ 55	**18%**
Skilled Healthcare	**363**	335	**8 %**	**US$ 361**	US$ 296	**22%**
Carestream Health[(a)]	**1,238**	450	**175 %**	**US$ 1,228**	US$ 418	**194%**
Total	**$ 2,811**	$ 2,029	**39 %**	**US$ 2,791**	US$ 1,809	**54%**

Cost of Sales

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Six months ended June 30	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Emergency Medical Services	**$ 1,003**	$ 1,020	**(2)%**	**US$ 996**	US$ 898	**11%**
Center for Diagnostic Imaging	**21**	20	**5 %**	**US$ 21**	US$ 18	**17%**
Skilled Healthcare	**295**	256	**15 %**	**US$ 293**	US$ 226	**30%**
Carestream Health[(a)]	**756**	356	**112 %**	**US$ 750**	US$ 332	**126%**
Total	**$ 2,075**	$ 1,652	**26 %**	**US$ 2,060**	US$ 1,474	**40%**

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) The reported results for Carestream Health are from its April 2007 acquisition date.

EMSC

EMSC's second-quarter revenues increased 11 percent to US$571 million from the same quarter last year due primarily to higher rates and volumes on existing contracts, as well as additional volume from net new contracts and acquisitions. Cost of sales for the three months ended June 30, 2008 was US$502 million, up 13 percent from the same quarter of 2007. Cost of sales increased 2 percent more than the revenue increase in the quarter due primarily to higher fuel and labour costs.

For the first half of 2008, revenues at EMSC were up 9 percent to US$1.1 billion from US$1.0 billion for the same period last year. The same factors that contributed to the second-quarter revenue growth were the drivers of the revenue growth in the first six months of 2008. Cost of sales was up 11 percent to US$996 million for the six months ended June 30, 2008 from US$898 million for the same period last year due to higher revenues. Cost of sales as a percentage of revenues in the company's local currency was 88 percent for the three and six months ended June 30, 2008 compared to 86 percent for the comparable periods last year. The increase in cost of sales as a percentage of revenues was primarily due to higher fuel and labour costs.

Carestream Health

Carestream Health reported revenues of US$657 million for the second quarter of 2008 compared to US$418 million for the same quarter last year. Cost of sales for the three months ended June 30, 2008 was US$396 million compared to US$332 million for the second quarter last year. Much of the increase in revenues and cost of sales in the quarter was due to the inclusion of a full three months of revenues and cost of sales in 2008 compared to two months in the same quarter last year following Onex' acquisition of Carestream Health on April 30, 2007.

For the first six months of 2008, revenues were up 194 percent (US$810 million) to US$1.2 billion while cost of sales of US$750 million was up 126 percent (US$418 million) over the same period last year. Much of the increase was due to the inclusion of a full six months of results in 2008 compared to 2007, which included Carestream Health from its April 30 acquisition in that year. In addition, the

year-over-year increase in cost of sales was lower than the revenue increase due primarily to the inclusion of a $102 million charge in the first six months of 2007 stemming from the write-up in valuation of inventory on the company's balance sheet at the date of its acquisition. When this inventory was subsequently sold there was a significantly lower margin for accounting purposes.

Financial Services

The Warranty Group, Inc. ("The Warranty Group") reported revenues of US$331 million for the second quarter of 2008 compared to US$330 million for the second quarter of 2007. Cost of sales of US$157 million in the quarter was up 2 percent from the second quarter of last year.

For the six months ended June 30, 2008, revenues at The Warranty Group were up 4 percent to US$659 million from US$635 million for the comparable period last year. This was due primarily to a 2 percent increase in gross written premiums earned on warranty contracts and a 5 percent increase in gross written fees. The 4 percent growth in cost of sales to US$315 million in the first six months of 2008 was in line with the higher revenues in that period.

Metal Services

Tube City IMS Corporation ("Tube City IMS") reported revenues in the second quarter of 2008 of US$1.0 billion, up 139 percent from US$420 million for the same quarter of 2007. Cost of sales increased 149 percent to US$955 million in the second quarter of 2008 from the same period last year.

For the six months ended June 30, 2008, revenues increased 133 percent to US$1.6 billion while cost of sales increased 141 percent to US$1.5 billion from the comparable period last year.

The revenue growth in the quarter and in the first six months was largely due to a significant increase in scrap metal prices. Tube City IMS procures scrap metal on behalf of its customers. Therefore, the increase in the purchase cost of scrap metal increased cost of sales in the quarter and first six months of 2008. The cost of scrap metal is passed on to Tube City IMS' customers and thus drove the similar increase in revenues.

In addition, since Onex purchased Tube City IMS in late January 2007, the inclusion of a full six months of results in 2008 further augmented revenues and cost of sales in the first half of 2008.

Other businesses

The other businesses segment primarily includes the revenues of Husky Injection Molding Systems Ltd. ("Husky"), Cosmetic Essence, Inc. ("CEI"), the ONCAP companies – CSI Global Education Inc. ("CSI"), EnGlobe Corp. ("EnGlobe"), Mister Car Wash and CiCi's Pizza – and Radian Communication Services Corporation ("Radian"). Revenues in the other businesses segment were up 265 percent to $587 million from $161 million in the same quarter of 2007. Cost of sales was up 335 percent to $405 million for the three months ended June 30, 2008 from $93 million for the same period last year.

For the first six months of 2008, revenues were up 138 percent to $1.2 billion from $484 million while cost of sales was up 151 percent to $865 million from $345 million for the comparable six months of 2007.

Onex' purchase of Husky in mid-December 2007 contributed approximately $355 million and $737 million, respectively, of the revenue growth in the other businesses segment in the second quarter and first six months of 2008. In addition, Husky contributed $248 million and $590 million of the second-quarter and year-to-date growth in the other businesses segment's cost of sales. Included in Husky's cost of sales in the second quarter and first half of 2008 were charges of US$7 million and US$88 million, respectively, originating from the step-up in value of inventory on the company's balance sheet at the date of acquisition. Accounting principles for acquisitions require that inventory be stepped up in value to the selling price of the inventory less the direct cost to complete and sell the product. Therefore, when inventory is subsequently sold in the normal course of business, cost of sales is increased for the effect of the inventory step-up with the result that the accounting for these sales will not report the typical profit margins for the company.

A factor partially offsetting the growth in revenues and cost of sales for the first six months of 2008 was the 2007 first-quarter inclusion of $179 million of revenues and $148 million of cost of sales from Cineplex Entertainment, which Onex consolidated up to the beginning of the second quarter of 2007. At that time, Onex ceased to have control of a majority of the board of Cineplex Entertainment, with the result that Onex now accounts for its ownership in Cineplex Entertainment on an equity basis. Accordingly, the 2008 revenues and cost of sales do not include any amounts for Cineplex Entertainment.

Operating earnings

The term operating earnings is defined as earnings before interest expense, amortization of intangible assets and deferred charges, and income taxes. As operating earnings are a key measure of performance of our businesses, Onex also excludes from operating earnings accounting measures that do not reflect the actual operating performance of the business, such as earnings (loss) from equity-accounted investments, foreign exchange gains (loss), stock-based compensation income (expense), non-recurring items such as acquisition and restructuring charges, other income, gains on sales of operating investments, writedown of goodwill and long-lived assets, as well as non-controlling interests and discontinued operations. Table 3 provides a reconciliation of the unaudited interim consolidated statements of earnings to operating earnings for the three and six months ended June 30, 2008 and 2007.

Operating Earnings Reconciliation

TABLE 3 *(Unaudited) ($ millions)*	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Earnings before the undernoted items	**$ 643**	$ 426	**$ 1,133**	$ 860
Amortization of property, plant and equipment	**(151)**	(130)	**(300)**	(255)
Interest income	**20**	30	**40**	65
Operating earnings	**$ 512**	$ 326	**$ 873**	$ 670
Amortization of intangible assets and deferred charges	**(86)**	(63)	**(186)**	(90)
Interest expense of operating companies	**(122)**	(141)	**(253)**	(257)
Earnings (loss) from equity-accounted investments	**17**	(31)	**(11)**	(23)
Foreign exchange gains (loss)	**(13)**	(74)	**33**	(82)
Stock-based compensation income (expense)	**(18)**	(84)	**32**	(140)
Other income	**20**	2	**16**	5
Gains on sales of operating investments, net	**–**	1,137	**–**	1,143
Acquisition, restructuring and other expenses	**(65)**	(20)	**(113)**	(41)
Writedown of goodwill and long-lived assets	**(3)**	(2)	**(3)**	(2)
Earnings before income taxes, non-controlling interests and discontinued operations	**$ 242**	$ 1,050	**$ 388**	$ 1,183

Onex uses operating earnings as a measure to evaluate each operating company's performance because it eliminates interest charges, which are a function of the operating company's particular financing structure, as well as any unusual or non-recurring charges. Onex' method of determining operating earnings may differ from other companies' methods and, accordingly, operating earnings may not be comparable to measures used by other companies. Operating earnings is not a performance measure under Canadian GAAP and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with Canadian GAAP. Table 4 provides a breakdown of and the change in operating earnings by industry segment for the three and six months ended June 30, 2008 and 2007.

Operating Earnings by Industry Segment

TABLE 4 *(Unaudited) ($ millions)*

	Canadian Dollars			Functional Currency		
Three months ended June 30	**2008**	2007	**Change ($)**	**2008**	2007	**Change ($)**
Electronics Manufacturing Services	**$ 62**	$ 31	**$ 31**	**US$ 61**	US$ 30	**US$ 31**
Aerostructures	**150**	147	**3**	**US$ 148**	US$ 134	**US$ 14**
Healthcare	**168**	48	**120**	**US$ 166**	US$ 42	**US$ 124**
Financial Services	**55**	61	**(6)**	**US$ 55**	US$ 56	**US$ (1)**
Customer Support Services	**19**	16	**3**	**US$ 18**	US$ 14	**US$ 4**
Metal Services	**18**	11	**7**	**US$ 18**	US$ 10	**US$ 8**
Other[(a)]	**40**	12	**28**	**C$ 40**	C$ 12	**C$ 28**
Total	**$ 512**	$ 326	**$ 186**			

(Unaudited) ($ millions)

	Canadian Dollars			Functional Currency		
Six months ended June 30	**2008**	2007	**Change ($)**	**2008**	2007	**Change ($)**
Electronics Manufacturing Services	**$ 117**	$ 40	**$ 77**	**US$ 116**	US$ 37	**US$ 79**
Aerostructures	**292**	297	**(5)**	**US$ 289**	US$ 261	**US$ 28**
Healthcare	**289**	128	**161**	**US$ 286**	US$ 110	**US$ 176**
Financial Services	**103**	123	**(20)**	**US$ 103**	US$ 109	**US$ (6)**
Customer Support Services	**37**	42	**(5)**	**US$ 36**	US$ 37	**US$ (1)**
Metal Services	**31**	19	**12**	**US$ 31**	US$ 17	**US$ 14**
Other[(a)]	**4**	21	**(17)**	**C$ 4**	C$ 21	**C$ (17)**
Total	**$ 873**	$ 670	**$ 203**			

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) 2008 other includes CEI, Husky, Radian, ONCAP, Onex Real Estate and the parent company. 2007 other includes Cineplex Entertainment (six-month period only), CEI, Radian, ONCAP, Onex Real Estate and the parent company.

Consolidated operating earnings were $512 million for the second quarter of 2008, up 57 percent, or $186 million, from $326 million for the same quarter of 2007. The quarter-over-quarter growth in operating earnings was due primarily to the following factors:

- Celestica's operating earnings growth of $31 million, which resulted primarily from improvements in Celestica's Mexican and European operations, as well as the continued benefit from cost reductions, restructuring actions and the streamlining of processes throughout the company;

- a $118 million increase in operating earnings at Carestream Health included in the healthcare segment; Carestream Health reported operating earnings of $95 million in the quarter compared to an operating loss of $23 million in the same quarter last year. The operating loss last year included a charge of $102 million originating from the valuation of inventory on the company balance sheet at the date of acquisition in late April 2007. Accounting principles for acquisitions require that inventory be stepped up in value to its selling price less the direct costs to complete and sell the product. Accordingly, when that inventory is subsequently sold in the normal course of business, cost of sales is increased for the effect of the inventory step-up with the result that the accounting for these sales will not report the typical profit margins for the company; and
- Onex' acquisition of Husky in mid-December 2007 reported in the other segment contributed $48 million to operating earnings. Husky's reported operating earnings included a US$7 million charge originating from the valuation of inventory on the company's balance sheet at the time of acquisition. Accounting principles for acquisitions require that inventory be stepped up in value to its selling price less the direct cost to complete and sell the product.

For the six months ended June 30, 2008, operating earnings were $873 million, up $203 million from $670 million in the first half of 2007. Operating earnings for the first six months of 2008 grew primarily due to:

- a $77 million increase in operating earnings at Celestica due to the same factors as discussed in the second-quarter growth;
- a $161 million increase in operating earnings in the healthcare segment due primarily to the inclusion of a full six months of operating earnings of Carestream Health, acquired in late April 2007;
- metal services' operating earnings increasing by $12 million due primarily to Tube City IMS reporting increased volume and margins in its raw materials procurement activities, as well as the inclusion of a full six months of operating earnings; and
- Onex' acquisition of Husky in mid-December 2007, which contributed $25 million in operating earnings reported in the other segment. Husky's operating earnings were lowered by a US$88 million charge associated with the valuation of inventory on the company's opening balance sheet at the date of acquisition as discussed in the second quarter.

Partially offsetting the above operating earnings growth for the first six months of 2008 were:

- a $28 million decline in interest income at Onex, the parent company, included in the other segment due primarily to lower cash balances and lower rates on cash investments; and
- the inclusion of $8 million of operating earnings in the first half of 2007 of Cineplex Entertainment; operating earnings were consolidated in the first quarter of 2007 but were equity-accounted in the first half of 2008.

Amortization of intangible assets and deferred charges

Amortization of intangible assets and deferred charges totalled $86 million for the three months ended June 30, 2008 compared to $63 million for the second quarter of 2007. Husky, acquired in December 2007, accounted for $12 million of the increase in amortization in the quarter. In addition, Carestream Health, acquired in late April 2007, contributed $49 million in amortization in the second quarter of 2008, up $12 million from the same quarter last year due to the inclusion of a full three months of amortization.

For the first six months of 2008, amortization of intangible assets and deferred charges was $186 million, an increase of $96 million from $90 million for the same period of 2007. Carestream Health accounted for essentially all of the increase in the first half of 2008 due to the inclusion of a full six months of amortization compared to two months in the first half of 2007 following Onex' purchase of that company on April 30, 2007. At the time of the acquisition of Carestream Health, purchase accounting required the allocation of value to customer contracts and other finite-life intangible assets. These assets totalled $1.5 billion in value at the date of acquisition and are being amortized over periods that range from five to 13 years. Carestream Health reported amortization of $97 million for the first six months of 2008 and $37 million for the period from its April 2007 acquisition to June 30, 2007.

Interest expense of operating companies

Onex has a policy to structure the acquisition of each of its operating companies with sufficient equity in the company to enable it to self-finance a significant portion of its acquisition cost with a prudent amount of debt. The level of debt assumed is commensurate with the operating company's available cash flow, including consideration of funds required to pursue growth opportunities. It is the responsibility of the acquired operating company to service its own debt obligations.

Consolidated interest expense was $122 million for the second quarter of 2008, down $19 million from $141 million for the second quarter of 2007. Skilled Healthcare accounted for $16 million of the decline in interest expense in the quarter due primarily to lower interest rates on its debt and the redemption of approximately US$70 million of its 11 percent debt in conjunction with the company's initial public offering in May 2007. In addition, there was a decline in interest expense at Celestica due to lower rates. The acquisition of Husky in mid-December 2007 added $7 million of interest expense in the second quarter of 2008.

For the six months ended June 30, 2008, consolidated interest expense was $253 million compared to $257 million for the same period last year. The slight decline in the first six months of 2008 resulted primarily from the decline in interest expense at Celestica and Skilled Healthcare due to the same reasons as noted in the second-quarter change. This was largely offset by the inclusion of a full six months of interest expense from the acquisitions of Carestream Health in late April 2007 and Husky in December 2007.

Interest income

Consolidated interest income was $20 million for the second quarter of 2008, down 33 percent from $30 million for the same quarter last year. For the six months ended June 30, 2008, interest income was $40 million, down from $65 million for the first six months of 2007. Approximately $28 million of the decline in interest income was due to lower interest rates on cash investments and lower cash balances held by Onex, the parent company. Acquisitions completed by Onex in the second half of 2007 lowered cash balances.

Earnings (loss) from equity-accounted investments

Earnings (loss) from equity-accounted investments for the three and six months ended June 30, 2008 represent Onex' and/or Onex Partners' portion of the earnings (loss) of Allison Transmission, Inc. ("Allison Transmission"); Cineplex Entertainment; Hawker Beechcraft Corporation ("Hawker Beechcraft"); ResCare; Cypress Insurance Group ("Cypress"); Onex Real Estate's investments in the Camden properties, Flushing Town Center and NY Credit; and Onex Credit Partners. Table 5 details the earnings (loss) from equity-accounted investments by company, as well as Onex' share of those earnings (loss) for the second quarter and first six months of 2008 and 2007.

Earnings (Loss) from Equity-accounted Investments

TABLE 5 | *(Unaudited) ($ millions)* Three months ended June 30

	2008		2007	
	Net Earnings (Loss)[a]	**Onex' Share of Net Earnings (Loss)**	Net Earnings (Loss)[a]	Onex' Share of Net Earnings (Loss)
Allison Transmission[b]	**$ 6**	**$ 2**	$ –	$ –
Hawker Beechcraft	**10**	**4**	(42)	(17)
ResCare	**3**	**1**	3	1
Other[c]	**(2)**	**(2)**	8	8
Total	**$ 17**	**$ 5**	$ (31)	$ (8)

(a) The net earnings (loss) represent Onex' and/or Onex Partners' share of the net earnings (loss) in those businesses.
(b) Onex completed its investment in Allison Transmission in August 2007.
(c) Other includes Cineplex Entertainment, Cypress, Onex Real Estate and Onex Credit Partners.

Earnings (Loss) from Equity-accounted Investments (cont'd)

TABLE 5 *(Unaudited) ($ millions)* Six months ended June 30	2008		2007	
	Net Earnings (Loss)[a]	Onex' Share of Net Earnings (Loss)	Net Earnings (Loss)[a]	Onex' Share of Net Earnings (Loss)
Allison Transmission[b]	$ (15)	$ (5)	$ –	$ –
Hawker Beechcraft[b]	(3)	(1)	(42)	(17)
ResCare	7	2	6	2
Other[c]	–	–	13	13
Total	$ (11)	$ (4)	$ (23)	$ (2)

(a) The net earnings (loss) represent Onex' and/or Onex Partners' share of the net earnings (loss) in those businesses.
(b) Onex completed its investments in Hawker Beechcraft in late March 2007 and Allison Transmission in August 2007.
(c) Other includes Cineplex Entertainment, Cypress, Onex Real Estate and Onex Credit Partners.

Onex reported earnings from equity-accounted investments of $17 million for the second quarter of 2008 compared to a loss on equity-accounted investments of $31 million for the same quarter last year. Allison Transmission's earnings of $6 million in the quarter were impacted by a favourable adjustment of the valuation of the company's interest rate hedges. This was partially offset by an increase in raw material prices largely driven by commodity metals. The investment in Allison Transmission was made in August 2007 and thus there are no comparative earnings in the second quarter of 2007.

The investment in Hawker Beechcraft contributed $10 million in earnings on equity-accounted investments for the second quarter of 2008 due primarily to increased sales volume in the company's business and general aviation segment. The customer support segment also reported improved results. This compares to a $42 million loss reported for the second quarter of last year, which was due to the accounting valuation of inventory to fair value on its balance sheet at the date of acquisition in March 2007. As a result, for accounting purposes there were significantly reduced margins when the inventory was subsequently sold.

For the six months ended June 30, 2008, Onex reported a loss on equity-accounted investments of $11 million compared to a $23 million loss for the first six months of 2007. The investment in Allison Transmission contributed a $15 million loss on equity-accounted investments in the first six months of 2008. There are no comparative results in the same period last year since the company was acquired in August 2007. A significant portion of Allison Transmission's loss in the first six months of 2008 was due to the effect of purchase price accounting on the company's opening balance sheet, in particular regarding the amortization of intangibles. The investment in Hawker Beechcraft contributed $3 million of the loss on equity-accounted investments for the first half of 2008. This compares to a $42 million loss reported by Hawker Beechcraft for the same period of 2007, which was due to the acquisition accounting for inventory as noted in the discussion of the second-quarter results.

Foreign exchange gains (loss)

Foreign exchange gains (loss) reflect the impact of changes in foreign currency exchange rates, primarily on the U.S.-dollar-denominated cash held at Onex, the parent company.

A net foreign exchange loss of $13 million was recorded for the quarter ended June 30, 2008 compared to a $74 million foreign exchange loss for the second quarter last year. The loss in the quarter was due primarily to the decline in the value of the U.S. dollar relative to the Canadian dollar; the closing value was 1.0197 Canadian dollars at June 30, 2008, down from 1.0265 Canadian dollars at March 31, 2008.

For the first six months of 2008, a consolidated foreign exchange gain of $33 million was recorded compared to an $82 million foreign exchange loss for the six months ended June 30, 2007. The foreign exchange gain in the first half of 2008 was mainly due to the increase in value of the U.S. dollar relative to the Canadian dollar. At June 30, 2008, the closing value of 1.0197 Canadian dollars was up 3 percent from 0.9913 Canadian dollars at December 31, 2007.

Since Onex, the parent company, holds a significant portion of its cash in U.S. dollars, this exchange rate movement resulted in Onex recording a foreign exchange loss of $7 million for the second quarter and a foreign exchange gain of $15 million for the first six months of 2008. This compares to a $66 million and $77 million, respectively, foreign exchange loss recorded by Onex, the parent company, for the three and six months ended June 30, 2007 due primarily to the 9 percent decline of the U.S. dollar relative to the Canadian dollar for the first six months of 2007. Note 14 to the unaudited interim consolidated financial statements provides a breakdown of foreign exchange gains (loss) by industry segment.

Stock-based compensation

For the second quarter of 2008, consolidated stock-based compensation expense was $18 million compared to $84 million for the same quarter of 2007. Approximately $57 million of the decline in the quarter was due to the change in stock-based compensation expense recorded at Onex, the parent company. Onex is required to revalue the liability for stock options based upon changes in the market value of Onex shares. The slight increase in Onex' share price as well as additional vesting in the second quarter of 2008 resulted in Onex, the parent company, recording $4 million in stock-based compensation expense. This compares to a $61 million expense recorded by Onex, the parent company, for the second quarter of 2007 associated with the increase in the value of the liability for Onex' stock options as a result of a 15 percent increase in the market value of Onex' shares to June 30, 2007 from March 31, 2007.

For the six months ended June 30, 2008, Onex recorded consolidated stock-based compensation income of $32 million due primarily to the downward revaluation of the liability for stock options at Onex, the parent company. The decline in Onex' share price to $30.03 per share at June 30, 2008 from $34.99 per share at December 31, 2007 resulted in a $50 million reduction of the stock option liability. This compares to a $140 million stock-based compensation expense for the first six months of 2007. This included $102 million of stock-based compensation expense at Onex, the parent company, due to a 30 percent increase in Onex' share price for the first half of 2007.

Other income

Consolidated other income totalled $20 million and $16 million, respectively, for the three and six months ended June 30, 2008. This compares to $2 million and $5 million, respectively, for the same periods of 2007. The increase in other income in the second quarter and first six months of 2008 was due primarily to realizations by Onex, the parent company, on smaller non-controlled investments ($11 million).

Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be costs incurred by the operating companies to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of those businesses. Acquisition, restructuring and other expenses totalled $65 million for the three months ended June 30, 2008, up from $20 million for the same period of 2007. For the first half of 2008, acquisition, restructuring and other expenses were $113 million, up from $41 million for the six months ended June 30, 2007. Table 6 provides a breakdown of and the change in acquisition, restructuring and other expenses by company for the three and six months ended June 30, 2008 and 2007.

Acquisition, Restructuring and Other Expenses

TABLE 6 *(Unaudited) ($ millions)*	Three months ended June 30			Six months ended June 30		
	2008	2007	**Change ($)**	**2008**	2007	**Change ($)**
Carestream Health	**$ 23**	$ 4	**$ 19**	**$ 53**	$ 4	**$ 49**
Sitel Worldwide	**29**	2	**27**	**34**	3	**31**
Husky	**3**	–	**3**	**8**	–	**8**
Celestica	**4**	3	**1**	**7**	12	**(5)**
Other	**6**	11	**(5)**	**11**	22	**(11)**
Total	**$ 65**	$ 20	**$ 45**	**$ 113**	$ 41	**$ 72**

Carestream Health accounted for $19 million and $49 million, respectively, of the total increase in acquisition, restructuring and other expenses for the three and six months ended June 30, 2008. Since Carestream Health was acquired on April 30, 2007, the second quarter and first six months of 2008 included a full quarter and full six months of acquisition, restructuring and other expenses. Included in the first six months of 2008 were approximately $23 million of non-recurring charges associated with Carestream Health's transition to a stand-alone entity and $30 million of expenses associated with two restructuring programs focused on information technology and the realignment of its sales and service teams.

The restructuring expenses of Sitel Worldwide Corporation ("Sitel Worldwide") were associated with actions to streamline the company's operations in light of the current softness in certain markets in which it operates.

Husky, acquired by Onex in mid-December 2007, contributed $3 million and $8 million of the increase in total acquisition, restructuring and other expenses for the second quarter and first half of 2008. It is anticipated that Husky will incur additional expenses in the second half of 2008 associated with its restructuring initiatives. These initiatives are intended to streamline Husky's operations and optimize its procurement programs.

Non-controlling interests in earnings of operating companies

In the unaudited interim consolidated statements of earnings, the non-controlling interests amount represents the interests of shareholders other than Onex in the net earnings or losses of Onex' operating companies. For the second quarter of 2008, this amount was $162 million of Onex' operating companies' earnings compared to $827 million of earnings for the second quarter of 2007. For the first six months of 2008, the non-controlling interests amount in Onex' operating companies' earnings was $219 million compared to $885 million for the six months ended June 30, 2007. Table 7 details the earnings (loss) by industry segment attributable to non-controlling shareholders in our operating companies.

Non-controlling Interests in Earnings (Loss) of Operating Companies

TABLE 7 *(Unaudited) ($ millions)*	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Earnings (loss) of non-controlling interests				
Electronics Manufacturing Services	**$ 35**	$ 22	**$ 61**	$ (13)
Aerostructures	**82**	70	**160**	144
Healthcare	**4**	(14)	**(3)**	6
Financial Services	**22**	23	**39**	47
Customer Support Services	**–**	1	**1**	3
Metal Services	**2**	(1)	**2**	(3)
Other[(a)]	**17**	726	**(41)**	701
Total	**$ 162**	$ 827	**$ 219**	$ 885

(a) 2008 other includes CEI, Husky, Hawker Beechcraft, Allison Transmission, Radian, ONCAP, Onex Real Estate, Onex Credit Partners and the parent company. 2007 other includes Cineplex Entertainment, CEI, Hawker Beechcraft, Radian, ONCAP, Onex Real Estate and the parent company.

The significant change in the non-controlling interest amount in the quarter and on a year-to-date basis was the 2007 second-quarter gains of other limited partners of Onex Partners I resulting from the sale of shares in the Spirit AeroSystems secondary offering and in the initial public offering of Skilled Healthcare, both in May 2007. This totalled $762 million and is included in the other segment.

Earnings (loss) from continuing operations

Onex' consolidated loss from continuing operations was $18 million ($0.14 per share) for the second quarter of 2008 compared to consolidated earnings from continuing operations of $162 million ($1.26 per share) reported for the same quarter of 2007. For the six months ended June 30, 2008, consolidated earnings from continuing operations were $22 million ($0.18 per share) compared to $195 million ($1.51 per share) for the first six months of 2007. Table 8 details the earnings (loss) from continuing operations by industry segment for the three and six months ended June 30, 2008 and 2007.

Earnings (Loss) from Continuing Operations

TABLE 8 *(Unaudited) ($ millions)*	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Earnings (loss) from continuing operations				
Electronics Manufacturing Services	**$ 5**	$ 3	**$ 9**	$ (3)
Aerostructures	**5**	8	**11**	19
Healthcare	**(6)**	(35)	**(19)**	(27)
Financial Services	**10**	10	**17**	21
Customer Support Services	**(39)**	(10)	**(45)**	(13)
Metal Services	**1**	(1)	**1**	(2)
Other[(a)]	**6**	187	**48**	200
Total	**$ (18)**	$ 162	**$ 22**	$ 195

(a) 2008 other includes Cineplex Entertainment, CEI, Husky, Hawker Beechcraft, Allison Transmission, Radian, ONCAP, Onex Real Estate, Onex Credit Partners and the parent company. 2007 other includes Cineplex Entertainment, CEI, Hawker Beechcraft, Radian, ONCAP, Onex Real Estate and the parent company.

Included in the loss from continuing operations in the healthcare segment for the second quarter and first six months of 2008 was Carestream Health's loss of $14 million and $33 million, respectively. A significant portion of Carestream Health's loss from continuing operations resulted from the restructuring and other expenses recorded in the second quarter and six months ended June 30, 2008 as previously discussed.

In the customer support services segment, Sitel Worldwide reported a higher loss from continuing operations for the three and six months ended June 30, 2008 compared to the same periods of 2007 due to higher restructuring and other expenses in 2008 as previously discussed.

Consolidated net earnings (loss)

A consolidated net loss of $18 million ($0.14 per share) was reported for the second quarter of 2008 compared to consolidated net earnings of $166 million ($1.29 per share) for the second quarter of 2007. For the six months ended June 30, 2008, Onex' consolidated net earnings were $27 million ($0.22 per share) compared to consolidated net earnings of $315 million ($2.44 per share) for the first six months of 2007. Included in consolidated net earnings for the first half of 2007 were $120 million ($0.93 per share) of earnings from discontinued operations, which primarily represented the gains on sales of WIS International, CMC Electronics Inc. and certain Town and Country properties.

SUMMARY QUARTERLY INFORMATION

Table 9 summarizes Onex' key consolidated financial information for the last eight quarters.

TABLE 9 *(Unaudited) ($ millions except per share amounts)*	**2008**		2007				2006	
	June	**March**	Dec.	Sept.	June	March	Dec.	Sept.
Revenues	**$ 6,815**	**$ 6,226**	$ 5,994	$ 6,038	$ 5,870	$ 5,531	$ 4,992	$ 4,810
Earnings (loss) from continuing operations	**$ (18)**	**$ 40**	$ (10)	$ (76)	$ 162	$ 33	$ 211	$ (35)
Net earnings (loss)	**$ (18)**	**$ 45**	$ (10)	$ (77)	$ 166	$ 149	$ 244	$ 31
Earnings (loss) per Subordinate Voting Share								
Basic and Diluted:								
Continuing operations	**$ (0.14)**	**$ 0.32**	$ (0.08)	$ (0.59)	$ 1.26	$ 0.26	$ 1.64	$ (0.27)
Net earnings (loss)	**$ (0.14)**	**$ 0.36**	$ (0.08)	$ (0.60)	$ 1.29	$ 1.16	$ 1.89	$ 0.24

Onex' quarterly consolidated financial results do not follow any specific trends due to acquisitions or dispositions of businesses by Onex, the parent company; the volatility of the exchange rate between the U.S. dollar and the Canadian dollar; and varying business cycles at Onex' operating companies.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the unaudited interim consolidated balance sheet as at June 30, 2008 and the corresponding notes thereto and the audited consolidated balance sheet as at December 31, 2007.

Consolidated assets

Consolidated assets totalled $27.0 billion at June 30, 2008 compared to $26.2 billion at December 31, 2007. Essentially all of the $812 million increase in assets was due to the strengthening of the U.S. dollar compared to the Canadian dollar over that period. Most of the consolidated assets are denominated in U.S. dollars. The closing U.S. dollar to Canadian dollar exchange rate at June 30, 2008 was 1.0197 Canadian dollars, up from 0.9913 Canadian dollars at December 31, 2007.

Consolidated long-term debt, without recourse to Onex

Onex, the parent company, has no debt. It has been Onex' policy to preserve a financially strong parent company that has funds available for new acquisitions and to support the growth of its operating companies. This policy means that all debt financing is within our operating companies and each company is required to support its own debt without recourse to Onex or to other of Onex' operating companies.

The financing arrangements for each operating company typically contain certain restrictive covenants, which may include limitation or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments and acquisitions and sale of assets. In addition, certain financial covenants must be met by the operating companies that have outstanding debt. Future changes in business conditions of an operating company may result in non-compliance with certain covenants by that operating company.

Total long-term debt (consisting of the current portion of long-term debt and long-term debt) was $6.5 billion at June 30, 2008 compared to $6.4 billion at December 31, 2007.

In March 2008, Spirit AeroSystems entered into an amendment of its existing credit agreement. The amendment provided for: (i) an increase in the company's US$400 million revolving credit facility to US$650 million; (ii) an increase in the amount of indebtedness that Spirit AeroSystems can incur to finance the purchase of capital assets from US$75 million to US$200 million; (iii) a provision of up to US$300 million in additional indebtedness outstanding; and (iv) a provision allowing Spirit AeroSystems to make investments in joint ventures not to exceed a total of US$50 million.

Note 14 to the unaudited interim consolidated financial statements provides a breakdown of long-term debt by industry segment.

Non-controlling interests

The non-controlling interests liability in Onex' unaudited interim consolidated balance sheet as at June 30, 2008 primarily represents the ownership interests of shareholders, other than Onex, in Onex' consolidated operating companies and equity-accounted investments. At June 30, 2008, the non-controlling interests balance increased to $6.5 billion compared to $6.1 billion at December 31, 2007. Approximately half of this increase was due to the effect of foreign currency translation on the amounts based on U.S. dollars. The balance of the increase resulted from the non-controlling interests in net earnings of operating companies for the first six months of 2008 ($219 million) and share issuances by a number of Onex' operating companies ($83 million). Partially offsetting these factors was $57 million of cash distributed in early 2008 primarily to the limited partners, other than Onex, of Onex Partners I from dividends paid by Hawker Beechcraft and The Warranty Group in late 2007.

Shareholders' equity

There was a modest overall change in shareholders' equity to June 30, 2008 from December 31, 2007. The $27 million in net earnings reported for the first six months of 2008 was offset by the repurchase of shares under Onex' Normal Course Issuer Bid at a cost of $53 million in the first quarter of 2008. Table 10 provides a reconciliation of the change in shareholders' equity from December 31, 2007 to June 30, 2008.

Change in Shareholders' Equity

TABLE 10 | *(Unaudited) ($ millions)*

Shareholders' equity as at December 31, 2007	**$ 1,703**
Regular dividends declared	**(7)**
Shares repurchased and cancelled	**(53)**
Net earnings for the period	**27**
Other comprehensive earnings for the period	**9**
Shareholders' equity as at June 30, 2008	**$ 1,679**

Shares outstanding

At July 31, 2008, Onex had 123,088,010 Subordinate Voting Shares issued and outstanding. Table 11 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2007.

Change in Subordinate Voting Shares Outstanding

TABLE 11 | *(Unaudited)*

Subordinate Voting Shares outstanding at December 31, 2007	**125,574,087**
Shares repurchased and cancelled under Onex' Normal Course Issuer Bid	**(2,491,283)**
Issue of shares – Dividend Reinvestment Plan	**5,206**
Subordinate Voting Shares outstanding at July 31, 2008	**123,088,010**

Onex also has 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value, and 176,078 Series 1 Senior Preferred Shares, which have no paid-in amount reflected in Onex' unaudited interim consolidated financial statements. Note 5 to the unaudited interim consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares and Series 1 Senior Preferred Shares outstanding during the first seven months of 2008.

For the seven-month period ended July 31, 2008, Onex, the parent company, repurchased 2,491,283 Subordinate Voting Shares under its Normal Course Issuer Bids at an average cost per share of $30.44 for a total cost of $76 million.

Under Onex' Dividend Reinvestment Plan, the Company issued 5,206 Subordinate Voting Shares at an average cost of $30.86 per Subordinate Voting Share during the seven-month period ended July 31, 2008, creating a cash savings of less than $1 million.

Management of capital

Onex considers the capital it manages to be the amounts it has in cash and near-cash investments, the investments made by it in the operating companies and the investments made in ONCAP, Onex Real Estate Partners and Onex Credit Partners. Onex also manages the third-party capital invested in the Onex Partners and ONCAP Funds' acquisitions.

Onex' objectives in managing capital are to:

- preserve a financially strong parent company with substantial liquidity and no, or a limited amount of, debt so that it has funds available to pursue new acquisitions and growth opportunities as well as to support the building of its existing businesses. Onex does not generally have the ability to draw cash from its operating companies. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital commensurate with the level of risk taken on;
- build the long-term value of its operating companies;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating companies and each company is required to support its own debt. Onex does not normally guarantee the debt of the operating companies and there are no cross-guarantees of debt between the operating companies; and
- have appropriate levels of committed third-party capital available to invest along with Onex' capital. This enables Onex to respond quickly to opportunities and to pursue acquisitions of businesses it could not achieve with just its own capital. The management of third-party capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of the third-party participants.

At June 30, 2008, Onex, the parent company, had $590 million of cash on hand and $90 million of near-cash items. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term, high-rated money market instruments. At June 30, 2008, Onex had access to $3.3 billion of uncalled committed third-party capital for acquisitions through the Onex Partners Funds and ONCAP, which included approximately $2.4 billion of committed third-party capital from two closings of Onex Partners III LP completed in the second quarter of 2008. Onex anticipates there will be further third-party capital committed to Onex Partners III LP.

The strategy for risk management of capital has not changed in the first six months of 2008.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the unaudited interim consolidated statements of cash flows for the three and six months ended June 30, 2008 and 2007 and the corresponding notes thereto. Table 12 summarizes the major consolidated cash flow components for the three and six months ended June 30, 2008 and 2007.

Major Cash Flow Components

TABLE 12 *(Unaudited) ($ millions)*	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Cash from operating activities	**$ 307**	$ 191	**$ 448**	$ 114
Cash from (used in) financing activities	**$ (148)**	$ (424)	**$ (129)**	$ 580
Cash from (used in) investing activities	**$ (143)**	$ 550	**$ (380)**	$ (752)
Consolidated cash from continuing operations	**$ 2,465**	$ 2,706	**$ 2,465**	$ 2,706

Cash from operating activities

Cash from operating activities totalled $307 million for the second quarter of 2008 compared to cash from operating activities of $191 million for the same quarter of 2007. For the six months ended June 30, 2008, cash from operating activities was $448 million compared to $114 million of cash from operating activities for the first half of 2007. Table 13 provides the components of cash from operating activities for the three and six months ended June 30, 2008 and 2007.

Components of Cash from Operating Activities

TABLE 13 *(Unaudited) ($ millions)*	Three months ended June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
Cash from operations	**$ 395**	$ 207	**$ 670**	$ 457
Decrease in cash from non-cash working capital items, warranty reserves and premiums and other liabilities	**(88)**	(16)	**(222)**	(343)
Cash from operating activities	**$ 307**	$ 191	**$ 448**	$ 114

Cash from operations excludes changes in non-cash working capital items, warranty reserves and premiums and other liabilities. For the three months ended June 30, 2008, cash from operations was $395 million compared to $207 million for the second quarter of 2007. For the first half of 2008, cash from operations totalled $670 million, up from $457 million for the same period of 2007. Much of that increase in cash from operations for the three and six months ended June 30, 2008 was due to improved operating results at many of our operating companies as discussed in "Consolidated Operating Results" on page 6 of this interim MD&A.

Non-cash working capital items, warranty reserves and premiums and other liabilities decreased cash by $88 million and $222 million, respectively, for the three and six months ended June 30, 2008. This was due primarily to the build-up of inventory at Spirit AeroSystems associated with the rescheduling of 787 deliveries and spending for other new programs, including the 747-8, as well as higher accounts receivable at Tube City IMS. Partially offsetting these factors were higher accounts payable at Tube City IMS and additional cash advances from Boeing associated with the 787 program received by Spirit AeroSystems. This compares to a decrease in cash of $16 million and $343 million, respectively, for the second quarter and first six months of 2007.

Cash from (used in) financing activities

Cash used in financing activities totalled $148 million for the second quarter of 2008 compared to cash used in financing activities of $424 million for the same quarter last year. The significant factors in this change relate to 2007 activities. Included in the 2007 second-quarter cash used in financing activities were $869 million of distributions to the limited partners of Onex Partners, other than Onex, from the sale of shares in the offerings of Spirit AeroSystems and Skilled Healthcare in May 2007. Partially offsetting the cash used in the second quarter of 2007 was $315 million of cash received from the limited partners of Onex Partners II for the purchase of Carestream Health in April 2007.

For the six months ended June 30, 2008, cash used in financing activities was $129 million compared to cash from financing activities of $580 million for the same period in 2007. Included in cash used in financing activities in the first half of 2008 were:

- $53 million of cash spent by Onex, the parent company, on the repurchase of 1,698,800 Subordinate Voting Shares; and
- $57 million of cash distributed in early 2008 primarily by Onex Partners to limited partners, other than Onex, from dividends paid by Hawker Beechcraft and The Warranty Group in 2007.

Included in the $580 million of cash from financing activities in the first half of 2007 were:

- $824 million of cash received from the limited partners of Onex Partners II primarily for the acquisitions of Tube City IMS, completed in January 2007, Hawker Beechcraft, purchased in late March 2007, and Carestream Health, acquired in April 2007;
- $128 million of cash received from new shareholders of Skilled Healthcare who purchased new shares issued in that company's May 2007 initial public offering; and
- additional long-term debt at Sitel Worldwide of approximately $376 million associated primarily with the acquisition of SITEL Corporation.

Partially offsetting cash from financing activities in the first half of 2007 was $883 million of cash distributed primarily by Onex Partners I to limited partners, other than Onex, on the sale of some of the shares of Spirit AeroSystems as part of that company's secondary offering and Skilled Healthcare's initial public offering.

Cash from (used in) investing activities

Cash used in investing activities totalled $143 million for the three months ended June 30, 2008 compared to $550 million of cash from investing activities for the same quarter of 2007. Included in cash used in investing activities for the second quarter of 2008 was $168 million spent on property, plant and equipment primarily by Spirit AeroSystems, Carestream Health, Celestica and Tube City IMS. The 2007 second-quarter cash from investing activities included $1.3 billion of proceeds from Onex' and Onex Partners I's sale of a portion of their shares in Spirit AeroSystems' secondary offering and Skilled Healthcare's initial public offering. This was partially offset by $587 million of cash spent on acquisitions primarily of Carestream Health and ONCAP's purchases of Mister Car Wash and CiCi's Pizza.

For the six months ended June 30, 2008, cash used in investing activities totalled $380 million. Included in these investing activities was $314 million of cash spent on property, plant and equipment by Onex' operating companies as reviewed earlier and $74 million of cash used in acquisitions completed by CDI, EMSC, Skilled Healthcare, ONCAP and Onex Real Estate.

This compares to cash used in investing activities of $752 million in the first half of 2007. Acquisitions completed in the first half of 2007 accounted for $1.2 billion of cash used in investing activities. These acquisitions included Tube City IMS, Carestream Health, Sitel Worldwide's acquisition of and merger with SITEL Corporation and ONCAP's purchases of Mister Car Wash and CiCi's Pizza. In addition, included in other investing activities for the first six months of 2007 was $577 million of cash used for Onex' and Onex Partners II's investment in Hawker Beechcraft. Partially offsetting the cash spent on acquisitions and investments was $1.3 billion of cash proceeds primarily received by Onex and Onex Partners I on the sale of a portion of their shares in the Spirit AeroSystems and Skilled Healthcare offerings in May 2007.

Consolidated cash resources

At June 30, 2008, consolidated cash with continuing operations was $2.5 billion, essentially the same level as at December 31, 2007. The major components of this at June 30, 2008 were Onex, the parent company, which represented approximately $590 million of cash on hand, and Celestica, which had approximately $1.2 billion of cash.

Onex believes that maintaining a strong financial position at the parent company with substantial liquidity enables the Company to pursue new opportunities to create long-term value and support Onex' existing operating companies. In addition to the $590 million of cash at the parent company, Onex had approximately $90 million of near-cash items at June 30, 2008. At June 30, 2008, the other limited partners in the Onex Partners I and II Funds had remaining commitments to provide approximately $660 million of funding for future Onex-sponsored acquisitions. The limited partners in ONCAP had remaining commitments of approximately $210 million to fund future ONCAP-related acquisitions. These committed amounts are not included in Onex' consolidated cash and will be funded as acquisitions are made.

During the first half of 2008, Onex continued its fundraising for its third private equity fund, Onex Partners III LP. At June 30, 2008, Onex had completed two closings of third-party capital for this Fund that totalled approximately US$2.4 billion. In addition, Onex has committed US$1.0 billion. Onex Partners III will provide capital to new Onex-sponsored acquisitions. It is expected that Onex Partners III will complete its fundraising in the first quarter of 2009.

ADDITIONAL USES OF CASH

Recent transactions

Onex Normal Course Issuer Bid

On April 14, 2008, Onex renewed its Normal Course Issuer Bid ("NCIB") following the expiry of its previous NCIB on April 11, 2008. At March 31, 2008, Onex had issued and outstanding Subordinate Voting Shares of 123,877,352 and a public float of Subordinate Voting Shares of 94,235,414. Under the new NCIB, Onex will be permitted to purchase up to 10 percent of its public float in its Subordinate Voting Shares, or 9,423,541 Subordinate Voting Shares. Onex may purchase up to 76,083 Subordinate Voting Shares during any trading day, being 25 percent of its average daily trading volume for the most recently completed six-month period. Under the new NCIB, Onex may also purchase Subordinate Voting Shares from time to time under the Toronto Stock Exchange's block purchase exemption. The new NCIB commenced on April 14, 2008 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 13, 2009. A copy of the Notice of Intention to make the Normal Course Issuer Bid filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 11, 2008, Onex repurchased 5,055,800 Subordinate Voting Shares at a total cost of $166 million, or an average purchase price of $32.90 per share. Onex believes that it is advantageous to the Company and its shareholders to continue to engage in repurchases of Subordinate Voting Shares from time to time, particularly when they are trading at prices that reflect a significant discount from their value as perceived by Onex.

Contractual obligations

Spirit AeroSystems

On March 18, 2008, Spirit AeroSystems entered into an amendment of its existing credit agreement. The amendment provided for: (i) an increase in the company's US$400 million revolving credit facility to US$650 million; (ii) an increase in the amount of indebtedness that Spirit AeroSystems can incur to finance the purchase of capital assets from US$75 million to US$200 million; (iii) a provision of up to US$300 million in additional indebtedness outstanding; and (iv) a provision allowing Spirit AeroSystems to make investments in joint ventures not to exceed a total of US$50 million.

In late March 2008, Spirit AeroSystems amended its existing 787 Supply Agreement with Boeing. The revised terms provide for additional 2008 cash advance payments to Spirit AeroSystems approximating the ship set value anticipated in the original 787 program delivery schedule, and therefore amends the payment terms associated with the 787 aircraft certification. In early April 2008, Boeing announced a revised plan for the first flight and initial deliveries of the 787, with the first flight moving to the fourth quarter of 2008 from the second quarter and the first delivery planned for the third quarter of 2009 instead of the first quarter of 2009.

RECENT ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Onex is currently evaluating the impact of adopting IFRS.

Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces the existing standards. This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. This standard is effective for 2009. Onex is currently evaluating the impact of adopting this standard on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

Under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the design of the Company's disclosure controls and procedures as at June 30, 2008 and have concluded that those disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the quarter then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

Internal controls over financial reporting

Multilateral Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

There were no changes in internal controls during the second quarter or first half of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CONSOLIDATED BALANCE SHEETS

(in millions of dollars)	*(Unaudited)* As at June 30 **2008**	As at December 31 2007
Assets		
Current assets		
Cash and short-term investments	**$ 2,465**	$ 2,462
Marketable securities	**818**	813
Accounts receivable	**3,783**	3,463
Inventories	**2,908**	2,539
Other current assets	**1,455**	1,461
	11,429	10,738
Property, plant and equipment	**3,590**	3,489
Investments	**3,326**	3,203
Other long-term assets	**2,533**	2,634
Intangible assets	**2,569**	2,692
Goodwill	**3,564**	3,443
	$ 27,011	$ 26,199
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 4,248**	$ 4,033
Other current liabilities	**1,018**	864
Current portion of long-term debt and capital leases, without recourse to Onex	**203**	321
Current portion of warranty reserves and unearned premiums	**1,565**	1,544
	7,034	6,762
Long-term debt and capital leases of operating companies, without recourse to Onex (note 4)	**6,339**	6,185
Long-term portion of warranty reserves and unearned premiums	**2,349**	2,364
Other long-term liabilities	**1,772**	1,663
Future income taxes	**1,293**	1,373
	18,787	18,347
Non-controlling interests	**6,545**	6,149
Shareholders' equity	**1,679**	1,703
	$ 27,011	$ 26,199

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited) *(in millions of dollars, except per share data)*	Three months ended June 30 **2008**	2007	Six months ended June 30 **2008**	2007
Revenues	**$ 6,815**	$ 5,870	**$ 13,041**	$ 11,401
Cost of sales	**(5,501)**	(4,832)	**(10,549)**	(9,454)
Selling, general and administrative expenses	**(671)**	(612)	**(1,359)**	(1,087)
Earnings Before the Undernoted Items	**643**	426	**1,133**	860
Amortization of property, plant and equipment	**(151)**	(130)	**(300)**	(255)
Amortization of intangible assets and deferred charges	**(86)**	(63)	**(186)**	(90)
Interest expense of operating companies	**(122)**	(141)	**(253)**	(257)
Interest income	**20**	30	**40**	65
Earnings (loss) from equity-accounted investments (note 6)	**17**	(31)	**(11)**	(23)
Foreign exchange gains (loss)	**(13)**	(74)	**33**	(82)
Stock-based compensation income (expense)	**(18)**	(84)	**32**	(140)
Other income	**20**	2	**16**	5
Gains on sales of operating investments, net	**–**	1,137	**–**	1,143
Acquisition, restructuring and other expenses (note 7)	**(65)**	(20)	**(113)**	(41)
Writedown of goodwill and long-lived assets	**(3)**	(2)	**(3)**	(2)
Earnings before income taxes, non-controlling interests and discontinued operations	**242**	1,050	**388**	1,183
Provision for income taxes	**(98)**	(61)	**(147)**	(103)
Non-controlling interests	**(162)**	(827)	**(219)**	(885)
Earnings (loss) from continuing operations	**(18)**	162	**22**	195
Earnings from discontinued operations (note 3)	**–**	4	**5**	120
Net Earnings (Loss) for the Period	**$ (18)**	$ 166	**$ 27**	$ 315
Net Earnings (Loss) per Subordinate Voting Share (note 9)				
Basic and Diluted:				
Continuing operations	**$ (0.14)**	$ 1.26	**$ 0.18**	$ 1.51
Discontinued operations	**$ –**	$ 0.03	**$ 0.04**	$ 0.93
Net earnings (loss)	**$ (0.14)**	$ 1.29	**$ 0.22**	$ 2.44

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE EARNINGS

(Unaudited) *(in millions of dollars, except per share data)* Six months ended June 30	Share Capital (note 5)	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
Balance – December 31, 2006	$ 541	$ 1,469	$ (195)[c]	$ 1,815
Adoption of financial instrument accounting policies[a]	–	1	–	1
Dividends declared[b]	–	(7)	–	(7)
Comprehensive Earnings (Loss)				
Net earnings for the period	–	315	–	315
Other comprehensive loss for the period:				
Currency translation adjustments	–	–	(73)	(73)
Balance – June 30, 2007	**$ 541**	**$ 1,778**	**$ (268)[d]**	**$ 2,051**
Balance – December 31, 2007	**$ 529**	**$ 1,583**	**$ (409)**	**$ 1,703**
Dividends declared[b]	**–**	**(7)**	**–**	**(7)**
Purchase and cancellation of shares	**(7)**	**(46)**	**–**	**(53)**
Comprehensive Earnings (Loss)				
Net earnings for the period	**–**	**27**	**–**	**27**
Other comprehensive earnings (loss) for the period:				
Currency translation adjustments	**–**	**–**	**36**	**36**
Change in fair value of derivatives designated as hedges	**–**	**–**	**(12)**	**(12)**
Other	**–**	**–**	**(15)**	**(15)**
Balance – June 30, 2008	**$ 522**	**$ 1,557**	**$ (400)[d]**	**$ 1,679**

(a) The effect of the adoption of financial instrument accounting policies is described in note 1 to the audited annual consolidated financial statements.

(b) Dividends declared per Subordinate Voting Share were $0.055 for the six months ended June 30, 2008 and 2007.

(c) Accumulated Other Comprehensive Earnings (Loss) at December 31, 2006 consists of currency translation adjustments.

(d) Accumulated Other Comprehensive Earnings (Loss) at June 30, 2007 consists of currency translation adjustments of negative $281, unrealized losses on available-for-sale financial assets of $4 and unrealized gains on the effective portion of cash flow hedges of $17. Accumulated Other Comprehensive Earnings (Loss) as at June 30, 2008 consists of currency translation adjustments of negative $361, unrealized losses on the effective portion of cash flow hedges of $33, and unrealized losses on available-for-sale financial assets and other of $6.

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *(in millions of dollars)*	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Operating Activities				
Net earnings (loss) for the period	**$ (18)**	$ 166	**$ 27**	$ 315
Earnings from discontinued operations	**–**	(4)	**(5)**	(120)
Items not affecting cash:				
Amortization of property, plant and equipment	**151**	130	**300**	255
Amortization of intangible assets and deferred charges	**86**	63	**186**	90
Amortization of deferred warranty costs	**(7)**	(43)	**(22)**	(108)
Writedown of goodwill and long-lived assets	**3**	2	**3**	2
Non-cash component of restructuring	**1**	(5)	**1**	(5)
Non-controlling interests	**162**	827	**219**	885
Future income taxes	**19**	16	**(22)**	23
Stock-based compensation expense (income)	**18**	84	**(32)**	140
Loss (earnings) from equity-accounted investments	**(17)**	31	**11**	23
Foreign exchange loss (gains)	**7**	66	**(15)**	77
Gains on sales of operating investments, net	**–**	(1,137)	**–**	(1,143)
Other	**(10)**	11	**19**	23
	395	207	**670**	457
Changes in non-cash working capital items:				
Accounts receivable	**(158)**	(357)	**(233)**	(376)
Inventories	**(159)**	143	**(301)**	250
Other current assets	**37**	54	**52**	181
Accounts payable, accrued liabilities and other current liabilities	**189**	409	**204**	(253)
Increase (decrease) in cash due to changes in working capital items	**(91)**	249	**(278)**	(198)
Increase (decrease) in warranty reserves and premiums and other liabilities	**3**	(265)	**56**	(145)
	307	191	**448**	114
Financing Activities				
Issuance of long-term debt	**272**	167	**503**	1,347
Repayment of long-term debt	**(447)**	(256)	**(597)**	(914)
Cash dividends paid	**(3)**	(3)	**(7)**	(7)
Repurchase of share capital	**–**	–	**(53)**	–
Issuance of share capital by operating companies	**35**	515	**83**	1,036
Distributions by operating companies	**(2)**	(869)	**(57)**	(883)
Increase (decrease) due to other financing activities	**(3)**	22	**(1)**	1
	(148)	(424)	**(129)**	580
Investing Activities				
Acquisition of operating investments, net of cash in acquired companies of $2 (2007 – $150) (note 2)	**(54)**	(587)	**(74)**	(1,223)
Purchase of property, plant and equipment	**(168)**	(156)	**(314)**	(335)
Proceeds from sales of operating investments	**–**	1,309	**–**	1,309
Increase (decrease) due to other investing activities	**79**	(21)	**3**	(704)
Cash from discontinued operations	**–**	5	**5**	201
	(143)	550	**(380)**	(752)
Increase (Decrease) in Cash for the Period	**16**	317	**(61)**	(58)
Increase (decrease) in cash due to changes in foreign exchange rates	**(14)**	(173)	**64**	(191)
Cash, beginning of the period – continuing operations	**2,463**	2,562	**2,462**	2,944
Cash, beginning of the period – discontinued operations	**–**	–	**–**	11
Cash, End of the Period	**2,465**	2,706	**2,465**	2,706
Short-term investments	**–**	–	**–**	–
Cash and Short-term Investments Held by Continuing Operations	**$ 2,465**	$ 2,706	**$ 2,465**	$ 2,706

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited) (in millions of dollars, except per share data)

Onex Corporation and its subsidiaries (collectively, the "Company") is a diversified company whose businesses operate autonomously. Throughout these financial statements and notes, the term "Onex" refers to the parent company. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP" or "GAAP"). All amounts are in millions of Canadian dollars unless otherwise noted.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controls and consolidates the operations of Onex Partners LP ("Onex Partners I"), Onex Partners II LP ("Onex Partners II") and Onex Partners III LP ("Onex Partners III"), referred to collectively as "Onex Partners" (as described in note 23(d) and 23(e) to the audited annual consolidated financial statements). All significant intercompany balances and transactions have been eliminated.

The principal operating companies and Onex' ownership in these entities are as follows:

	June 30, 2008	December 31, 2007
Investments made through Onex		
Celestica Inc. ("Celestica")	**13%**	13%
Cineplex Entertainment	**23%**	23%
Sitel Worldwide Corporation ("Sitel Worldwide")	**66%**	66%
Radian Communication Services Corporation ("Radian")	**89%**	89%
Investments made through Onex and Onex Partners I		
Cosmetic Essence, Inc. ("CEI")	**21%**	21%
Center for Diagnostic Imaging, Inc. ("CDI")	**19%**	19%
Emergency Medical Services Corporation ("EMSC")	**29%**	29%
Res-Care, Inc. ("ResCare")	**6%**	6%
Spirit AeroSystems, Inc. ("Spirit AeroSystems")	**7%**	7%
Skilled Healthcare Group, Inc. ("Skilled Healthcare")	**9%**	9%
Investments made through Onex and Onex Partners II		
Tube City IMS Corporation ("Tube City IMS")	**35%**	35%
Hawker Beechcraft Corporation ("Hawker Beechcraft")	**20%**	20%
Carestream Health, Inc. ("Carestream Health")	**39%**	39%
Allison Transmission, Inc. ("Allison Transmission")	**15%**	15%
Investments made through Onex, Onex Partners I and Onex Partners II		
The Warranty Group, Inc. ("The Warranty Group")	**30%**	30%
Husky Injection Molding Systems Ltd. ("Husky")	**36%**	36%
Other investments		
ONCAP II L.P.	**44%**	44%
Onex Real Estate Partners ("Onex Real Estate")	**86%**	86%

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plans (the "MIP") as described in note 23(f) to the audited annual consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated statements in accordance with Canadian GAAP. The disclosures contained in these unaudited interim consolidated financial statements do not include all the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2007. Certain amounts presented in the comparative periods have been reclassified to conform to the presentation adopted in the current period.

The unaudited interim consolidated financial statements are based on accounting principles consistent with those used and described in the audited annual consolidated financial statements, except as described below.

Newly adopted accounting pronouncements

Inventories

On January 1, 2008, the Company adopted the *Canadian Institute of Chartered Accountants Handbook* ("*CICA Handbook*") Section 3031, "Inventories", which requires inventory to be measured at the lower of cost and net realizable value. The standard provides guidance on the types of costs that can be capitalized and requires the reversal of previous inventory writedowns if economic circumstances have changed to support higher inventory values. The Company is required to disclose quarterly the amount of inventory recognized in cost of sales, as well as any inventory writedowns or reversals. During the six months ended June 30, 2008, the Company expensed $7,862 of inventory (three months ended June 30, 2008 – $4,130) in cost of sales and did not record any significant inventory writedowns or reversals.

The adoption of this standard did not have a significant effect on the consolidated financial statements.

Financial Instruments Presentation and Disclosures, and Capital Disclosures

On January 1, 2008, the Company adopted *CICA Handbook* Section 3862, "Financial Instruments – Disclosures"; Section 3863, "Financial Instruments – Presentation"; and Section 1535, "Capital Disclosures". These sections require additional disclosures surrounding the Company's financial instruments and capital. The following disclosures are required under the new pronouncements:

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to perform its obligation and cause the Company to incur a loss.

Substantially all of the cash, short-term investments and marketable securities consist of investments in debt securities. In addition, the long-term investments of The Warranty Group and the insurance collateral of EMSC, both included in the investments line in the consolidated balance sheet, consist primarily of investments in debt securities. The investments in debt securities are subject to credit risk.

Accounts receivable are also subject to credit risk. At June 30, 2008, the aging of consolidated accounts receivable was as follows:

As at June 30, 2008	Accounts receivable
Current	$ 3,253
0–30 days past due	223
31–60 days past due	89
>60 days past due	218
	$ 3,783

The significant provision balances relate to accounts receivable at EMSC. Companies in the emergency healthcare industry maintain provisions for contractual discounts and for uncompensated care, or doubtful accounts. EMSC is contractually required, in most circumstances, to provide care regardless of the patient's ability to pay.

EMSC records gross revenue based on fee-for-service rate schedules that are generally negotiated with various contracting entities, including municipalities and facilities. Fees are billed for all revenue sources and to all payors under the gross fee schedules for that specific contract; however, reimbursement in the case of certain state and federal payors, including Medicare and Medicaid, will not change as a result of the gross fee schedules. EMSC records the difference between gross fee schedule revenue and Medicare and Medicaid reimbursement as a contractual provision.

Uncompensated care or doubtful account provisions are related principally to services provided to self-pay, uninsured patients and are estimated at the date of service based on historical write-off experience and other economic data.

The following table outlines EMSC's accounts receivable allowances, which have been deducted in arriving at EMSC's net receivables balance of $522 at June 30, 2008:

	Allowance for uncompensated care	Allowance for contractual discounts
Balance at December 31, 2007	$ 428	$ 825
Additions	626	1,510
Reductions	(563)	(1,363)
Balance at June 30, 2008	$ 491	$ 972

Additions to the allowances consist primarily of provisions against earnings and reductions to these accounts are primarily due to write-offs.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Liquidity risk

Liquidity risk is the risk that Onex and its subsidiaries will have insufficient funds on hand to meet their respective obligations as they come due. Accounts payable are primarily due within 90 days. The repayment schedules for long-term debt and capital leases of the operating companies have been disclosed in note 10 and note 11 to the audited annual consolidated financial statements. Onex, the parent company, does not have any debt and has not guaranteed the debt of the operating companies. Significant changes to the long-term debt from the information provided at December 31, 2007 are included in note 4 to these unaudited interim consolidated financial statements.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is primarily exposed to fluctuations in the foreign currency exchange rate between the Canadian and U.S. dollar and fluctuations in the LIBOR and U.S. prime interest rates.

Foreign currency exchange rates

Onex' operating companies are operated autonomously, as self-sustaining companies. In addition, the functional currency of substantially all of Onex' operating companies is the U.S. dollar. As investments in self-sustaining subsidiaries are excluded from the financial instrument disclosure, the Company's exposure on financial instruments to the Canadian/U.S. dollar foreign currency exchange rate is primarily at the parent company, through the holding of U.S. dollar cash and short-term investments. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at June 30, 2008 would result in a $21 decrease ($21 increase) in net earnings. As all of the U.S. dollar cash and short-term investments at the parent company are designated as held-for-trading, there would be no effect on other comprehensive earnings.

In addition, two operating companies have exposure to the U.S. dollar/Canadian dollar foreign currency exchange rate and two operating companies have financial instrument exposure to the U.S. dollar/Euro foreign currency exchange rate. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at June 30, 2008 would result in a US$10 increase (US$9 decrease) in the other comprehensive earnings of Celestica. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at June 30, 2008 would result in a US$28 increase (US$28 decrease) in the other comprehensive earnings of Husky. A 5% strengthening (5% weakening) of the Euro against the U.S. dollar at June 30, 2008 would result in a US$4 increase (US$4 decrease) in the net earnings of Carestream Health.

Interest rates

The Company is exposed to changes in future cash flows as a result of changes in the interest rate environment. The parent company is exposed to interest rate changes primarily through its cash and short-term investments, which are held in short-term term deposits and commercial paper. Assuming no significant changes in cash balances held by the parent company from those at June 30, 2008, a 1% increase (1% decrease) in the interest rate (including the Canadian and U.S. prime rates) would result in a $6 increase ($6 decrease) in annual interest income. As all of the U.S. dollar cash and short-term investments at the parent company are designated as held-for-trading, there would be no effect on other comprehensive earnings.

The operating companies' results are also affected by changes in interest rates. A change in the interest rate (including LIBOR and the U.S. prime interest rates) would result in a change in interest expense being recorded due to the variable-rate portion of the long-term debt of the operating companies. At December 31, 2007, approximately 63% of the operating companies' long-term debt had a fixed interest rate or the interest rate was effectively fixed by interest rate swap contracts. The long-term debt of the operating companies is without recourse to Onex.

In addition, The Warranty Group holds substantially all of its investments in interest bearing securities, as described in note 7(f) to the audited annual consolidated financial statements. A 0.25% (25 basis point) increase in the interest rate would decrease the fair value of the investments held by $12 and result in a corresponding decrease to other comprehensive earnings of The Warranty Group. However, as the investments are reinvested, a 0.25% increase in the interest rate would increase the annual interest income recorded by The Warranty Group by $5.

Commodity risk

Certain of Onex' operating companies have exposure to commodities. In particular, aluminum, titanium and composites are the principal raw materials for Spirit AeroSystems' manufacturing operations. To limit the company's exposure to rising raw materials prices, Spirit AeroSystems has entered into long-term supply contracts directly with its key suppliers of raw materials and collective raw materials sourcing contracts arranged through certain of its customers.

In addition, diesel fuel is a key commodity used in Tube City IMS' operations. To help mitigate the risk of changes in fuel prices, substantially all of its contracts contain pricing escalators based on published price indices.

Capital disclosures

Onex considers the capital it manages to be the amounts it has in cash and near-cash investments, the investments made by it in the operating companies and the investments made in ONCAP, Onex Real Estate and Onex Credit Partners. Onex also manages the third-party capital invested in the Onex Partners funds and ONCAP acquisitions.

Onex' objectives in managing capital are to:

- preserve a financially strong parent company with substantial liquidity and no, or a limited amount of, debt so that it can have funds available to pursue new acquisitions and growth opportunities as well as to support the growth of its existing businesses. Onex does not generally have the ability to draw cash from its operating companies. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital commensurate with the level of risk taken on;
- build the long-term value of its operating companies;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating companies and each operating company is required to support its own debt. Onex does not normally guarantee the debt of the operating companies and there are no cross-guarantees of debt between the operating companies; and
- have appropriate levels of committed third-party capital available to invest along with Onex' capital. This enables Onex to respond quickly to opportunities and to pursue acquisitions of businesses it could not achieve with just its own capital. The management of third-party capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of the third-party participants.

At June 30, 2008, Onex, the parent company, had $590 of cash on hand and $90 of near-cash items. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market products. At the end of the second quarter, Onex had access to approximately $3,300 of uncalled committed third-party capital for acquisitions through the Onex Partners funds and ONCAP, which included approximately $2,400 of committed third-party capital from the first and second closings of Onex Partners III completed in the second quarter of 2008.

The strategy for risk management of capital has not changed since December 31, 2007.

Recently issued accounting pronouncements

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Company is currently evaluating the impact of adopting IFRS.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces the existing standards. This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. This standard is effective for 2009. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

2. CORPORATE INVESTMENTS

During the first six months of 2008 the following acquisitions, which were accounted for as purchases, were completed through subsidiaries of Onex. Any third-party borrowings in respect of the acquisitions are without recourse to Onex. The acquisitions were made by CDI, EMSC, Skilled Healthcare, ONCAP and Onex Real Estate.

The purchase price of the acquisitions was allocated to the net assets acquired based on their relative fair values at the dates of acquisition. In certain circumstances where estimates have been made, the companies are obtaining third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices. The results of operations for all acquired businesses are included in the unaudited interim consolidated statements of earnings of the Company from their respective dates of acquisition.

Summary information on the 2008 acquisitions, which were accounted for as purchases, is as follows:

Cash	$ 2
Other current assets	10
Intangible assets with limited life	11
Goodwill	40
Property, plant and equipment and other long-term assets	42
	105
Current liabilities	(6)
Long-term liabilities	(23)
Increase in net assets acquired	$ 76

3. DISCONTINUED OPERATIONS

The following table shows the revenue and net after-tax results from discontinued operations for the three- and six-month periods ended June 30, 2008 and 2007.

	2008	2007	2008			2007		
Three months ended June 30	Revenue		Gain (Loss), Net of Tax	Onex' Share of Earnings (Loss)	Total	Gain (Loss), Net of Tax	Onex' Share of Earnings (Loss)	Total
WIS International[a]	$ –	$ –	$ –	$ –	$ –	$ 2	$ –	$ 2
CMC Electronics[a]	–	–	–	–	–	3	–	3
Town and Country	–	–	–	–	–	(1)	–	(1)
	$ –	$ –	$ –	$ –	$ –	$ 4	$ –	$ 4

	2008	2007	2008			2007		
Six months ended June 30	Revenue		Gain (Loss), Net of Tax	Onex' Share of Earnings (Loss)	Total	Gain (Loss), Net of Tax	Onex' Share of Earnings (Loss)	Total
WIS International[a]	$ –	$ –	$ 1	$ –	$ 1	$ 41	$ –	$ 41
CMC Electronics[a]	–	33	4	–	4	76	–	76
Town and Country	–	1	–	–	–	5	(2)	3
	$ –	$ 34	$ 5	$ –	$ 5	$ 122	$ (2)	$ 120

a) The 2008 gains consist of amounts received in the first six months of 2008 relating to the 2007 sales of the ONCAP I operating companies WIS International and CMC Electronics.

The results of operations for the businesses described above have been classified as discontinued operations in the unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three- and six-month periods ended June 30, 2008 and 2007.

4. LONG-TERM DEBT OF OPERATING COMPANIES, WITHOUT RECOURSE TO ONEX

Onex does not guarantee the debt of its operating companies, nor are there any cross-guarantees between operating companies.

The financing arrangements for each operating company typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments and acquisitions and sale of assets. In addition, certain financial covenants must be met by the operating companies that have outstanding debt.

Future changes in business conditions of an operating company may result in non-compliance with certain covenants by the company. No adjustments to the carrying amount or classification of assets or liabilities of any operating company have been made in the consolidated financial statements with respect to any possible non-compliance.

The following describes the significant changes to Onex' consolidated long-term debt from the information provided in the December 31, 2007 audited annual consolidated financial statements.

a) Capitalized financing charges

At June 30, 2008, $142 of capitalized financing charges have been recorded net against long-term debt (December 31, 2007 – $143).

b) Spirit AeroSystems

In March 2008, Spirit AeroSystems entered into an amended and restated credit agreement. As a result of the amendment, the revolving credit facility and the US$700 term loan B were amended to, among other things, increase the amount of the revolving credit facility from US$400 to US$650 and add a provision allowing Spirit AeroSystems to have additional indebtedness outstanding of up to US$300.

5. SHARE CAPITAL

a) At June 30, 2008, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2007 – 100,000), 123,879,010 Subordinate Voting Shares (December 31, 2007 – 125,574,087) and 176,078 Series I Senior Preferred Shares (December 31, 2007 – 176,078). The Series I Senior Preferred Shares have no paid-in amount reflected in these consolidated financial statements and the Multiple Voting Shares have nominal paid-in value.

b) During the first six months of 2008, under the Dividend Reinvestment Plan, the Company issued 3,723 Subordinate Voting Shares (2007 – 1,740) at a total value of less than $1 (2007 – less than $1). In the first six months of 2008 and 2007, no Subordinate Voting Shares were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2008 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its Subordinate Voting Shares. The 10% limit represents approximately 9.4 million shares.

In the first six months of 2008, under the Normal Course Issuer Bids, the Company repurchased and cancelled 1,698,800 Subordinate Voting Shares at a cash cost of $53, all of which was in the first quarter of 2008. The excess of the purchase cost of these shares over the average paid-in amount was $46, which was charged to retained earnings. The Company did not purchase any shares under its Normal Course Issuer Bids during the first six months of 2007.

c) During the first six months of 2008, the total cash consideration paid on 324,150 options (2007 – 791,600) surrendered was $7 (2007 – $18), of which 143,950 (2007 – 299,600) were surrendered in the second quarter for cash consideration of $3 (2007 – $9). This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price of the options, both as determined under Onex' Stock Option Plan as described in note 15 to the audited annual consolidated financial statements. In addition, 9,500 options (2007 – nil) expired during the first six months of 2008. At June 30, 2008, the Company had 12,443,850 options (December 31, 2007 – 12,777,500) outstanding to acquire Subordinate Voting Shares, of which 8,892,550 were vested, and of those, 8,831,550 were exercisable. The exercisable options have a weighted average exercise price of $16.72. In the first six months of 2008, no additional options (2007 – 20,000) to acquire Subordinate Voting Shares were issued under the Company's Stock Option Plan.

d) During the second quarter of 2008, a total grant of 45,000 Deferred Share Units ("DSUs") (2007 – 40,000) was issued to directors. In addition, certain directors have chosen to receive their directors' fees in DSUs in lieu of cash. At June 30, 2008, there were 280,356 director DSUs outstanding (December 31, 2007 – 225,914).

Certain members of Onex management have chosen to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time. At June 30, 2008, there were 202,435 Management DSUs outstanding (December 31, 2007 – nil). The Company has entered into a forward agreement with a counterparty financial institution to hedge the Company's exposure to changes in the market value of Onex' subordinate voting shares associated with the Management DSUs, as described in note 1 to the audited annual consolidated financial statements.

6. EARNINGS (LOSS) FROM EQUITY-ACCOUNTED INVESTMENTS

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Hawker Beechcraft	**$ 10**	$ (42)	**$ (3)**	$ (42)
Allison Transmission	**6**	–	**(15)**	–
ResCare	**3**	3	**7**	6
Other	**(2)**	8	**–**	13
	$ 17	$ (31)	**$ (11)**	$ (23)

7. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Acquisition, restructuring and other expenses are typically to provide for the costs of facility consolidations, workforce reductions and transition costs incurred at the operating companies. Acquisition, restructuring and other expenses incurred in the three- and six-month periods ended June 30 are set out in the table below:

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Carestream Health	**$ 23**	$ 4	**$ 53**	$ 4
Sitel Worldwide	**29**	2	**34**	3
Husky	**3**	–	**8**	–
Celestica	**4**	3	**7**	12
Other	**6**	11	**11**	22
	$ 65	$ 20	**$ 113**	$ 41

The tables below provide a summary of restructuring activities undertaken by the operating companies detailing the components of the charges and movement in accrued liabilities. This summary is presented by the year in which the restructuring activities were first initiated.

Years prior to 2007	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 723	$ 181	$ 64	$ 402	$ 1,370[(a)]
Cumulative costs expensed to date	680	178	63	395	1,316[(b)]
Expense for the period ended June 30, 2008	6	–	2	–	8
Reconciliation of accrued liability					
Closing balance – December 31, 2007	$ 9	$ 38	$ 11		$ 58
Cash payments	(10)	(6)	(12)		(28)
Charges	6	–	2		8
Other adjustments	–	1	–		1
Closing balance – June 30, 2008	$ 5	$ 33	$ 1		$ 39

(a) Includes Celestica $1,334.
(b) Includes Celestica $1,280.

Initiated in 2007	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 21	$ 6	$ 47	$ 7	$ 81[(a)]
Cumulative costs expensed to date	21	6	46	7	80[(b)]
Expense for the period ended June 30, 2008	1	3	1	–	5
Reconciliation of accrued liability					
Closing balance – December 31, 2007	$ 10	$ 2	$ 2		$ 14
Cash payments	(7)	–	(1)		(8)
Charges	1	3	1		5
Other adjustments	–	–	1		1
Closing balance – June 30, 2008	$ 4	$ 5	$ 3		$ 12

(a) Includes Carestream Health $57.
(b) Includes Carestream Health $57.

Initiated in 2008	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 76	$ 7	$ 76	$ 1	$ 160[(a)]
Cumulative costs expensed to date	46	6	47	1	100[(b)]
Expense for the period ended June 30, 2008	46	6	47	1	100
Reconciliation of accrued liability					
Cash payments	$ (12)	$ (1)	$ (27)		$ (40)
Charges	46	6	47		99
Other adjustments	–	1	(1)		–
Closing balance – June 30, 2008	$ 34	$ 6	$ 19		$ 59

(a) Includes Carestream Health $78, Sitel Worldwide $44 and Husky $33.
(b) Includes Carestream Health $53, Sitel Worldwide $34 and Husky $8.

Total	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 820	$ 194	$ 187	$ 410	$ 1,611
Cumulative costs expensed to date	747	190	156	403	1,496
Expense for the period ended June 30, 2008	53	9	50	1	113
Reconciliation of accrued liability					
Closing balance – December 31, 2007	$ 19	$ 40	$ 13		$ 72
Cash payments	(29)	(7)	(40)		(76)
Charges	53	9	50		112
Other adjustments	–	2	–		2
Closing balance – June 30, 2008	$ 43	$ 44	$ 23		$ 110

8. PENSION

The following pension income has been recorded related to defined benefit pension plans (other than multi-employer defined benefit pension plans) at certain of the operating companies:

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Defined benefit income	**$ 4**	$ 2	**$ 9**	$ 7

9. EARNINGS PER SHARE

The weighted average number of Subordinate Voting Shares for the purpose of the earnings per share calculations is as follows:

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Weighted average number of shares outstanding *(in millions)*				
Basic	**124**	129	**124**	129
Diluted	**124**	129	**124**	129

10. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Interest	**$ 97**	$ 72	**$ 261**	$ 192
Taxes	**$ 145**	$ 64	**$ 161**	$ 94

11. COMMITMENTS AND GUARANTEES

a) Contingent liabilities in the form of letters of credit, letters of guarantee and surety and performance bonds are provided by certain operating companies to various third parties and include certain bank guarantees. At June 30, 2008, the amounts potentially payable in respect of these contingent liabilities totalled $684. Certain operating companies and Onex have guarantees with respect to employee share purchase loans that amounted to $1 at June 30, 2008.

The Company, which includes the operating companies, has commitments in the total amount of approximately $73 in respect of corporate investments.

The Company, which includes the operating companies, has also provided certain indemnifications, including those related to businesses that have been sold. The maximum amounts from many of these indemnifications cannot be reasonably estimated at this time. However, in certain circumstances, the Company and its operating companies have recourse against other parties to mitigate the risk of loss from these indemnifications.

The Company, which includes the operating companies, has aggregate capital asset purchase commitments of $227 at June 30, 2008.

b) Onex and its operating companies are or may become parties to legal claims arising in the ordinary course of business. The operating companies have recorded liability provisions based upon their consideration and analysis of their exposure in respect of such claims. Such provisions are reflected, as appropriate, in Onex' consolidated financial statements. Onex, the parent company, has not currently recorded any further liability provision and we do not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on our consolidated financial position.

12. VARIABLE INTEREST ENTITIES

The Company has formed three real estate partnerships with an unrelated third party to develop residential units on properties in the United States. The partnerships are considered variable interest entities ("VIEs") under Accounting Guideline 15. However, the Company is not the primary beneficiary of these VIEs and, accordingly, the Company accounts for its interest in the partnerships using the equity-accounting method. The partnerships have combined assets of $289 at June 30, 2008. The Company has a maximum exposure to loss of $65, which includes the June 30, 2008 carrying value of $16.

13. SUBSEQUENT EVENTS

Certain operating companies have entered into agreements to acquire or make investments in other businesses. These transactions are subject to a number of conditions, many of which are beyond the control of Onex or the operating companies.

14. INFORMATION BY INDUSTRY SEGMENT

(Unaudited) *(in millions of dollars)* **Three months ended June 30, 2008**	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other [a]	Consolidated Total
Revenues	$ 1,897	$ 1,073	$ 1,458	$ 334	$ 451	$ 1,015	$ 587	$ 6,815
Cost of sales	(1,748)	(858)	(1,073)	(158)	(294)	(965)	(405)	(5,501)
Selling, general and administrative expenses	(66)	(44)	(172)	(118)	(124)	(16)	(131)	(671)
Earnings before the undernoted items	83	171	213	58	33	34	51	643
Amortization of property, plant and equipment	(23)	(26)	(48)	(3)	(14)	(16)	(21)	(151)
Amortization of intangible assets and deferred charges	(4)	(2)	(55)	(4)	(5)	(3)	(13)	(86)
Interest expense of operating companies	(12)	(10)	(57)	(2)	(16)	(10)	(15)	(122)
Interest income	2	5	3	–	–	–	10	20
Earnings from equity-accounted investments	–	–	4	–	–	–	13	17
Foreign exchange gains (loss)	2	(1)	(6)	–	(1)	–	(7)	(13)
Stock-based compensation expense	(8)	(4)	(1)	–	–	–	(5)	(18)
Other income (expense)	–	1	–	(1)	1	–	19	20
Acquisition, restructuring and other expenses	(4)	–	(23)	(2)	(29)	–	(7)	(65)
Writedown of goodwill and long-lived assets	–	–	–	–	(3)	–	–	(3)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	36	134	30	46	(34)	5	25	242
Recovery of (provision for) income taxes	4	(47)	(32)	(14)	(5)	(2)	(2)	(98)
Non-controlling interests	(35)	(82)	(4)	(22)	–	(2)	(17)	(162)
Earnings (loss) from continuing operations	5	5	(6)	10	(39)	1	6	(18)
Earnings from discontinued operations	–	–	–	–	–	–	–	–
Net earnings (loss)	$ 5	$ 5	$ (6)	$ 10	$ (39)	$ 1	$ 6	$ (18)

(a) Includes Cineplex Entertainment, CEI, Hawker Beechcraft, Allison Transmission, Husky, Radian, ONCAP, Onex Real Estate, Onex Credit Partners and the parent company.

14. INFORMATION BY INDUSTRY SEGMENT (cont'd)

(Unaudited) *(in millions of dollars)* Three months ended June 30, 2007	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 2,116	$ 1,055	$ 1,215	$ 364	$ 497	$ 462	$ 161	$ 5,870
Cost of sales	(1,995)	(847)	(982)	(169)	(324)	(422)	(93)	(4,832)
Selling, general and administrative expenses	(65)	(47)	(144)	(131)	(141)	(15)	(69)	(612)
Earnings (loss) before the undernoted items	56	161	89	64	32	25	(1)	426
Amortization of property, plant and equipment	(27)	(22)	(42)	(3)	(17)	(14)	(5)	(130)
Amortization of intangible assets and deferred charges	(6)	(1)	(43)	(5)	(2)	(3)	(3)	(63)
Interest expense of operating companies	(19)	(11)	(72)	(3)	(17)	(11)	(8)	(141)
Interest income	2	8	1	–	1	–	18	30
Earnings (loss) from equity-accounted investments	–	–	3	–	–	–	(34)	(31)
Foreign exchange loss	(1)	–	(3)	–	(1)	–	(69)	(74)
Stock-based compensation expense	(3)	(16)	–	(2)	–	–	(63)	(84)
Other income (expense)	–	2	(1)	–	1	–	–	2
Gains on sales of operating investments, net	–	–	–	–	–	–	1,137	1,137
Acquisition, restructuring and other expenses	(3)	(4)	(4)	–	(2)	–	(7)	(20)
Writedown of goodwill and long-lived assets	–	–	(2)	–	–	–	–	(2)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	(1)	117	(74)	51	(5)	(3)	965	1,050
Recovery of (provision for) income taxes	26	(39)	25	(18)	(4)	1	(52)	(61)
Non-controlling interests	(22)	(70)	14	(23)	(1)	1	(726)	(827)
Earnings (loss) from continuing operations	3	8	(35)	10	(10)	(1)	187	162
Earnings from discontinued operations	–	–	–	–	–	–	4	4
Net earnings (loss)	$ 3	$ 8	$ (35)	$ 10	$ (10)	$ (1)	$ 191	$ 166

(a) Includes Cineplex Entertainment, CEI, Hawker Beechcraft, Radian, ONCAP, Onex Real Estate and the parent company.

(Unaudited) *(in millions of dollars)* **Six months ended June 30, 2008**	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 3,740	$ 2,114	$ 2,811	$ 664	$ 929	$ 1,629	$ 1,154	$ 13,041
Cost of sales	(3,455)	(1,694)	(2,075)	(316)	(606)	(1,538)	(865)	(10,549)
Selling, general and administrative expenses	(132)	(88)	(357)	(239)	(260)	(29)	(254)	(1,359)
Earnings before the undernoted items	153	332	379	109	63	62	35	1,133
Amortization of property, plant and equipment	(45)	(51)	(94)	(6)	(27)	(31)	(46)	(300)
Amortization of intangible assets and deferred charges	(8)	(3)	(109)	(9)	(9)	(6)	(42)	(186)
Interest expense of operating companies	(28)	(19)	(115)	(5)	(30)	(20)	(36)	(253)
Interest income	9	11	4	–	1	–	15	40
Earnings (loss) from equity-accounted investments	–	–	8	–	–	–	(19)	(11)
Foreign exchange gains (loss)	8	(1)	8	–	4	–	14	33
Stock-based compensation income (expense)	(13)	(8)	(2)	–	–	–	55	32
Other income (expense)	–	2	–	(2)	1	–	15	16
Acquisition, restructuring and other expenses	(7)	–	(53)	(4)	(34)	–	(15)	(113)
Writedown of goodwill and long-lived assets	–	–	–	–	(3)	–	–	(3)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	69	263	26	83	(34)	5	(24)	388
Recovery of (provision for) income taxes	1	(92)	(48)	(27)	(10)	(2)	31	(147)
Non-controlling interests	(61)	(160)	3	(39)	(1)	(2)	41	(219)
Earnings (loss) from continuing operations	9	11	(19)	17	(45)	1	48	22
Earnings from discontinued operations	–	–	–	–	–	–	5	5
Net earnings (loss)	$ 9	$ 11	$ (19)	$ 17	$ (45)	$ 1	$ 53	$ 27
Total assets	$ 4,582	$ 3,769	$ 5,807	$ 5,615	$ 966	$ 1,161	$ 5,111	$ 27,011
Long-term debt[b]	$ 774	$ 586	$ 2,868	$ 199	$ 680	$ 386	$ 997	$ 6,490

(a) Includes Cineplex Entertainment, CEI, Hawker Beechcraft, Allison Transmission, Husky, Radian, ONCAP, Onex Real Estate, Onex Credit Partners and the parent company.

(b) Long-term debt includes current portion, excludes capital leases and is net of capitalized charges.

14. INFORMATION BY INDUSTRY SEGMENT (cont'd)

(Unaudited) *(in millions of dollars)* Six months ended June 30, 2007	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 4,274	$ 2,173	$ 2,029	$ 720	$ 938	$ 783	$ 484	$ 11,401
Cost of sales	(4,036)	(1,757)	(1,652)	(342)	(608)	(714)	(345)	(9,454)
Selling, general and administrative expenses	(146)	(94)	(185)	(250)	(258)	(24)	(130)	(1,087)
Earnings before the undernoted items	92	322	192	128	72	45	9	860
Amortization of property, plant and equipment	(56)	(42)	(67)	(5)	(31)	(26)	(28)	(255)
Amortization of intangible assets and deferred charges	(13)	(3)	(49)	(9)	(3)	(5)	(8)	(90)
Interest expense of operating companies	(41)	(21)	(101)	(7)	(35)	(21)	(31)	(257)
Interest income	4	17	3	–	1	–	40	65
Earnings (loss) from equity-accounted investments	–	–	6	–	–	–	(29)	(23)
Foreign exchange gains (loss)	1	–	(3)	–	(1)	–	(79)	(82)
Stock-based compensation expense	(7)	(23)	(1)	(2)	(2)	–	(105)	(140)
Other income (loss)	–	4	(1)	–	2	–	–	5
Gains on sales of operating investments, net	–	–	–	–	–	–	1,143	1,143
Acquisition, restructuring and other expenses	(12)	(10)	(7)	–	(3)	–	(9)	(41)
Writedown of goodwill and long-lived assets	–	–	(2)	–	–	–	–	(2)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	(32)	244	(30)	105	–	(7)	903	1,183
Recovery of (provision for) income taxes	16	(81)	9	(37)	(10)	2	(2)	(103)
Non-controlling interests	13	(144)	(6)	(47)	(3)	3	(701)	(885)
Earnings (loss) from continuing operations	(3)	19	(27)	21	(13)	(2)	200	195
Earnings from discontinued operations	–	–	–	–	–	–	120	120
Net earnings (loss)	$ (3)	$ 19	$ (27)	$ 21	$ (13)	$ (2)	$ 320	$ 315
Total assets at December 31, 2007	$ 4,419	$ 3,272	$ 5,745	$ 5,536	$ 1,039	$ 881	$ 5,307	$ 26,199
Long-term debt at December 31, 2007[b]	$ 752	$ 567	$ 2,835	$ 194	$ 688	$ 380	$ 960	$ 6,376

(a) Includes Cineplex Entertainment, CEI, Hawker Beechcraft, Radian, ONCAP, Onex Real Estate and the parent company.

(b) Long-term debt includes current portion, excludes capital leases and is net of capitalized charges.

SHAREHOLDER INFORMATION

Second Quarter Dividend
A dividend of $0.0275 per Subordinate Voting Share was paid on July 31, 2008 to shareholders of record as of July 10, 2008.

Dividend Reinvestment Plan
Onex has a Dividend Reinvestment Plan that provides a means for resident Canadian holders of Onex' Subordinate Voting Shares to reinvest cash dividends into new Subordinate Voting Shares issued by Onex without payment of brokerage commissions. To participate, registered shareholders should contact Onex' share registrar, CIBC Mellon Trust Company, at the address below. Non-registered shareholders should contact their investment dealer or broker and indicate their desire to participate.

Stock Listing
The Toronto Stock Exchange
Symbol: OCX

Registrar and Transfer Agent
CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
(416) 643-5500
or call toll-free throughout
Canada and the United States
1-800-387-0825

All questions about accounts, stock certificates or dividend cheques should be directed to the Registrar and Transfer Agent.

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