ONEX

Management's Discussion and Analysis and
Financial Statements, First Quarter Ended March 31, 2002

Onex Corporation is a diversified company with 2001 annual revenues of $23.8 billion, assets of $20.9 billion and 87,300 employees worldwide.

We operate through autonomous subsidiaries in a variety of industries, including electronics manufacturing services, customer management services, automotive products, engineered building products, feature film exhibition, wireless communications infrastructure, and sugar refining and marketing.

Our objective is to create long-term value by building industry-leading businesses in partnership with our management teams.

To Our Shareholders

There were a number of significant events at Onex during the first three months of 2002.

We completed the acquisition of Loews Cineplex Entertainment in March following that company's emergence from bankruptcy. This was the culmination of a year-long effort that establishes Loews Cineplex as a financially strong leader in the feature film exhibition industry. The company operates more than 2,200 screens in over 230 locations in North America, Spain and South Korea, and we see opportunities for growth on this foundation.

During the quarter, we exchanged our ownership in Lantic Sugar for units of the Rogers Sugar Income Fund. This gives Onex an ownership interest of approximately 28 percent in the combined Lantic Sugar–Rogers Sugar operations, which together form an excellent platform for potential acquisitions.

A number of our companies continued to be affected by slowing activity in their industries. The management teams of those companies have been proactive both in adjusting their operations to these business conditions and in implementing strategies that bring their companies closer to our objective of industry leadership. Celestica in particular, while dealing with reduced industry demand, grew its operations in Japan as part of a five-year strategic supply agreement with NEC Corporation. We anticipate that slower economic activity will remain a challenge for certain of our companies for much of the year.

We continue to search for the right growth opportunities for Onex, both in new industries and as additions to our existing businesses. With close to $1.8 billion in cash and near cash items, we have the financial resources to make acquisitions that can lead to substantial growth.

The information that follows includes Onex' Unaudited Interim Consolidated Financial Statements and Notes for the three months ended March 31, 2002, together with Management's Discussion and Analysis of those results.

While this report is not printed in colour, we believe that readers will find the information to be full and complete. During the past year, Onex has deliberately moved away from printing glossy quarterly and annual reports to focus on providing more extensive content and presentation materials on our website, **www.onex.com**. We believe that our website is a more effective medium than print for communicating an increased breadth and depth of timely information that is cost-effective and environmentally friendly. We invite you to visit our new website, which was launched in April, for a complete view of Onex, our companies, and the principles and values that guide us in our objective of building long-term value for shareholders.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Management's Discussion and Analysis may contain certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to be materially different from those anticipated in these forward-looking statements.

We disclaim any intention or obligation to update or issue any forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

The following discussion of the consolidated financial condition and results of operations should be read in conjunction with the March 31, 2002 Unaudited Interim Consolidated Financial Statements and the 2001 Audited Annual Consolidated Financial Statements. All amounts are in Canadian dollars unless otherwise indicated.

2002 First Quarter Financial Highlights

- Revenues were **$5.5 billion** compared to $6.2 billion in the first quarter of 2001.
- Operating earnings, as defined on page 8, were **$265 million**, down from $287 million for the same quarter last year.
- Net earnings were **$22 million**, up from $16 million in the first quarter of 2001.
- Cash flow from operations was **$312 million**, up from $282 million for the first quarter of 2001.
- Assets totalled **$22.8 billion** and shareholders' equity was **$2.0 billion** as at March 31, 2002.

2002 First Quarter Events

This section provides a summary of Onex and its operating companies' significant activities during the first quarter ended March 31, 2002.

Acquisition of Loews Cineplex Entertainment

In late March 2002, Onex and its partner, Oaktree Capital Management, LLC ("Oaktree Capital"), completed the acquisition of Loews Cineplex Entertainment Corporation ("Loews Cineplex") and all of its wholly-owned U.S. and Canadian subsidiaries, following Loews Cineplex' emergence from bankruptcy. Onex converted $277 million of its interest in Loews Cineplex' bank debt to an initial 60 percent ownership interest in the restructured company and invested an additional $33 million in equity at closing. Onex continues to hold $40 million of Loews Cineplex' restructured bank debt. The purchase of the debt and the restructuring of the company is a project that Onex began working on early in 2001 when it identified the industry and Loews Cineplex as a compelling opportunity. Loews Cineplex has since emerged from bankruptcy with one of the highest-quality theatre portfolios in the industry, significantly reduced financial leverage and a well-capitalized balance sheet.

Loews Cineplex is one of the largest theatre exhibition companies, with more than 2,200 screens in over 230 locations in North America, Spain and South Korea. This purchase represents a strong platform on which to grow in the feature film exhibition industry worldwide. The operations of Loews Cineplex for the period of ownership in the first quarter of 2002 were not significant to Onex' consolidated results.

In early April, Onex and Oaktree Capital purchased the remaining 50 percent interest in the Loeks-Star Partnership that Loews Cineplex did not own, in a transaction valued at approximately $110 million. Loeks-Star Partnership owns Star Theatres, the leading theatre exhibition company in Michigan, United States with 10 theatres and 156 screens. Under the purchase agreement, the principals of the Loeks-Star Partnership will continue to manage the operations of Star Theatres until June 30, 2002, at which time Loews Cineplex will assume management of the company. This purchase of the remaining 50 percent interest expands and strengthens Loews Cineplex' theatre operations by bringing Star Theatres completely under the company's control.

Electronics manufacturing services

Celestica reported revenues of $3.4 billion in the first quarter of 2002, down approximately 20 percent from the first quarter of 2001. Weak end-markets in the telecommunications and information technology industries continued to impact overall demand at Celestica, resulting in the lower revenues. The effect of additional revenue from acquisitions completed during 2001 in the communications industry, primarily in the United States and Asia, partially offset the decline in base business volumes.

Operating earnings for the quarter were down compared to the first quarter of last year due to lower revenues. In spite of these conditions, Celestica's focus on execution and operational efficiency resulted in significantly higher cash flow from operations, a reduction in inventory levels and improvements in the cash cycle. The company returned to positive net earnings in the first quarter following the net loss recorded in the fourth quarter of 2001. Celestica ended the quarter in a very strong financial position with cash of more than $2 billion and a 21 percent debt-to-capital ratio.

On March 31, 2002, Celestica began a previously announced five-year strategic outsourcing agreement with NEC Corporation ("NEC"). Celestica will provide supply chain management, sub-assembly, final assembly, integration and testing for a broad range of NEC's optical backbone and broadband access equipment. This agreement will generate estimated revenues in excess of $3.5 billion over its five-year term. As part of the transaction, Celestica also expanded its operations in Japan with the acquisition of NEC's advanced manufacturing facilities. This agreement strengthens Celestica's customer relationship with a market leader and builds Celestica's presence in Japan to meet the growing needs of other valued customers for outsourced electronics manufacturing services.

Customer management services

ClientLogic reported an 18 percent increase in revenues to $151 million for the quarter ended March 31, 2002. ClientLogic also reduced its operating loss to $2 million in the quarter, an 85 percent improvement from an operating loss of $13 million in the first quarter of 2001. The strong performance of ClientLogic's European operations contributed most of the revenue and operating earnings growth in the quarter. ClientLogic's management remained focused on improving margins and operational efficiencies in the quarter and developing new business to fill its excess capacity.

In March 2002, ClientLogic opened a new contact centre in New Brunswick, Canada that will strengthen ClientLogic's ability to provide high-quality outsourced solutions to industry-leading customers. ClientLogic also announced that it outperformed industry benchmarks for customer satisfaction, having significantly improved the customer service levels in key areas of its operations.

Automotive products

North American car and light truck production increased approximately three percent in the first quarter of 2002 due to strong retail demand for new vehicles. Despite improved production and revenues in North America, Dura Automotive reported that total revenues were lower by approximately seven percent in the first quarter of 2002 as compared to the same period last year; the decline was due primarily to the divestiture of the company's Plastics Products Division and lower European revenues from the softening European automotive market. The revenue decline also reduced operating earnings year-over-year compared to the first quarter of last year. Partially offsetting the impact of lower revenues was the positive contribution of cost-reduction initiatives implemented in 2001. Dura Automotive recently completed a US $350 million bond offering that allowed the company to pay down a significant portion of its bank debt.

Revenues at J.L. French equalled those of the first quarter of 2001, while operating earnings were above the prior year results due to higher operating margins from the cost-saving initiatives implemented in late 2001. While there were improvements in the first quarter, a great deal remains to be done to build the operating results and reduce the financial leverage in the company.

Heavy-truck production continued its downward trend, falling approximately five percent in the first quarter compared to the first quarter of 2001. Onex' heavy-truck companies – Commercial Vehicle Systems, Trim Systems and Bostrom – reported slightly higher revenues and operating earnings in the first quarter compared to the first quarter of 2001. The growth in revenues was due primarily to the inclusion of Trim Systems, the revenues of which were first consolidated in June 2001 when Onex increased its ownership in the company from 34 percent to 77 percent. The heavy-truck companies' operating earnings were also strengthened by the cost-reduction initiatives implemented at the end of 2001 that resulted in improved productivity and increased cash flow.

Engineered building products

MAGNATRAX continued to experience slow market conditions during the first quarter of 2002, resulting in a 10 percent decrease in year-over-year revenues and relatively flat operating earnings for the three months. During the quarter, under the leadership of the company's new CEO, MAGNATRAX developed a performance improvement plan that includes a lean-manufacturing initiative and a cost-reduction initiative. These are targeted at improving the company's productivity and optimizing operations across all divisions. In February, MAGNATRAX began a comprehensive review of its manufacturing processes that company management believes will identify significant productivity enhancements. The initial projects that have been completed are already providing meaningful improvements.

Just after quarter-end, MAGNATRAX announced that it would relocate its corporate headquarters to Georgia, United States from Alabama, United States. The company's management believes that the move will improve the efficiency of the corporate office and facilitate the achievement of MAGNATRAX' objectives in building its business.

Other businesses

Communications infrastructure Radian reported a 15 percent increase in revenues for the first quarter of 2002 compared to the same period in 2001. Continued delays by customers in implementing network expansion plans, as well as highly competitive market conditions, contributed to increased margin pressure and reduced operating earnings, principally in the company's wireless services divisions. Radian's broadcast division achieved an increase in orders for tall towers used for broadcast television and radio in the United States. The towers are being manufactured at the company's upgraded and expanded Ontario, Canada facility, which recently achieved ISO 9001 quality certification. Radian also continued to implement its new enterprise resource planning system, which management believes will significantly enhance data flows and improve financial and operating controls.

Sugar refining and marketing In early March 2002, Rogers Sugar Income Fund ("RSIF") acquired all of the common shares of Lantic Sugar from Onex and other Lantic Sugar shareholders in exchange for RSIF trust units. As part of this transaction, Onex exchanged its 61 percent interest in Lantic Sugar shares for approximately 21 million RSIF trust units, valued at $104 million at the time of acquisition. Onex has voting control of RSIF's operating companies, Lantic Sugar and Rogers Sugar. The combined Lantic Sugar–Rogers Sugar operations generate annual revenues of approximately $450 million, have assets of about $700 million and serve as an excellent platform on which to make accretive acquisitions.

Small-capitalization opportunities The ONCAP companies contributed $180 million in revenues and $17 million in operating earnings in the first quarter of 2002, more than double the same quarter last year. All of the growth in revenues and operating earnings was due to the acquisitions of CMC Electronics Inc. in April 2001 and Armtec in August 2001. During the quarter, ONCAP continued to work closely with its operating companies' management teams to pursue new growth opportunities.

Normal Course Issuer Bid

In early April, Onex announced that it had renewed its Normal Course Issuer Bid (the "Bid"), which permits Onex to purchase for cancellation up to 10 percent of its public float of Subordinate Voting Shares; 10 percent represents approximately 12.7 million shares. Under the prior Bid, which expired April 9, 2002, Onex repurchased and cancelled 579,000 Subordinate Voting Shares at an average cost of $18.16 per share. Onex is of the view that it is advantageous for the Company and its shareholders to continue to purchase its Subordinate Voting Shares for cancellation when the shares are trading at prices that reflect a significant discount to their intrinsic value.

Financial Review

This section compares the unaudited consolidated financial results for the three months ended March 31, 2002 to those for the three months ended March 31, 2001.

The March 31, 2001 comparative consolidated statements of earnings and cash flow include the reclassification of amounts previously presented to report the operations of Sky Chefs as discontinued operations. Sky Chefs was sold in June 2001.

CONSOLIDATED RESULTS

Revenues

Consolidated revenues for the first quarter ended March 31, 2002 were $5.5 billion compared to $6.2 billion in the first quarter of 2001. Essentially all of the decrease was attributable to lower revenues reported by Celestica. Partially offsetting this decline was significant year-over-year revenue growth at ClientLogic, Radian and ONCAP. The acquisition of CMC Electronics in April 2001 was the primary contributor to ONCAP's revenue growth.

Operating earnings

Consolidated operating earnings were $265 million in the first quarter of 2002 compared to $287 million for the prior period. We define operating earnings as EBIAT, or earnings before interest expense, amortization of goodwill, intangible assets and deferred charges, acquisition and restructuring expenses, and income taxes. While this is a non-GAAP measure, Onex uses this measure to evaluate its operating companies' performance as it eliminates interest charges, which are a function of the particular financing structure, and any unusual charges. Improvements in operating earnings at ClientLogic, J.L. French and ONCAP helped to offset most of the lower operating earnings at Celestica. In addition, the new accounting requirement for stock-based compensation plans resulted in the recognition of a $13 million improvement in operating earnings as a result of a decline in the value of the stock-based compensation liability from its value at December 31, 2001. The adoption of the new accounting requirement for stock-based compensation is discussed in greater detail in note 1 to the Unaudited Interim Consolidated Financial Statements.

Amortization of goodwill, intangible assets and deferred charges

Amortization of goodwill, intangible assets and deferred charges amounted to $39 million in the first quarter of 2002 compared to $87 million in the first quarter of last year, a decrease of 55 percent. Effective January 1, 2002, Onex and its subsidiaries fully adopted the new accounting standards for business combinations and goodwill and other intangible assets. These new policies resulted in the discontinuation of amortization for all goodwill and intangible assets with indefinite useful lives, which therefore reduced the amortization charge for the first quarter of 2002. Intangible assets with finite useful lives continue to be amortized. See also the accounting policy discussion in note 1 to the Unaudited Interim Consolidated Financial Statements on goodwill and other intangible assets.

Interest and other income

Interest income totalled $25 million in the first quarter of 2002, down from $39 million for the first three months of last year. The significantly lower market interest rates in 2002 compared to the first quarter of last year drove the reduction in interest income. Interest income is primarily derived from the investment of cash balances at Celestica and the Parent company.

Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered one-time costs incurred to realign organizational structures, restructure manufacturing capacity and obtain operational synergies critical to building the long-term value of Onex' operating companies. These expenses totalled $7 million in the first quarter of 2002 compared to $15 million in the same quarter of last year. In both periods the majority of these expenses were attributable to Celestica, which significantly reduced its acquisition-related expenditures in 2002. In addition, Dura Automotive incurred $4 million of restructuring costs in the first quarter of 2001 but did not have comparable expenses in the first three months of 2002.

Non-controlling interests of operating companies

The non-controlling interest amount on the Unaudited Interim Consolidated Statements of Earnings represents the interests of shareholders other than Onex in the net earnings of the subsidiary companies. The non-controlling interest amount increased due to other shareholders' interests in the improved results at a number of the automotive companies. Excluded from the non-controlling interest amount for the first quarter of 2002 were the net losses of other shareholders in InsLogic and ClientLogic. Prior losses at those companies eliminated the value contributed by other shareholders in those companies for accounting purposes.

Net earnings

Consolidated net earnings for the first quarter of 2002 were $22 million ($0.14 per share) compared to $16 million ($0.10 per share) for the first quarter of 2001. Included in the first quarter 2001 results are earnings from discontinued operations, which totalled $29 million ($0.18 per share). The 2001 earnings from discontinued operations represent the operations of Sky Chefs, which was sold in June 2001, and an earn-out payment received in conjunction with a prior sale of some Sky Chefs shares.

Net earnings from continuing operations totalled $22 million ($0.14 per share) for the first quarter of 2002 compared to a loss of $13 million ($0.08 per share) for the first quarter of 2001.

Note 10 to the Unaudited Interim Consolidated Financial Statements provides a detailed breakdown for the first quarter of 2002 and 2001 of revenues, operating earnings, and earnings before taxes and non-controlling interests by industry segment.

Cash flow

Cash flow from operations totalled $312 million for the three months ended March 31, 2002. This compares to $282 million for the three months ended March 31, 2001. The increase in cash flow from operations resulted from the inclusion of acquisitions completed after the first quarter of 2001.

The change in non-cash net working capital provided cash of $186 million in the first quarter of 2002 compared to cash used of $781 million in the first quarter of last year. Lower accounts receivable levels and the effective management of inventory levels at Celestica contributed essentially all of the significant improvement in non-cash net working capital.

Cash flow from financing activities totalled $94 million compared to $62 million in the first quarter of last year. Included in the first quarter of 2001 was cash used to repurchase approximately 1.7 million Subordinate Voting Shares under Onex' Normal Course Issuer Bid at a cost of $29 million.

Cash flow used in investing activities was $238 million compared to $530 million in the first quarter of last year. The decrease was partially due to reduced capital spending on property, plant and equipment, primarily at Celestica. Additionally, acquisitions completed in the first quarter of 2002 required $69 million in cash, compared to $185 million for those in the first quarter of 2001. Although Loews Cineplex was a significant acquisition during the first quarter of 2002, this purchase did not require a significant amount of cash on closing since Onex primarily converted its debt holdings in Loews Cineplex into shares of the company. The cash used for the Loews Cineplex acquisition in the first quarter of 2002 was $33 million, which Onex invested in additional equity of the company. Note 2 to the Unaudited Interim Consolidated Financial Statements discloses additional details of the acquisitions completed in the first quarter of 2002.

Overall, consolidated cash increased $352 million over cash as at December 31, 2001 to total $4.1 billion at March 31, 2002. The significant portions of this cash were $2.3 billion at Celestica and $1.4 billion at Onex, the Parent company.

CONSOLIDATED FINANCIAL POSITION

Total consolidated assets were $22.8 billion at March 31, 2002 compared to $20.9 billion at December 31, 2001. A detailed breakdown of assets by industry segments is provided in note 10 to the Unaudited Interim Consolidated Financial Statements.

Acquisitions

A significant portion of the growth in the balance sheet at March 31, 2002 from December 31, 2001 was due to acquisitions. In late March, Onex completed the acquisition of Loews Cineplex following the company's emergence from bankruptcy. On March 31, 2002, Celestica acquired certain assets in Japan from NEC Corporation and signed a five-year supply agreement to provide a range of electronic manufacturing services for NEC. Financial information on these two acquisitions is provided in note 2 to the Unaudited Interim Consolidated Financial Statements.

In March 2002, Onex exchanged its interest in the shares of Lantic Sugar for approximately 21 million units of the Rogers Sugar Income Fund. No cash was exchanged on this transaction. Onex now has an approximate 28 percent interest in RSIF and has voting control of RSIF's operating companies, Lantic Sugar and Rogers Sugar. Accordingly, the assets, liabilities and operations of Rogers Sugar have been consolidated from the date of completion of this transaction. This increased assets in the quarter by approximately $480 million.

Shareholders' equity

Shareholders' equity was $2.0 billion as at March 31, 2002 compared to $2.2 billion at December 31, 2001. The decline in shareholders' equity was due to the adoption of the new accounting requirement for stock-based compensation, effective January 1, 2002, which resulted in a $280 million charge to retained earnings for the cumulative value of stock options and investment rights as at that date. Note 1 to the Unaudited Interim Consolidated Financial Statements provides further information on this new accounting policy.

The Unaudited Consolidated Statements of Shareholders' Equity show the changes to the components of shareholders' equity for the three-month periods ended March 31, 2002 and 2001.

In connection with the adoption of the new accounting requirements for goodwill and other intangible assets, Onex is required to assess, under a new methodology, if goodwill and other intangible assets are impaired as at January 1, 2002. Any goodwill and other intangible assets that are determined to be impaired would be charged against retained earnings as at January 1, 2002. The impairment assessment is a two-step process. The accounting standard provides up to six months (to June 30, 2002) to complete an initial assessment if goodwill and other intangible assets are impaired and then a further six months (to December 31, 2002) to measure the amount of impairment. Due to the extensive effort required to comply with this new accounting policy, Onex and its subsidiaries are still in the process of assessing goodwill and other intangible assets for impairment. Based on preliminary information, the Company believes there will be a one-time charge to opening retained earnings at January 1, 2002 for the adoption of this new accounting policy and that amount could be meaningful. Onex expects to complete the assessment of the goodwill and other intangible assets impairment within the time frames provided by the accounting standard.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates are used in determining the allowance for doubtful accounts, inventory valuation and the useful lives of intangible assets. Actual results could differ materially from those estimates and assumptions.

Recent accounting developments

Business combinations, goodwill and other intangible assets The *Canadian Institute of Chartered Accountants ("CICA") Handbook* Section 1581, "Business Combinations", and Section 3062, "Goodwill and Other Intangible Assets", became effective on July 1, 2001. See note 1 to the Unaudited Interim Consolidated Financial Statements for the discussion of the adoption of these new accounting policies.

Stock-based compensation and other stock-based payments Effective January 1, 2002, the Company adopted the new *CICA Handbook* Section 3870, "Stock-based Compensation and Other Stock-based Payments". See note 1 to the Unaudited Interim Consolidated Financial Statements for the review of this accounting policy.

Foreign currency translation and hedging relationships *CICA Handbook* Section 1650, "Foreign Currency Translation", has been amended to eliminate the deferral and amortization of foreign currency translation gains and losses on long-lived monetary items, effective January 1, 2002, with retroactive restatement of prior periods. The Company is not impacted by this change. The CICA issued *Accounting Guideline* AcG-13, "Hedging Relationships", which establishes criteria for hedge accounting effective for the Company's 2003 fiscal year. The Company has complied with the requirements of AcG-13 and has determined that all of its current hedges will continue to qualify for hedge accounting.

Consolidated Balance Sheets

(in millions of dollars)	*(Unaudited)* As at March 31 **2002**	*(Audited)* As at December 31 2001
Assets		
Current assets		
Cash and short-term investments	**$ 4,132**	$ 3,780
Accounts receivable	**2,864**	2,786
Inventories	**2,516**	2,730
Other current assets	**759**	730
	10,271	10,026
Property, plant and equipment	**4,995**	3,550
Investments and other assets	**1,264**	1,180
Goodwill (note 3)	**5,281**	5,218
Intangible assets	**973**	896
	$ 22,784	$ 20,870
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness, without recourse to Onex	**$ 60**	$ 76
Accounts payable and accrued liabilities	**4,710**	4,340
Current portion of long-term debt and obligations under capital leases of subsidiaries, without recourse to Onex	**364**	360
	5,134	4,776
Long-term debt of subsidiaries, without recourse to Onex (note 4)	**5,021**	4,038
Obligations under capital leases, without recourse to Onex	**72**	38
Exchangeable debentures	**532**	590
Future income taxes	**929**	938
Other liabilities	**1,129**	525
	12,817	10,905
Non-controlling interests	**7,999**	7,746
Shareholders' equity	**1,968**	2,219
	$ 22,784	$ 20,870

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

These Unaudited Interim Consolidated Financial Statements should be read in conjunction with the Audited Annual Consolidated Financial Statements.

Consolidated Statements of Earnings

(Unaudited) Three months ended March 31 *(in millions of dollars, except per share data)*	2002	2001
Revenues	**$ 5,480**	$ 6,157
Earnings Before the Undernoted Items	**$ 417**	$ 387
Amortization of property, plant and equipment	**(177)**	(139)
Amortization of goodwill, intangible assets and deferred charges (note 3)	**(39)**	(87)
Interest expense of operating companies	**(104)**	(111)
Interest and other income	**25**	39
Gains on shares of operating companies, net	**3**	1
	125	90
Acquisition, restructuring and other expenses	**(7)**	(15)
Earnings before income taxes and non-controlling interests	**118**	75
Provision for income taxes	**(19)**	(31)
Earnings before non-controlling interests	**99**	44
Non-controlling interests of operating companies	**(77)**	(57)
Earnings (loss) from continuing operations	**22**	(13)
Earnings from discontinued operations	**–**	29
Net Earnings for the Period	**$ 22**	$ 16
Net Earnings (Loss) per Subordinate Voting Share (note 5)		
Basic:		
Continuing operations	**$ 0.14**	$ (0.08)
Discontinued operations	**$ –**	$ 0.18
Net earnings	**$ 0.14**	$ 0.10
Diluted:		
Continuing operations	**$ 0.13**	$ (0.08)
Discontinued operations	**$ –**	$ 0.18
Net earnings	**$ 0.13**	$ 0.10

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

These Unaudited Interim Consolidated Financial Statements should be read in conjunction with the Audited Annual Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

(Unaudited) Three months ended March 31 *(in millions of dollars, except per share data)*	Share Capital (note 6)	Retained Earnings	Cumulative Translation Adjustment	Total Shareholders' Equity
Balance – December 31, 2000	$ 665	$ 728	$ 38	$ 1,431
Dividends declared	–	(5)	–	(5)
Issue of shares – dividend reinvestment plan	1	–	–	1
Purchase and cancellation of shares	(7)	(22)	–	(29)
Currency translation adjustment	–	–	64	64
Net earnings for the period	–	16	–	16
Balance – March 31, 2001	$ 659	$ 717	$ 102	$ 1,478
Balance – December 31, 2001	**$ 659**	**$ 1,440**	**$ 120**	**$ 2,219**
Change in accounting policy[a]	**–**	**(280)**	**–**	**(280)**
Dividends declared	**–**	**(4)**	**–**	**(4)**
Issue of shares – dividend reinvestment plan and exercise of options	**2**	**–**	**–**	**2**
Currency translation adjustment	**–**	**–**	**9**	**9**
Net earnings for the period	**–**	**22**	**–**	**22**
Balance – March 31, 2002	**$ 661**	**$ 1,178**	**$ 129**	**$ 1,968**

(a) Adoption of *CICA Handbook* Section 3870, "Stock-based Compensation and Other Stock-based Payments" (see note 1), that is effective January 1, 2002.

Dividends declared per Subordinate Voting Share are $0.0275 (2001 – $0.0275) for the first quarter of 2002.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

These Unaudited Interim Consolidated Financial Statements should be read in conjunction with the Audited Annual Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(Unaudited) Three months ended March 31 *(in millions of dollars)*	2002	2001
Operating Activities		
Net earnings (loss) from continuing operations	**$ 22**	$ (13)
Items not affecting cash:		
Amortization of property, plant and equipment	**177**	139
Amortization of goodwill, intangible assets and deferred charges	**39**	87
Non-controlling interests of operating companies	**77**	57
Future income taxes	**(8)**	18
Gains on shares of operating companies, net	**(3)**	(1)
Other	**8**	(5)
	312	282
Increase (decrease) in other liabilities	**(2)**	13
Decrease (increase) in non-cash net working capital related to operations	**186**	(781)
	496	(486)
Financing Activities		
Issuance of long-term debt	**342**	229
Repayment of long-term debt	**(271)**	(299)
Repurchase of share capital, net	**–**	(29)
Issuance of share capital by subsidiaries	**41**	35
Increase (decrease) in other financing activities	**(18)**	126
	94	62
Investing Activities		
Acquisition of operating companies, net of cash in acquired companies of $150 (2001 – $14)	**(69)**	(185)
Purchase of property, plant and equipment	**(95)**	(187)
Proceeds from sales of shares of operating companies	**5**	1
Net increase in other investing activities	**(79)**	(159)
	(238)	(530)
Cash from discontinued operations	**–**	45
Increase (Decrease) in Cash and Short-term Investments for the Period	**352**	(909)
Cash and short-term investments – beginning of the period	**3,780**	2,229
Cash and Short-term Investments – End of the Period	**$ 4,132**	$ 1,320

The increase (decrease) in cash and short-term investments is after unrealized foreign exchange gains on cash equivalents of $4 and $61 in the quarters ended March 31, 2002 and 2001, respectively.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

These Unaudited Interim Consolidated Financial Statements should be read in conjunction with the Audited Annual Consolidated Financial Statements.

Notes to Interim Consolidated Financial Statements

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

Onex Corporation ("Onex" or the "Company") is a diversified company whose subsidiaries operate as autonomous businesses.

1. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles. 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, 2001.

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 disclosed below in regard to the new accounting requirements for stock-based compensation and goodwill and other intangible assets.

STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

In the first quarter of 2002, the Company adopted Section 3870 of the *Canadian Institute of Chartered Accountants ("CICA") Handbook*, "Stock-based Compensation and Other Stock-based Payments". These recommendations require that a fair-value-based method of accounting be applied to all stock-based payments to non-employees and employees that are direct awards of stock, stock appreciation rights or that call for settlement in cash or other assets.

Onex has three types of plans that are covered by this section. The first is the Company's Stock Option Plan (the "Plan") described in note 12(e) to the Audited Annual Consolidated Financial Statements, which provides, in certain situations, that the Company has the right, but not the obligation, to settle any exercisable option under the Plan by the payment of cash to the option holder. As the Company has typically settled its obligation through cash payments, it has recorded a liability for the potential future settlement of vested options by reference to the value of Onex shares, with a corresponding charge to opening retained earnings as at January 1, 2002. On a quarterly basis, the liability is to be adjusted up or down for the change in the market value of the underlying shares with the corresponding effect reflected in the statement of earnings.

The second is the Management Investment Plan (the "MIP"), which is described in note 20(e) to the Audited Annual Consolidated Financial Statements. The MIP provides that exercisable investment rights may be settled by the issuance of the underlying shares or by a cash payment for the value of the investment right. Under the MIP, once the targets have been achieved for the exercise of investment rights, it is accounted for in a manner similar to the Company's Plan: a liability is recorded for the value of the investment rights under the MIP by reference to the underlying investments, with a corresponding compensation expense being recorded to the statement of earnings. At January 1, 2002, three investments had fulfilled all requirements needed for the MIP to be exercised. For these investments, opening retained earnings was charged for the fair value of the investment rights by reference to the underlying investments, with a corresponding liability recorded on the balance sheet.

The third type is employee stock option plans at the subsidiary companies, under which, on payment of the exercise price, stock of the subsidiary company is issued. This type of plan is not required to adopt the fair-value method; however, it does require the disclosure of pro forma net earnings and earnings per share information as if these plans had been accounted for under the fair-value method.

The adoption of this new accounting principle for the Plan and MIP has been applied retroactively, with no restatement of prior periods, with retained earnings as at January 1, 2002 being reduced by $280 with an equal increase in other liabilities. The Company has applied the pro forma disclosure provisions of the new standard to employee stock-based awards of subsidiaries granted on or after January 1, 2002 as is set out in note 7 to the Unaudited Interim Consolidated Financial Statements.

GOODWILL AND OTHER INTANGIBLE ASSETS

During the third quarter of 2001, the Company adopted *CICA Handbook* Section 3062, "Goodwill and Other Intangible Assets". This section requires that goodwill and other intangible assets with indefinite lives not be amortized but rather that their fair value be assessed periodically and written down for any impairment in value. For acquisitions made subsequent to July 1, 2001 and as of January 1, 2002, for all existing goodwill and other intangible assets with indefinite lives, such assets will no longer be amortized, but will be evaluated annually for impairment. This impairment methodology is more conservative than the previous standard.

Essentially all of the goodwill and other intangible asset amounts that appear on the Unaudited Consolidated Balance Sheets are recorded by the operating subsidiary companies. Section 3062's transitional provisions require the Company and its subsidiaries to assess whether goodwill and other intangible assets are impaired as of January 1, 2002. The Company and its subsidiaries have up to six months to complete their initial assessment and a further six months to perform and measure the amount of impairment, if any, in a manner similar to a purchase price allocation. This second step is to be completed no later than December 31, 2002. Any transitional impairment will be recognized as a change in accounting policy and will be charged to opening retained earnings as of January 1, 2002. Due to the extensive effort required to comply with this section, the Company and several of its subsidiaries are still in the process of determining the impact of its adoption. Based on preliminary information, the Company believes that there will be a one-time charge to opening consolidated retained earnings at January 1, 2002 for the adoption of this new accounting policy and that amount could be meaningful.

2. CORPORATE INVESTMENTS

During the first quarter of 2002 the following acquisitions, which were accounted for as purchases, were completed either directly by Onex or through subsidiaries of Onex. Any third-party borrowings in respect of acquisitions are without recourse to Onex.

a) In March 2002 Celestica acquired certain assets located in Japan from NEC Corporation. The purchase price of $164 was funded with cash on hand at Celestica.

b) In March 2002 Onex completed the purchase of Loews Cineplex Entertainment Corporation and all of its wholly-owned subsidiaries ("Loews Cineplex"). Onex and its partner, Oaktree Capital Management, LLC

("Oaktree Capital"), converted $462 of Loews Cineplex' bank debt held to an equity interest in the restructured company and invested an additional $55 in the equity of the company for a combined 100% of the equity. Onex' portion of the investment was $310 for an initial 60% ownership interest. Loews Cineplex, headquartered in New York, United States, is one of the largest theatre exhibition companies, operating more than 2,200 screens at over 230 locations in North America, Spain and South Korea. Of the total fair value of the acquired assets of $529, Onex has interest in approximately $317. Onex has voting control of Loews Cineplex. Onex also continues to hold a $40 interest in Loews Cineplex' restructured bank debt, which is eliminated upon consolidation.

c) The purchase prices of the various acquisitions were allocated to the net assets acquired based on their relative fair values at the date of acquisition. The Company is obtaining third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of the purchase price.

Details of the 2002 first quarter acquisitions, which were accounted for as purchases, are as follows:

	Celestica[a]	Loews Cineplex[b]
Cash	$ –	$ 150
Current assets	86	33
Goodwill	–	–
Intangible assets	74	20
Property, plant and equipment and other long-term assets	85	1,536
	245	1,739
Current liabilities	(81)	(309)
Other long-term liabilities	–	(901)
	164	529
Non-controlling interests in net assets	–	(212)
Interest in net assets acquired	$ 164	$ 317

d) In March 2002 Onex and the other shareholders in Lantic Sugar Limited ("Lantic") exchanged their shares of Lantic into trust units of Rogers Sugar Income Fund ("RSIF"). Onex received approximately 21 million trust units or a 28% interest in RSIF for the Company's ownership interest in Lantic. This was a non-cash transaction and Onex retained voting control of Lantic. At the same time Onex achieved voting control over RSIF's other operating company, Rogers Sugar Ltd. ("Rogers"). Effective March 2002 the Company's Unaudited Interim Consolidated Financial Statements include the assets, liabilities and operations of Rogers. Since there was no change in control of Lantic and part of the transaction was deemed to be with a related party, no accounting gain was recorded on this transaction.

3. GOODWILL

At March 31, 2002 the Company had unamortized goodwill of $5,281, which under the accounting policy described in note 1 is no longer being amortized. This change in accounting policy is applied prospectively, and the amortization amounts presented for prior periods have not been restated for this change. The result of this change on net earnings from continuing operations for 2002 compared to 2001 is as follows:

Three months ended March 31	**2002**	2001
Net earnings (loss) from continuing operations	**$ 22**	$ (13)
Add back: goodwill amortization	**–**	20
Net earnings from continuing operations before goodwill amortization	**$ 22**	$ 7
Basic earnings (loss) per share:		
Net earnings (loss) from continuing operations	**$ 0.14**	$ (0.08)
Net earnings from continuing operations before goodwill amortization	**$ 0.14**	$ 0.04
Diluted earnings (loss) per share:		
Net earnings (loss) from continuing operations	**$ 0.13**	$ (0.08)
Net earnings from continuing operations before goodwill amortization	**$ 0.13**	$ 0.04

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

The following describes the significant changes to Onex' consolidated long-term debt from the information provided in the December 31, 2001 Audited Annual Consolidated Financial Statements.

The March 2002 acquisition of Loews Cineplex resulted in additional debt on the Unaudited Interim Consolidated Financial Statements as Loews Cineplex entered into a US$430 term loan agreement in March 2002. The term loan bears interest at a rate of either the base rate or an adjusted Eurodollar rate plus a margin, and matures in February 2008 with quarterly repayments commencing May 2003. Outstanding borrowings under the term loan facility at March 31, 2002 were US$430.

Loews Cineplex also entered into a Priority Secured Credit Agreement, which is comprised of a US$85 Exit Revolving Credit Facility and a US$55 Exit Term Loan including US$20 available in Canada. The Exit Term Loan bears interest at either the base rate plus 2.75% or the adjusted Eurodollar rate plus 3.75% for U.S. loans, and the Canadian prime rate plus 2.75% or the Bankers Acceptance rate plus 3.75% for Canadian loans. At March 31, 2002 there were no borrowings against the Exit Revolving Credit Facility and US$55 was outstanding on the Exit Term Loan. The Exit Term Loan matures in February 2007 with quarterly repayments commencing May 2003.

Both the term loan and the Priority Secured credit facility are secured by substantially all of the assets of Loews Cineplex and are without recourse to Onex.

As a result of the exchange of the shares of Lantic for RSIF trust units as described in note 2(d), the debt of Rogers is now included in the Unaudited Interim Consolidated Financial Statements of the Company. Rogers has $100 in debentures that bear interest of 8.173%. Interest is payable on a quarterly basis. The debentures mature on August 26, 2005, at which point repayment of the principal is due in full.

Rogers also has subordinated notes payable of $278. All of the notes are held by RSIF and bear a variable interest rate based on Rogers' earnings before interest, taxes, depreciation and amortization and working capital requirements, subject to a ceiling of 11.5% and a floor of 6% per annum. The subordinated notes come due on October 15, 2027.

Rogers also has a revolving credit facility that extends to August 25, 2004. The revolving credit facility is for Rogers' operations and drawdowns are subject to certain restrictions. The long-term debt is secured by all of the assets of Rogers except accounts receivable and inventory, which serve as security for the revolving credit facility.

As part of the Lantic transaction, Lantic issued $155 of subordinated notes to RSIF. These notes bear interest at 13.25% per annum and come due on October 15, 2027.

5. EARNINGS PER SHARE

The calculation of earnings per share is based on the weighted average number of 160,612,000 (2001 – 162,270,000) Subordinate Voting Shares outstanding during the period. The diluted earnings per share is based on 160,648,000 Subordinate Voting Shares (2001 – 171,755,000), the dilutive effect resulting from all stock options. Due to the implementation of the stock-based compensation accounting policy as described in note 1, the Onex options are no longer considered for dilutive calculation purposes. The effect of all dilutive factors would reduce consolidated net earnings by $1 (2001 – nil).

6. SHARE CAPITAL

As at March 31, 2002, Onex' issued and outstanding share capital consisted of 160,670,345 (2001 – 160,846,666) Subordinate Voting Shares, 100,000 Multiple Voting Shares and 176,078 Series 1 Senior Preferred Shares.

During the first quarter of 2002, under the Dividend Reinvestment Plan the Company issued 53,725 (2001 – 27,610) Subordinate Voting Shares at a total value of $1 (2001 – $0.6). As well, 40,000 Subordinate Voting Shares were issued upon the exercise of stock options of the Company at a value of $1.

7. STOCK-BASED COMPENSATION

For the three months ended March 31, 2002, the Company's pro forma net earnings were $22, basic earnings per share were $0.14 and diluted earnings per share were $0.13, taking into consideration options granted after January 1, 2002 by the subsidiary companies. These amounts are not materially different from Onex' net earnings or earnings per share.

Included in the Unaudited Interim Consolidated Statements of Earnings for the three-month period ended March 31, 2002 is a stock-based compensation recovery of $13 as a result of the underlying shares decreasing in value.

8. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

	2002	2001
Interest	**$ 70**	$ 62
Taxes	**$ 15**	$ 7

9. COMMITMENTS AND SUBSEQUENT EVENTS

A subsidiary of Onex may be required to purchase from Oaktree Capital its approximate 40% interest in Loews Cineplex on or about the first, third or fifth anniversary dates of the acquisition of Loews Cineplex. The cost of such purchase on the first anniversary would be the original cost to Oaktree Capital of approximately $150, and on the third or fifth anniversary dates be based on a defined calculation referenced to operating earnings of Loews Cineplex with no minimum purchase price commitment.

In April 2002, Onex and Oaktree Capital purchased the remaining 50% interest in the Loeks-Star Partnership that Loews Cineplex did not already own. The total purchase price of approximately $57 was funded with cash.

On April 10, 2002, Onex renewed its Normal Course Issuer Bid for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10 percent of the public float of its Subordinate Voting Shares, which represents approximately 12.7 million shares.

10. INFORMATION BY INDUSTRY SEGMENTS

(Unaudited) *(in millions of dollars)*	Revenues		Operating Earnings (Loss)[a]		Earnings (Loss) before Income Taxes and Non-controlling Interests		Total Assets	
Three months ended March 31 (*except as otherwise noted*)	**2002**	2001	**2002**	2001	**2002**	2001	(Unaudited) As at Mar. 31 **2002**	(Audited) As at Dec. 31 2001
Electronics manufacturing services	**$ 3,434**	$ 4,197	**$ 126**	$ 175	**$ 76**	$ 112	**$ 10,749**	$ 10,563
Customer management services	**151**	128	**(2)**	(13)	**(11)**	(33)	**341**	361
Automotive products	**1,384**	1,426	**107**	111	**40**	9	**5,398**	5,431
Engineered building products	**222**	247	**(2)**	(1)	**(15)**	(22)	**1,046**	1,081
Parent company and other	**289**	159	**36**	15	**28**	9	**5,250**	3,434
Total	**$ 5,480**	$ 6,157	**$ 265**	$ 287	**$ 118**	$ 75	**$ 22,784**	$ 20,870

(a) Operating Earnings (Loss) represents Earnings Before the Undernoted Items (as shown in the Unaudited Interim Consolidated Statements of Earnings) less amortization of property, plant and equipment plus interest and other income.

Shareholder Information

First Quarter Dividend

A dividend of $0.0275 per Subordinate Voting Share was paid on January 31, 2002 to shareholders of record on January 10, 2002.

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 at a five percent discount to a market-related value and 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
Telephone: Canada and U.S. 1-800-387-0825

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

Offices

Toronto
Onex Corporation
161 Bay Street, P.O. Box 700
Toronto, Ontario M5J 2S1

New York
Onex Investment Corp.
712 Fifth Avenue, 40th Floor
New York, New York, USA 10019

Website

www.onex.com

E-mail

info@onex.com

ONEX

CELESTICA

LOEWS CINEPLEX ENTERTAINMENT

CLIENTLOGIC

MAGNATRAX CORPORATION

Lantic

ROGERS Sugar

RADIAN

ONCAP

HCI

DURA

JL French

PLG Performance Logistics Group

CVS

Bostrom plc

TRIM SYSTEMS

GALAXY

PHOENIX PICTURES

ONEX