ONEX

# Onex Corporation Report on the Second Quarter Ended June 30, 2005

# ONEX CORPORATION

Onex Corporation is a diversified company with annual revenues of approximately $17 billion, assets of $14 billion and 110,000 employees worldwide.

We operate through autonomous subsidiaries in a variety of industries, including electronics manufacturing services, aerostructures, theatre exhibition, healthcare, customer management services, automotive products, personal care products and communications infrastructure.

Onex' objective is to create long-term value by building industry-leading businesses and to have that value reflected in our share price.

## To Our Shareholders

There were a number of important accomplishments at Onex during the second quarter.

### Significant acquisitions

We completed the largest acquisition in Onex' history with the $1.5 billion purchase of The Boeing Company's ("Boeing") commercial aerostructures manufacturing operations in Kansas and Oklahoma, now operating as Spirit AeroSystems, Inc. ("Spirit"). This acquisition establishes Spirit as the world's largest independent manufacturer of aerostructures and provides an excellent platform upon which to grow its customer base beyond Boeing.

We also worked with Cineplex Galaxy on its recent acquisition of Famous Players. This acquisition, which closed in July, makes Cineplex Galaxy Canada's largest theatre exhibition company and provides further opportunity to build value in the Canadian theatre exhibition industry.

### Exceptional value realizations

During the second quarter, we determined that it was an appropriate time to sell certain of our holdings. We sold a little over half of our Magellan shares as part of that company's secondary public offering, realizing $176 million in net proceeds. At June 30, the combined value of what we have realized and what we continue to hold is two and a half times the original $131 million investment in Magellan made in early 2004.

In May and June, we received $69 million from the sale of our remaining investment in Compagnie Générale de Géophysique, bringing the total value received on this company to $147 million compared to the November 2004 investment of approximately $102 million.

In early July, we also sold our remaining interest in Commercial Vehicle Group, Inc. ("CVG") for net proceeds of $80 million. The total value Onex has received on CVG is approximately $165 million compared to an investment of $69 million.

### Strong financial results

Onex achieved strong second-quarter financial results due to the gains reported and the inclusion of the results of businesses acquired over the past year, primarily in the healthcare sector. We received $222 million in net proceeds on the close out of the Celestica forward sale agreements, recording a pre-tax gain of $191 million.

We are pleased with the achievements in the first half of the year. We continue to look for appropriate opportunities in which to invest Onex' cash resources. While the environment for attractive acquisition opportunities is very competitive, we remain confident and enthusiastic about our ability to find those businesses that can provide an appropriate return without taking on exceptional risks.

# REVIEW OF SIGNIFICANT EVENTS DURING THE SECOND QUARTER

This section provides a summary of the significant events at Onex and its operating companies during the three months ended June 30, 2005. Readers interested in a descriptive listing of the Onex operating companies and Onex' ownership interest in each can find this information on Onex' website at **www.onex.com**.

Revenues and operating earnings in the following discussion have been presented in each operating company's functional currency, as indicated, since currency translations may distort the operating company's actual results. Otherwise, amounts are in Canadian dollars.

## Onex acquires Boeing's Wichita-Tulsa commercial aerostructures manufacturing operations

In mid-June 2005, Onex Corporation ("Onex") and Onex Partners LP ("Onex Partners") completed the acquisition of The Boeing Company's ("Boeing") commercial aerostructures manufacturing operations in Kansas and Oklahoma in a transaction valued at $1.5 billion. Onex, Onex Partners and a number of its limited partners invested $464 million of equity in Spirit AeroSystems, Inc. ("Spirit"), the newly formed company that acquired those Boeing operations and assets. Onex' portion of that investment was $134 million, for a 29 percent equity ownership interest.

Spirit is now the world's largest Tier 1 aerostructures manufacturer. The company operates from 12 million square feet of facilities and offers industry-leading manufacturing and design expertise in a broad range of products and services for aircraft original equipment manufacturers ("OEMs") and operators. This purchase establishes Onex as a strong competitor in the $15 billion aerostructures market during an attractive point in the business cycle. The company has entered into long-term agreements to supply Boeing with fuselage sections, struts, nacelles and wing components on Boeing's 737, 747, 767, 777, and 787 platforms. It is Onex' intent to build Spirit by securing programs from new customers in the commercial airliner, business jet, general aviation and defence sectors.

The purchase of Spirit added US$1.2 billion to Onex' consolidated assets. Since its mid-June 2005 acquisition date, Spirit reported revenues of US$89 million and an operating loss of US$9 million; the operating loss resulted primarily from the gross margin in this first short reporting period not exceeding Spirit's associated fixed costs.

## Onex sells approximately half of its ownership in Magellan

In May and June 2005, Onex and Onex Partners sold approximately 4.7 million Magellan Health Services, Inc. ("Magellan") common shares through a secondary offering in the United States. The shares sold represented 56 percent of Onex' and Onex Partners' interest in Magellan and provided total proceeds of $176 million, of which Onex' share was $41 million. As a result of this sale, a pre-tax gain of $83 million was recorded, of which Onex' share was $20 million. Following this sale, Onex ceased to have voting control of Magellan. For accounting reporting purposes, the Magellan operations up to the date of sale, as well as the net gain, have been reported as discontinued operations in the unaudited interim consolidated financial statements for the three and six months ended June 30, 2005; the comparative 2004 second-quarter and year-to-date results of Magellan have been reclassified as discontinued. Onex and Onex Partners collectively continue to hold 3.8 million Magellan shares, or approximately 11 percent of the company's total equity. At June 30, 2005, that interest in Magellan had a market value of $163 million.

## Onex settles its Celestica forward sale agreements

In early June 2005, Onex settled its forward sale agreements relating to subordinate voting shares of Celestica Inc. ("Celestica"), receiving $222 million in cash and recording a pre-tax gain of $191 million. Onex elected to settle the forward sale agreements with the delivery of 1.8 million Celestica subordinate voting shares at the forward sale prices provided for under the terms of the agreements, which were entered into in 2000 and 2001. Onex closed these forward sale agreements in order to eliminate its annual spread cost of approximately $2 million associated with these agreements.

Onex converted 214,314 Celestica multiple voting shares into Celestica subordinate voting shares to facilitate the settlements. Onex continues to hold 27.3 million multiple voting shares of Celestica, excluding shares held in connection with the Onex Management Investment Plan investment rights, which represent equity and voting interests in Celestica of approximately 12 percent and 78 percent, respectively.

## Cineplex Galaxy acquires Famous Players

On June 13, 2005, Cineplex Galaxy Limited Partnership ("CGLP"), Canada's second-largest film exhibition company, announced that it had signed an agreement to purchase the Famous Players movie exhibition business from Viacom Canada Inc. in a transaction valued at approximately $500 million. The purchase of Famous Players was completed on July 22, 2005. Famous Players operates a total of 80 theatres with 785 screens across Canada, including theatres in its joint ventures with IMAX and its partnership with Alliance Atlantis. The combined company will operate 132 theatres with 1,278 screens across Canada (after completing the divestitures referred to below). The combination of the two businesses is expected to generate cost savings and other synergies of approximately $20 million, including overhead rationalization, increased media revenues and benefits from a broader offering of concession products. As part of this transaction, CGLP entered into a consent agreement with the Canadian Commissioner of Competition whereby the company is to divest 34 theatres, with annual theatre level income of approximately $12 million. The theatres to be divested are located in major cities across six provinces.

On July 22, 2005, Cineplex Galaxy Income Fund, the entity through which the public invests in CGLP, completed a public offering of $110 million of trust units and $105 million of convertible debentures for gross proceeds of $215 million. The net proceeds from this transaction were used to partially finance the acquisition of Famous Players. The balance of the purchase price was funded through debt financing. In addition, at the beginning of August 2005 CGLP sold its real estate interests in four theatre locations for proceeds of $67 million.

Onex' holdings in the theatre exhibition segment prior to the acquisition of Famous Players included the operations of CGLP and Cineplex Odeon Corporation, which owns a small number of theatres and real estate property not included in CGLP. At the end of the second quarter of 2005, the combined operations of these two businesses comprised Cineplex Galaxy. Cineplex Galaxy reported second-quarter revenues of $85 million, down $10 million from revenues of $95 million for the second quarter of 2004. The decline in revenues was due primarily to lower attendance during the second quarter of 2005 resulting from a less successful group of films as compared to those for the same period of 2004. As a result, CGLP reported a decline in box-office and concession revenues of 13 percent and 9 percent, respectively, for the second quarter of 2005 compared to the same quarter last year. Partially offsetting this was 2005 second-quarter ancillary revenue, such as on-screen advertising, increasing 24 percent over the second quarter of last year. Lower revenues contributed to lower operating earnings at Cineplex Galaxy of $5 million during the second quarter of 2005 compared to $11 million for the same quarter of 2004.

## Celestica appoints new president

In mid-May 2005, Celestica, a world leader in electronics manufacturing services, appointed Craig H. Muhlhauser as the company's president and executive vice president, Worldwide Sales and Business Development. Mr. Muhlhauser has more than 25 years of sales, marketing and general management experience across a range of global industries, including consumer, industrial, utility, automotive, aerospace and defence, and with several leading companies that include Exide Technologies, General Electric, United Technologies and Ford Motor Company. Mr. Muhlhauser will lead Celestica's global sales and business development effort.

Celestica reported a 3 percent decrease in revenues to US$2.3 billion in the second quarter of 2005 from the same quarter last year. Revenue for both the Americas and Europe declined 21 percent and 15 percent, respectively, in the second quarter of 2005 compared to the same period of 2004 due primarily to lower volumes and the transfer of programs to Asia associated with the company's restructuring initiatives. Partially offsetting these declines was a 19 percent revenue increase in Asia. The declines also reflect the impact of businesses discontinued in the latter part of 2004. The company reported operating earnings of US$71 million for the three months ended June 30, 2005 compared to operating earnings of US$30 million for the second quarter of 2004. Higher volumes in Asia, improved operating efficiency, benefits from restructuring activities, lean manufacturing and exited businesses contributed to the growth in operating earnings.

In June 2005, Celestica issued senior subordinated notes totalling US$250 million in aggregate principal amount with a fixed interest rate of 7.625 percent due in 2013. The company used the net proceeds from this offering to repurchase the company's outstanding Liquid Yield Option™ Notes ("LYONs") in early August 2005.

## ResCare expands services

Res-Care, Inc. ("ResCare"), the leading U.S. provider of services to persons with developmental and other disabilities and people with special needs, added six new operations that complement its core disabilities services business during the second quarter of 2005. These operations are expected to generate annual revenues of approximately US$34 million and provide services to approximately 1,500 consumers.

During the second quarter of 2005, ResCare's employment training services business was awarded two contracts: a US$15 million, two-year contract to run the Northlands Job Corps Center in Vergennes, Vermont, which serves approximately 280 students in northwest Vermont; and a two-year contract to continue to operate the Guthrie Job Corps Center in Guthrie, Oklahoma, which is expected to generate revenues of US$30 million over its term.

ResCare reported revenues of US$270 million and net earnings of US$7 million for the second quarter ended June 30, 2005. Onex records its interest in ResCare on an equity accounting basis.

## ClientLogic extends five-year outsourcing contract with BT

In late May 2005, ClientLogic Corporation ("ClientLogic"), a leading international business process outsourcing provider in the customer care and fulfillment industry, announced that it had signed a new contract with British Telecom ("BT") to provide contact centre services to the company over the next five years. ClientLogic and BT, one of ClientLogic's major worldwide customers, have worked in partnership since 2001. The new contract, which is expected to generate revenues of US$100 million annually, extends ClientLogic's customer care for BT to 2009 as well as strengthens the company's long-standing partnership with BT to deliver customer service solutions to other external corporate clients.

During the second quarter of 2005, ClientLogic reported revenues of US$143 million, up US$8 million from US$135 million reported for the second quarter of last year. The customer contact management business increased approximately US$12 million due primarily to growth from existing clients. Partially offsetting this growth was lower fulfillment revenue in the second quarter of 2005 compared to the same quarter of last year. Operating earnings were US$7 million during the second quarter of 2005, down from US$11 million for the same quarter of 2004. The operating earnings decline was due primarily to a foreign exchange gain and a one-time benefit, totalling approximately US$7 million, recorded in the second quarter of 2004. Excluding the impact of the foreign exchange gain and the one-time benefit, operating earnings for the second quarter of 2005 were up US$3 million from the same period last year due primarily to the increased revenues.

## Onex sells its remaining Commercial Vehicle Group shares

During the period of Onex' ownership, Commercial Vehicle Group, Inc. ("CVG") has become a leading supplier of interior systems, vision safety solutions and other cab-related products to the global commercial vehicle and specialized transportation markets. In early July 2005, Onex sold its remaining 4.2 million CVG common shares as part of that company's public offering and received $80 million in net proceeds. The total value Onex has received in respect of CVG is approximately $165 million compared to an investment of $69 million. Onex made its initial investment in the heavy truck supply sector in 1997 with the acquisition of Trim Systems.

As a result of the July sale of the CVG shares, the operations of CVG are now presented as discontinued and prior periods have been restated to report the results of CVG on a comparative basis.

## Lower North American automobile and light truck production

During the second quarter of 2005, the automobile and light truck supply market continued to be challenged as North American OEMs, primarily Ford and General Motors, reduced production levels. These lower production levels adversely affected J.L. French Automotive Castings, Inc. ("J.L. French Automotive"), a leading independent supplier of complex aluminum die-cast components to OEMs as it supplies a significant amount of content to the automobile and light truck platforms of North American OEMs. During the second quarter of 2005, J.L. French Automotive reported revenues of US$126 million, down US$14 million from US$140 million for the same period of 2004; approximately 80 percent of J.L. French Automotive's production is for specific Ford and General Motors platforms. Lower revenues also affected operating earnings, which declined in the second quarter of 2005 to US$8 million from US$16 million for the same quarter of 2004. During the quarter, J.L. French Automotive's management worked to adjust its cost structure to the lower business volumes.

## Strong revenue growth at ONCAP

ONCAP LP's ("ONCAP") operating companies – CMC Electronics Inc. ("CMC Electronics"), WIS International ("WIS"), Futuremed Health Care Products L.P. ("Futuremed") and Canadian Securities Registration Systems Ltd. ("CSRS") – reported combined revenues of $167 million for the second quarter of 2005, up $102 million from the $65 million reported during the second quarter of 2004. Combined operating earnings also grew to $22 million for the second quarter of 2005 from $10 million for the same quarter last year. Much of the increase in revenue and operating earnings was due to the acquisition of Washington Inventory Service Ltd. by Western Inventory Service Ltd. ("Western") in April 2005, which combined with Western is now operating as WIS International, as well as the inclusion of a full quarter of results for CSRS, which was acquired in April 2004.

During the second quarter of 2005, ONCAP continued its fundraising efforts for a second fund expected to have committed capital of $500 million. The fundraising effort is targeting institutional and private investors interested in investing in North American small- and mid-capitalization companies, similar to ONCAP's first fund. Onex has committed to invest not less than 40 percent of the total capital. Onex and ONCAP are pleased with the progress of the new fundraising effort to date and expect that this second ONCAP fund will have a first closing in the second half of 2005.

## Sale of remaining CGG investment

During the second quarter of 2005, Onex sold the balance, or approximately $47 million principal amount, of its convertible subordinated bonds of Compagnie Générale de Géophysique ("CGG"). Onex and Onex Partners collectively received total proceeds of $69 million, of which Onex' share was approximately $16 million. As a result of this sale, a pre-tax gain of $20 million was recorded, of which Onex' share was $4 million. This was reported in gains on sales of operating investments in the unaudited interim consolidated statement of earnings for the quarter ended June 30, 2005. The total value, including interest, Onex and Onex Partners have received on CGG is $147 million compared to an investment of approximately $102 million.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Management's Discussion and Analysis ("MD&A") analyzes significant changes in the unaudited interim consolidated statements of earnings, the unaudited interim consolidated balance sheet and the unaudited interim consolidated statements of cash flows of Onex Corporation ("Onex"). It should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto. The MD&A and Onex' unaudited interim consolidated financial statements have been prepared to provide information about 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.

# FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT

This interim MD&A may contain, without limitation, 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 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.

The Financial Review that follows should be read in conjunction with the unaudited interim consolidated financial statements for the period ended June 30, 2005 and with the 2004 audited annual consolidated financial statements. Readers interested in a descriptive listing of the Onex operating companies and Onex' ownership interest in each can find this information on the Onex website at **www.onex.com**.

All amounts are in Canadian dollars unless otherwise indicated.

# FINANCIAL REVIEW

This section analyzes the significant changes in Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three and six months ended June 30, 2005 compared to those for the same periods ended June 30, 2004, and compares Onex' financial condition at June 30, 2005 to that at December 31, 2004.

## Accounting policies and estimates

Onex prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions. These estimates and assumptions 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 preparation of the financial statements are described in note 1 to the unaudited interim consolidated financial statements and in note 1 to the December 31, 2004 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 significant estimates used in determining the allowance for doubtful accounts, inventory valuation, income tax valuation allowances, the fair value of reporting units for purposes of goodwill impairment tests, the useful lives and valuation of property, plant and equipment and intangible assets, pension and post-employment, restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

## New accounting policies in 2005

### Consolidation of variable interest entities

The Canadian Institute of Chartered Accountants issued Accounting Guideline 15 ("AcG-15"), "Consolidation of Variable Interest Entities", which was applicable for Onex beginning in January 2005. Variable interest entities ("VIEs") are entities that have insufficient equity and/or their equity investors lack one or more specified essential characteristics of a controlling financial interest. This guideline provides specific guidance for determining when an entity is a VIE, and who, if anyone, should consolidate the VIE. The adoption of this guideline did not have a material effect on the unaudited interim consolidated financial statements.

## SIGNIFICANT EVENTS FOR THE PERIOD ENDED JUNE 30, 2005

The following significant events affected Onex' unaudited interim consolidated operating results for the three and six months ended June 30, 2005 and their comparability to results for the same periods of 2004.

## Acquisition of Boeing's Wichita-Tulsa commercial aerostructures manufacturing operations

In mid-June 2005, Onex completed the acquisition of The Boeing Company's ("Boeing") commercial aerostructures manufacturing operations in Kansas and Oklahoma in a transaction valued at $1.5 billion. Onex, Onex Partners LP ("Onex Partners") and a number of limited partners invested $464 million of equity in Spirit AeroSystems, Inc. ("Spirit"), the newly formed company that acquired the Boeing assets. Onex' portion of that investment was $134 million for a 29 percent ownership interest. Spirit is now the world's largest Tier 1 aerostructures manufacturer. The company operates from 12 million square feet of facilities and offers industry-leading manufacturing and design expertise in a broad range of products and services for aircraft original equipment manufacturers ("OEMs") and operators.

Spirit is a new reportable segment – Aerostructures – in Onex' unaudited interim consolidated financial statements. At June 30, 2005, Spirit's assets of $1.6 billion and liabilities of $1.2 billion were consolidated in Onex' unaudited consolidated interim balance sheet. Additional information on this acquisition is reported in note 3 to the unaudited interim consolidated financial statements.

## Purchase of Center for Diagnostic Imaging, Inc.

In early January 2005, Onex completed the acquisition of Center for Diagnostic Imaging, Inc. ("CDI"), a leading provider of diagnostic and therapeutic radiology services in the United States. This transaction was valued at approximately $225 million, including $88 million of equity funded by Onex and Onex Partners for an 84 percent ownership interest. Of the total equity, Onex' share was $21 million for an approximate 20 percent ownership interest.

CDI operates 32 diagnostic imaging centres in nine markets in the United States that provide services such as magnetic resonance imaging ("MRI"), computed tomography ("CT"), diagnostic and therapeutic injection procedures, as well as other procedures such as PET/CT, conventional x-ray, mammography and ultrasound. CDI's operations have been consolidated and reported in the healthcare segment from the date of acquisition. Note 3 to the unaudited interim consolidated financial statements provides additional information on this acquisition.

## Acquisition of two U.S. healthcare companies

In February 2005, Onex completed the acquisition of American Medical Response, Inc. ("AMR") and EmCare, Inc. ("EmCare") in a transaction valued at approximately $1 billion. Onex purchased directly and through Onex Partners $266 million of equity for a 97 percent ownership interest. Onex' portion of the equity was $100 million for an ownership interest of 36 percent.

AMR is the largest U.S. provider of ambulance transport and emergency medical response services. EmCare is the leading provider of outsourced services for hospital emergency department physician staffing and management. Onex formed Emergency Medical Services L.P. ("EMS") as the parent company of AMR and EmCare. EMS' operations have been consolidated and reported in the healthcare segment from the date of acquisition. Note 3 to the unaudited interim consolidated financial statements provides additional information on this acquisition.

## Celestica exchangeable debentures and forward sale agreements

In February 2005, Onex redeemed its debentures that were exchangeable for Celestica Inc. ("Celestica") subordinate voting shares, recording a pre-tax gain of $560 million as a result of the redemption. Onex received the cash for these exchangeable debentures when it originally entered into these arrangements in 2000. The redemption was undertaken to eliminate Onex' annual interest expense of approximately $11 million associated with the debentures. The aggregate principal amount of the debentures was approximately $729 million and, in accordance with the terms of the debentures, Onex satisfied this obligation through the delivery of approximately 9.2 million Celestica subordinate voting shares. The number of shares was based upon the fixed exchange rates provided for under the terms of the debentures. Onex converted approximately 9.2 million Celestica multiple voting shares into Celestica subordinate voting shares to facilitate the redemption. The exchange was a non-cash transaction except for an early termination premium of approximately $12 million that was netted against the recorded gain of these exchangeable debentures and accrued interest, both of which were paid in cash.

In early June 2005, Onex settled its forward sale agreements relating to subordinate voting shares of Celestica and recorded a pre-tax gain of $191 million on the settlement based on the carrying value at the time of sale. Onex elected to settle the forward sale agreements by delivering 1.8 million Celestica subordinate voting shares, based upon the forward sale prices provided for under the terms of the agreements, which were entered into in 2000 and 2001. Onex received $222 million in cash on the settlement of the forward sale agreements. Onex closed out these forward sale agreements in order to eliminate its annual spread cost of approximately $2 million associated with these agreements. Onex converted 214,314 Celestica multiple voting shares into Celestica subordinate voting shares to facilitate the forward sale agreement settlement.

Onex continues to hold 27.3 million multiple voting shares of Celestica, excluding shares held in connection with the Onex Management Investment Plan investment rights, which represent equity and voting interests in Celestica of approximately 12 percent and 78 percent, respectively.

## Sale of InsLogic Corporation

In early January 2005, Onex sold its operating company, InsLogic Corporation ("InsLogic"), for net cash proceeds of $22 million. Onex formed InsLogic in 1999 to provide technology-enabled, private-label insurance brokerage services. During the period of its ownership, Onex had invested a total of $52 million in both equity and debt in the company. Due to the losses Onex had recorded from InsLogic in prior years, the business had a negative carrying value for accounting purposes at the time of the sale. As a result, Onex recorded an accounting gain of $73 million on the sale in the first quarter of 2005. This gain has been reported in earnings from discontinued operations in the unaudited interim consolidated financial statements for the six months ended June 30, 2005.

## Sale of CGG investment

In early January 2005, Onex sold approximately 54 percent, or approximately $55 million in principal amount, of its convertible subordinated bonds of Compagnie Générale de Géophysique ("CGG") after receiving an attractive third-party offer for the bonds. Onex and Onex Partners received total proceeds of $76 million, of which Onex' share was approximately $18 million. As a result of this sale, a pre-tax gain of $21 million was recorded in the first quarter of 2005, of which Onex' share was $5 million.

During the second quarter of 2005, Onex sold the balance, or approximately $47 million principal amount, of its convertible subordinated bonds of CGG in two transactions. Onex and Onex Partners received total proceeds of $69 million, of which Onex' share was $16 million. As a result of this sale, a pre-tax gain of $20 million was recorded, of which Onex' share was $4 million. These gains are reported in gains on sales of operating investments in the unaudited interim consolidated statement of earnings for the three and six months ended June 30, 2005. The total value, including interest, Onex and Onex Partners have received on CGG totalled $147 million at June 30, 2005 compared to an investment of approximately $102 million.

## Onex sells approximately half of its ownership in Magellan

In May and June 2005, Onex and Onex Partners sold approximately 4.7 million Magellan Health Services, Inc. ("Magellan") common shares through a secondary offering in the United States. The shares sold represent 56 percent of Onex' and Onex Partners' interest in Magellan. Total proceeds were $176 million, of which Onex' share was approximately $41 million. As a result of this sale, a pre-tax gain of $83 million was recorded, of which Onex' share was $20 million. Following this sale, Onex ceased to have voting control of Magellan and therefore for accounting purposes Magellan's results are reported as earnings from discontinued operations in the unaudited interim consolidated financial statements. The remaining investment in Magellan of $74 million has been included in investments and other assets on the June 30, 2005 unaudited consolidated balance sheet.

The comparative 2004 second-quarter and year-to-date results of Magellan have also been reclassified as discontinued. Note 2 to the unaudited interim consolidated financial statements discloses those amounts in the December 31, 2004 balance sheet that have been restated to show the assets and liabilities as discontinued.

## Onex sells its remaining Commercial Vehicle Group shares

In early July 2005, Onex sold its remaining 4.2 million common shares of Commercial Vehicle Group, Inc. ("CVG") as part of that company's public offering and received $80 million in net proceeds. As a result of the sale of the CVG shares, the operations of CVG are now presented as discontinued and prior periods have been restated to report the results of CVG on a comparative basis.

## 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, 2005, the corresponding notes and the December 31, 2004 audited annual consolidated financial statements.

### Variability of results

Onex' consolidated annual and quarterly 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 U.S. dollar and the Canadian dollar; the change in market value of stock-based compensation; and activities at Onex' operating companies. These activities may include the purchase or sale of businesses; fluctuations in customer demand and materials and employee-related costs; changes in the mix of products and services produced; and charges to restructure operations. The discussion that follows identifies some of the material factors that affected each of Onex' operating segments and Onex' unaudited interim consolidated results for the three and six months ended June 30, 2005.

In accordance with required accounting policies, the financial statements for the three and six months ended June 30, 2004 have been restated from those previously reported for discontinued operations of those businesses that were sold in the second half of 2004 or the first half of 2005. These include the operations of Loews Cineplex Entertainment Corporation ("Loews Cineplex"), Dura Automotive, Inc. ("Dura Automotive"), Armtec Limited ("Armtec") and Cincinnati Electronics ("Cincinnati Electronics"), as well as Magellan, CVG, InsLogic and NovAtel Inc. ("NovAtel"), which were partially or completely divested in 2005.

### Consolidated revenues

Consolidated revenues were $4.2 billion for the three months ended June 30, 2005, up 13 percent, or $477 million, from the same quarter of 2004. During the second quarter of 2005, the inclusion of AMR and EmCare, acquired in February 2005 and now operating under the parent company, EMS, added $554 million in revenues; the January 2005 purchase of CDI contributed $32 million in revenues; Cosmetic Essence, Inc. ("CEI"), acquired in late December 2004, added revenues of $64 million; and Spirit, the company that purchased Boeing's commercial aerostructures manufacturing operations in Kansas and Oklahoma in mid-June 2005, contributed revenues of $110 million following its acquisition date.

Partially offsetting the second-quarter revenue growth from acquisitions was a decrease in revenues at Celestica, which declined $349 million to $2.8 billion in the second quarter of 2005 from $3.1 billion reported in the second quarter of last year. Celestica's second-quarter revenue for both the Americas and Europe declined 21 percent and 15 percent, respectively, from the second quarter of 2004 due to lower volumes and the transfer of programs to Asia under the company's restructuring initiatives; this was partially offset by a 19 percent increase in Celestica's Asia revenue during the second quarter of 2005. Reported revenues for J.L. French Automotive Castings, Inc. ("J.L. French Automotive") of $157 million were $34 million lower than in the second quarter of 2004 due primarily to the adverse impact of lower production volumes by its North American OEM customers.

For the six months ended June 30, 2005, consolidated revenues were $7.9 billion, up 13 percent, or $923 million, from $6.9 billion in the same period of 2004 due primarily to the acquisitions completed in late 2004 and the first half of 2005 ($1.2 billion). Partially offsetting the revenue increase for the first six months of 2005 were lower revenues in the automotive segment due to a $67 million decline in revenues at J.L. French Automotive.

A detailed breakdown of revenues by industry segment for the three and six months ended June 30, 2005 and 2004 and the change in revenues from those periods is provided in Table 1 below in both the Canadian dollar and the functional currency of the companies. This presentation is made to show the actual change in revenues without the effect of changes in currency translation rates. Note 13 to the unaudited interim consolidated financial statements also details revenues by industry segment.

## Revenues by Industry Segment

TABLE 1 | *(Unaudited) ($ millions)*

| | Canadian Dollars | | | Functional Currency | | |
|---|---|---|---|---|---|---|
| ***Three months ended June 30*** | **2005** | 2004 | **Revenue increase/ (decrease)** | **2005** | 2004 | **Revenue increase/ (decrease)** |
| Electronics Manufacturing Services | **$ 2,799** | $ 3,148 | **$ (349)** | **US$ 2,250** | US$ 2,314 | **US$ (64)** |
| Aerostructures | **110** | – | **110** | **US$ 89** | – | **US$ 89** |
| Theatre Exhibition | **85** | 95 | **(10)** | **C$ 85** | C$ 95 | **C$ (10)** |
| Healthcare | **586** | – | **586** | **US$ 471** | – | **US$ 471** |
| Customer Management Services | **177** | 184 | **(7)** | **US$ 143** | US$ 135 | **US$ 8** |
| Automotive Products | **157** | 191 | **(34)** | **US$ 126** | US$ 140 | **US$ (14)** |
| Other[a] | **274** | 93 | **181** | **C$ 274** | C$ 93 | **C$ 181** |
| Total | **$ 4,188** | $ 3,711 | **$ 477** | | | |

*(Unaudited) ($ millions)*

| | Canadian Dollars | | | Functional Currency | | |
|---|---|---|---|---|---|---|
| ***Six months ended June 30*** | **2005** | 2004 | **Revenue increase/ (decrease)** | **2005** | 2004 | **Revenue increase/ (decrease)** |
| Electronics Manufacturing Services | **$ 5,438** | $ 5,806 | **$ (368)** | **US$ 4,401** | US$ 4,331 | **US$ 70** |
| Aerostructures | **110** | – | **110** | **US$ 89** | – | **US$ 89** |
| Theatre Exhibition | **163** | 172 | **(9)** | **C$ 163** | C$ 172 | **C$ (9)** |
| Healthcare | **969** | – | **969** | **US$ 783** | – | **US$ 783** |
| Customer Management Services | **358** | 366 | **(8)** | **US$ 290** | US$ 273 | **US$ 17** |
| Automotive Products | **317** | 384 | **(67)** | **US$ 257** | US$ 287 | **US$ (30)** |
| Other[a] | **507** | 211 | **296** | **C$ 507** | C$ 211 | **C$ 296** |
| Total | **$ 7,862** | $ 6,939 | **$ 923** | | | |

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

(a) Includes CEI, Radian, ONCAP, Onex Real Estate, Onex Public Markets Group and parent company.

## Consolidated cost of sales

Consolidated cost of sales was up 10 percent to $3.7 billion for the second quarter of 2005 and up 11 percent to $6.9 billion for the first six months of 2005. This compares to consolidated cost of sales of $3.3 billion and $6.2 billion, respectively, for the three and six months ended June 30, 2004.

Table 2 provides a breakdown of cost of sales by industry segment for the three and six months ended June 30, 2005 and 2004 in both Canadian dollars and the companies' functional currency, as indicated. We have provided the cost of sales in the companies' functional currency to exclude the impact of foreign exchange translation on the cost of sales. Note 13 to the unaudited interim consolidated financial statements also provides cost of sales by industry segment in Canadian dollars.

### Cost of Sales by Industry Segment

TABLE 2 | *(Unaudited) ($ millions)*

| | Canadian Dollars | | | Functional Currency | | |
|---|---|---|---|---|---|---|
| ***Three months ended June 30*** | **2005** | 2004 | **Cost of sales increase/ (decrease)** | **2005** | 2004 | **Cost of sales increase/ (decrease)** |
| Electronics Manufacturing Services | **$ 2,584** | $ 2,932 | **$ (348)** | **US$ 2,078** | US$ 2,155 | **US$ (77)** |
| Aerostructures | **98** | – | **98** | **US$ 79** | – | **US$ 79** |
| Theatre Exhibition | **69** | 73 | **(4)** | **C$ 69** | C$ 73 | **C$ (4)** |
| Healthcare | **508** | – | **508** | **US$ 408** | – | **US$ 408** |
| Customer Management Services | **110** | 114 | **(4)** | **US$ 88** | US$ 84 | **US$ 4** |
| Automotive Products | **128** | 148 | **(20)** | **US$ 103** | US$ 109 | **US$ (6)** |
| Other[a] | **160** | 60 | **100** | **C$ 160** | C$ 60 | **C$ 100** |
| Total | **$ 3,657** | $ 3,327 | **$ 330** | | | |

*(Unaudited) ($ millions)*

| | Canadian Dollars | | | Functional Currency | | |
|---|---|---|---|---|---|---|
| ***Six months ended June 30*** | **2005** | 2004 | **Cost of sales increase/ (decrease)** | **2005** | 2004 | **Cost of sales increase/ (decrease)** |
| Electronics Manufacturing Services | **$ 5,037** | $ 5,432 | **$ (395)** | **US$ 4,077** | US$ 4,052 | **US$ 25** |
| Aerostructures | **98** | – | **98** | **US$ 79** | – | **US$ 79** |
| Theatre Exhibition | **131** | 134 | **(3)** | **C$ 131** | C$ 134 | **C$ (3)** |
| Healthcare | **819** | – | **819** | **US$ 662** | – | **US$ 662** |
| Customer Management Services | **223** | 223 | **–** | **US$ 180** | US$ 167 | **US$ 13** |
| Automotive Products | **257** | 301 | **(44)** | **US$ 208** | US$ 225 | **US$ (17)** |
| Other[a] | **328** | 135 | **193** | **C$ 328** | C$ 135 | **C$ 193** |
| Total | **$ 6,893** | $ 6,225 | **$ 668** | | | |

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

(a) Includes CEI, Radian, ONCAP, Onex Real Estate, Onex Public Markets Group and parent company.

Celestica's cost of sales decreased 4 percent in its functional currency compared to a 3 percent decrease in revenues in the second quarter of 2005. For the six months ended June 30, 2005, cost of sales for Celestica in the company's functional currency increased 1 percent compared to a 2 percent increase in revenues. The improvement in gross profit of US$45 million on a year-to-date basis was due primarily to higher volumes in Asia, cost reductions realized from the company's restructuring initiatives, improved operating efficiency and benefits from lean manufacturing processes and exited businesses; these improvements were partially offset by costs of ramping up new customer programs and transferring programs to different manufacturing locations.

The healthcare segment reported cost of sales of US$408 million for the second quarter of 2005 and US$662 million for the six months ended June 30, 2005. The cost of sales for the quarter and year-to-date 2005 are related to the acquisitions of CDI and EMS, completed in January and February 2005, respectively. Cost of sales as a percentage of revenues in the companies' functional currency for the healthcare segment was 87 percent and 85 percent for the three and six months ended June 30, 2005, respectively. There are no comparative cost of sales for the three and six months ended June 30, 2004 since the results of Magellan, acquired in January 2004, were reclassified to discontinued operations following the May and June 2005 sales of Magellan shares by Onex and Onex Partners.

Spirit, the company formed to acquire Boeing's commercial aerostructures manufacturing operations in Kansas and Oklahoma in mid-June 2005 and which has been consolidated from that date, represented $98 million of the growth in cost of sales for the quarter and the first six months of 2005.

ClientLogic Corporation ("ClientLogic") reported cost of sales in its functional currency of US$88 million in the second quarter of 2005, up 5 percent from US$84 million in the second quarter of last year. For the six months ended June 30, 2005, cost of sales was US$180 million compared to US$167 million for the same period last year. ClientLogic's cost of sales as a percentage of revenues in the company's functional currency was 62 percent during both the three and six months ended June 30, 2005 compared to 62 percent and 61 percent, respectively, in the same periods of 2004.

The automotive products segment reported cost of sales of US$103 million and US$208 million, respectively, for the three and six months ended June 30, 2005, which represents the cost of sales of J.L. French Automotive for those periods. This compares to US$109 million and US$225 million reported in the same periods last year. J.L. French Automotive's cost of sales as a percentage of revenues increased to 82 percent and 81 percent in the three and six months ended June 30, 2005, respectively, from 77 percent and 78 percent, respectively, in the same periods last year. The cost of sales increase for the quarter and year-to-date was due primarily to higher aluminum prices that could not be fully recovered in pricing to customers.

Table 3 provides additional details on cost of sales as a percentage of revenues by industry segment for the three and six months ended June 30, 2005 and 2004.

## Cost of Sales as a Percentage of Revenues by Industry Segment

| TABLE 3 *(Unaudited)* | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Electronics Manufacturing Services | **92%** | 93% | **93%** | 94% |
| Aerostructures | **89%** | – | **89%** | – |
| Theatre Exhibition | **81%** | 77% | **80%** | 78% |
| Healthcare | **87%** | – | **85%** | – |
| Customer Management Services | **62%** | 62% | **62%** | 61% |
| Automotive Products | **82%** | 77% | **81%** | 78% |
| Other[a] | **58%** | 65% | **65%** | 64% |
| Total | **87%** | 90% | **88%** | 90% |

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

(a) Includes CEI, Radian, ONCAP, Onex Real Estate, Onex Public Markets Group and parent company.

## Operating earnings

We define operating earnings as EBIAT, or earnings before interest expense, amortization of intangibles and deferred charges, acquisition and restructuring expenses, other non-recurring items, income taxes, non-controlling interests and discontinued operations. Table 4 provides a reconciliation of the unaudited interim consolidated statements of earnings to operating earnings for the three and six months ended June 30, 2005 and 2004.

### Operating Earnings Reconciliation

| TABLE 4 *(Unaudited) ($ millions)* | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Earnings before the undernoted items | **$ 260** | $ 192 | **$ 457** | $ 332 |
| Amortization of property, plant and equipment | **(103)** | (99) | **(197)** | (187) |
| Interest and other income | **19** | – | **65** | 5 |
| Equity-accounted investments | **3** | 2 | **5** | 2 |
| Foreign exchange gains | **21** | 13 | **33** | 16 |
| Stock-based compensation | **(8)** | (18) | **(21)** | (45) |
| Operating earnings | **192** | 90 | **342** | 123 |
| Amortization of intangible assets and deferred charges | **(23)** | (17) | **(47)** | (34) |
| Interest expense of operating companies | **(78)** | (36) | **(138)** | (71) |
| Derivative instruments | **–** | (59) | **1** | (79) |
| Gains on sales of operating investments, net | **213** | 3 | **816** | 92 |
| Acquisition, restructuring and other expenses | **(54)** | (74) | **(97)** | (98) |
| Debt repayment costs | **–** | (2) | **–** | (2) |
| Writedown of goodwill | **(2)** | (5) | **(2)** | (5) |
| Writedown of long-lived assets | **–** | – | **–** | (2) |
| Earnings (loss) before income taxes, non-controlling interests and discontinued operations | **$ 248** | $ (100) | **$ 875** | $ (76) |

Onex uses EBIAT 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, EBIAT may not be comparable to measures used by other companies. EBIAT is not a performance measure under Canadian GAAP and should not be considered either in isolation or as a substitute for net earnings (loss) prepared in accordance with Canadian GAAP. Table 5 provides a detailed breakdown of operating earnings by industry segment and the change in operating earnings for the three and six months ended June 30, 2005 and 2004.

### Operating Earnings (Loss) by Industry Segment

| TABLE 5 *(Unaudited) ($ millions)* | Three months ended June 30 2005 | 2004 | Operating earnings increase/(decrease) | Six months ended June 30 2005 | 2004 | Operating earnings increase/(decrease) |
|---|---|---|---|---|---|---|
| Electronics Manufacturing Services | **$ 88** | $ 39 | **$ 49** | **$ 147** | $ 51 | **$ 96** |
| Aerostructures | **(11)** | – | **(11)** | **(11)** | – | **(11)** |
| Theatre Exhibition | **5** | 11 | **(6)** | **11** | 17 | **(6)** |
| Healthcare | **38** | – | **38** | **66** | – | **66** |
| Customer Management Services | **8** | 15 | **(7)** | **13** | 28 | **(15)** |
| Automotive Products | **9** | 24 | **(15)** | **21** | 44 | **(23)** |
| Other[a] | **55** | 1 | **54** | **95** | (17) | **112** |
| Total | **$ 192** | $ 90 | **$ 102** | **$ 342** | $ 123 | **$ 219** |

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

(a) Includes CEI, Radian, ONCAP, Onex Real Estate, Onex Public Markets Group and parent company.

Consolidated operating earnings were $192 million for the second quarter of 2005, up $102 million from $90 million for the same quarter of 2004. The quarter-over-quarter change in operating earnings was due to several factors: the operating earnings from the acquisitions of CEI ($5 million), CDI ($4 million) and EMS ($33 million), which were acquired in December 2004, January 2005 and February 2005, respectively; a $49 million improvement in operating earnings at Celestica due primarily to cost reductions realized from the company's restructuring initiatives and benefits from lean manufacturing processes and exited businesses; a $12 million improvement in operating earnings at ONCAP due primarily to its April 2005 acquisition of Washington Inventory Service Ltd.; and a $10 million lower charge from the revaluation of the stock-based compensation liability discussed below. Partially offsetting these factors was a $15 million decline in operating earnings at J.L. French Automotive and an $11 million operating loss at Spirit during the second quarter due primarily to the short reporting cycle from the company's mid-June 2005 acquisition date, where the reported gross margin did not exceed Spirit's associated fixed costs.

For the six months ended June 30, 2005, operating earnings grew by $219 million to $342 million from $123 million in the first half of 2004. The year-to-date operating earnings growth was due primarily to Celestica ($96 million); the inclusion of CEI ($5 million), CDI ($10 million) and EMS ($55 million); a $24 million lower expense from stock-based compensation; and an additional $17 million in foreign exchange gains. Partially offsetting these factors was a $23 million decline in operating earnings at J.L. French Automotive and the reported operating loss at Spirit of $11 million, both of which are discussed above.

## Stock-based compensation

During the second quarter of 2005, Onex recorded an $8 million stock-based compensation expense. Included in the stock-based compensation expense for the second quarter of 2005 was a $2 million expense recorded by Onex, the parent company, that resulted from the increase in value of Onex' stock options and investment rights from their value at March 31, 2005; and a $5 million expense booked by Celestica. This compares to an $18 million stock-based compensation expense recorded for the second quarter of 2004 resulting primarily from a $13 million expense recorded by Onex, the parent company.

For the first six months of 2005, operating earnings were reduced by a stock-based compensation expense of $21 million; this compares to a $45 million charge recorded in operating earnings for the first half of 2004. The expense recorded in the first half of 2005 was due primarily to the increase in value of Onex' stock options and investment rights from their value at December 31, 2004, which accounted for $4 million; a $10 million charge recorded by Celestica; and a $6 million expense reported by CMC Electronics Inc. ("CMC Electronics").

## Foreign exchange gains

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

Net foreign exchange gains of $21 million and $33 million, respectively, were recorded for the three and six months ended June 30, 2005. This compares to gains of $13 million and $16 million, respectively, for the same periods of 2004. At June 30, 2005, the U.S. to Canadian dollar exchange rate closed at 1.2254 Canadian dollars, slightly weaker than the 1.2096 Canadian dollars at March 31, 2005 and 1.2020 Canadian dollars at December 31, 2004. Since Onex, the parent company, holds a significant portion of its cash in U.S. dollars, Onex realized $20 million in foreign exchange gains during the second quarter of 2005 and $32 million for the six months ended June 30, 2005, both of which are included in operating earnings. This compares to foreign exchange gains for the three and six months ended June 30, 2004 of $11 million and $17 million, respectively. The closing value of the U.S. dollar was 1.3338 Canadian dollars at June 30, 2004, slightly weaker than the 1.3113 Canadian dollars at March 31, 2004 and 1.2965 Canadian dollars at December 31, 2003. Note 13 to the unaudited interim consolidated financial statements provides a breakdown of foreign exchange gains by industry segment.

## Interest and other income

Interest and other income increased to $19 million in the second quarter of 2005 compared to nil in the second quarter of last year. For the first six months of 2005, interest and other income was $65 million, up $60 million from $5 million for the same period of 2004 due primarily to $34 million of income from non-strategic assets and $24 million of interest income recorded by Onex, the parent company. Note 13 to the unaudited interim consolidated financial statements provides a breakdown of interest and other income by industry segment.

## Gains on sales of operating investments, net

Onex recorded $213 million of gains on sales of operating investments in the second quarter of 2005 compared to gains of $3 million in the same quarter of 2004. For the six months ended June 30, 2005, Onex recorded gains of $816 million on sales of operating investments compared to $92 million for the same period in 2004. Onex, the parent company, recorded a $560 million pre-tax, non-cash gain on the early redemption of its Celestica exchangeable debentures in February 2005 and a $191 million pre-tax gain on the settlement of all its outstanding forward sale agreements in June 2005. For both of these transactions, Onex closed out its obligation with the delivery of Celestica subordinate voting shares. In addition, included in the 2005 gains was a $41 million pre-tax gain on the sale of CGG convertible bonds in the first six months of 2005, of which Onex' portion is $9 million. Table 6 details the nature of the gains recorded during the three and six months ended June 30, 2005 compared to those periods in 2004.

## Gains on Sales of Operating Investments, Net

| TABLE 6 (Unaudited) ($ millions) | Three months ended June 30 2005 | Three months ended June 30 2004 | Six months ended June 30 2005 | Six months ended June 30 2004 |
|---|---|---|---|---|
| Gains on: | | | | |
| Celestica exchangeable debentures | $ – | $ – | $ 560 | $ – |
| Celestica forward sale agreements | 191 | – | 191 | – |
| CGG | 20 | – | 41 | – |
| Performance Logistics Group | – | – | – | 58 |
| Issue of shares by Celestica | – | – | – | 9 |
| Sale of Tower Automotive | – | – | – | 6 |
| Other, net | 2 | 3 | 24 | 19 |
| Total | $ 213 | $ 3 | $ 816 | $ 92 |

Included in the results for the first quarter of 2004 was a $58 million non-cash gain that resulted from Performance Logistics Group's ("PLG") issuance of shares for its purchase of Leaseway Auto Carrier Group; this gain comprised a $22 million non-cash accounting dilution gain and the reversal of $36 million of losses of PLG previously recognized by Onex that were in excess of other shareholders' equity in PLG. Also included was a $9 million accounting dilution gain recorded by Onex following the issuance of shares by Celestica for the purchase of Manufacturers' Services Limited in March 2004. Note 6 to the unaudited interim consolidated financial statements details the gains on sales of operating investments.

## Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be costs incurred to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of Onex' operating companies. During the second quarter of 2005, acquisition, restructuring and other expenses totalled $54 million, down from $74 million reported in the same quarter last year. Approximately $38 million of the total of these expenses recorded in the second quarter of 2005 were incurred by Celestica and related to recently announced restructuring plans; this compares to $69 million recorded by Celestica in the second quarter of 2004. Many of the costs to implement these plans can be recorded only as they are incurred and thus the costs may be spread over several reporting periods. These latest plans, which include reducing workforce and consolidating facilities, are intended to improve capacity utilization and accelerate margin improvements. In addition, Spirit reported acquisition, restructuring and other expenses of $8 million related to the initial set-up of the business following the purchase of the company's operations from Boeing.

For the six months ended June 30, 2005, acquisition, restructuring and other expenses were $97 million compared to $98 million for the first six months of 2004. Celestica's restructuring plans described above accounted for $79 million of the total acquisition, restructuring and other expenses recorded in the first half of 2005 compared to $87 million of restructuring charges for Celestica in the first half of 2004. Note 7 to the unaudited interim consolidated financial statements details the nature of the acquisition, restructuring and other expenses, such as employee termination costs, facility and exit costs and other charges, by the year in which the activity was initiated. In addition, note 13 to the unaudited interim consolidated financial statements provides a breakdown of acquisition, restructuring and other expenses by industry segment.

## Income taxes

During the second quarter of 2005, the provision for income taxes was $10 million compared to a recovery of $3 million in the same quarter last year. For the first six months of 2005, the income tax provision was $28 million compared to a recovery of $8 million for the same period last year. Included in the year-to-date provision for 2005 income taxes was a $158 million current income tax expense recorded by Onex, the parent company, relating to the gain on the early close out of its Celestica exchangeable debentures and the Celestica forward sale agreements. Offsetting this was a recovery of income taxes resulting from the application of previous years' loss carryforwards for which a full valuation allowance had previously been provided.

## Non-controlling interests in losses (earnings) of operating companies

In the unaudited interim consolidated statements of earnings, the non-controlling interest amount represents the interests of shareholders other than Onex in the net earnings or losses of the operating companies. For the second quarter of 2005, this amount was $16 million in the earnings of those companies (second quarter of 2004 – net losses of $15 million). For the first six months of 2005, the non-controlling interests amount in Onex' operating companies' earnings was $16 million compared to a $26 million interest in the net losses for the six months ended June 30, 2004. The change in the non-controlling interests amount for the six months ended June 30, 2005 was due primarily to the inclusion of EMS' earnings from the date of its acquisition, improved earnings at Celestica and $94 million related primarily to the interests of the other limited partners of Onex Partners in the gains on CGG and Magellan.

## Earnings (loss) from continuing operations

Onex' consolidated earnings from continuing operations were $222 million ($1.60 per share) for the second quarter of 2005 compared to a consolidated loss from continuing operations of $82 million ($0.58 per share) reported for the three months ended June 30, 2004. For the six months ended June 30, 2005, consolidated earnings from continuing operations were $831 million ($5.98 per share) compared to a $42 million ($0.29 per share) consolidated loss from continuing operations for the same period last year. Table 7 details the earnings (loss) before income taxes and non-controlling interests by industry segment for the three and six months ended June 30, 2005 and 2004.

### Earnings (Loss) from Continuing Operations

| TABLE 7 *(Unaudited) ($ millions)* | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Earnings (loss) before income taxes and non-controlling interests: | | | | |
| Electronics Manufacturing Services | **$ 25** | $ (45) | **$ 19** | $ (62) |
| Aerostructures | **(21)** | – | **(21)** | – |
| Theatre Exhibition | **2** | 9 | **6** | 13 |
| Healthcare | **14** | – | **26** | – |
| Customer Management Services | **(8)** | (1) | **(12)** | 4 |
| Automotive Products | **(14)** | (3) | **(20)** | (10) |
| Other[a] | **250[b]** | (60) | **877[c]** | (21) |
| | **248** | (100) | **875** | (76) |
| Recovery (provision) for income taxes | **(10)** | 3 | **(28)** | 8 |
| Non-controlling interests of operating companies | **(16)** | 15 | **(16)** | 26 |
| Earnings (loss) from continuing operations | **$ 222** | $ (82) | **$ 831** | $ (42) |

(a) Includes CEI, Radian, ONCAP, Onex Real Estate, Onex Public Markets Group and parent company.
(b) Includes a $191 million pre-tax gain on the close out of the Celestica forward sale agreements.
(c) Includes a $560 million pre-tax gain on the close out of the Celestica exchangeable debentures and a $191 million pre-tax gain on the close out of the Celestica forward sale agreements.

## Earnings from discontinued operations

Earnings from discontinued operations in the second quarter of 2005 were $17 million ($0.12 per share) compared to earnings from discontinued operations of $13 million ($0.09 per share) in the second quarter of 2004. Second-quarter 2005 earnings from discontinued operations were primarily from Onex' sale of Magellan shares in May and June 2005, which included a $15 million after-tax gain on the sales.

For the six months ended June 30, 2005, earnings from discontinued operations were $129 million ($0.93 per share) compared to earnings from discontinued operations of $10 million ($0.07 per share) reported for the first six months of 2004. Included in earnings from discontinued operations for the first six months of 2005 were: $17 million of earnings from Magellan, which includes operations up to the date of the sale and a $15 million net after-tax gain; a $73 million gain recorded by Onex on the sale of InsLogic in January 2005, which comprised net cash proceeds of $22 million and the reversal of losses of InsLogic previously recognized by Onex; as well as a $37 million pre-tax gain recorded by CMC Electronics on the sale of a portion of its NovAtel shares in the first six months of 2005. In addition, the operations of Magellan, InsLogic and CMC Electronics' NovAtel subsidiary were reclassified as discontinued following the sales of these businesses in the first half of 2005. Note 2 to the unaudited interim consolidated financial statements provides additional disclosure on earnings from discontinued operations. Included in the 2004 earnings from discontinued operations for the six months ended June 30 were the operations of InsLogic and CMC Electronics' NovAtel subsidiary, which were divested in January 2005; Magellan, of which Onex sold 56 percent of its investment in May and June 2005; CVG, which was discontinued following Onex' sale of its remaining investment in July 2005, as well as the operations of Loews Cineplex, Dura Automotive, Armtec and Cincinnati Electronics, which were discontinued in 2004.

## Consolidated net earnings (loss)

Consolidated net earnings for the second quarter of 2005, including gains on sales of operating investments and the earnings from discontinued operations, were $239 million ($1.72 per share) compared to a net loss of $69 million ($0.49 per share) for the second quarter of 2004. For the six months ended June 30, 2005, Onex' consolidated net earnings were $960 million ($6.91 per share) compared to a consolidated net loss of $32 million ($0.22 per share) for the first six months of 2004.

For the second quarter and for the six months ended June 30, 2005, Onex was required for accounting purposes to recognize 100 percent of the losses (earnings) of ClientLogic, J.L. French Automotive and Radian Communication Services Corporation ("Radian") even though Onex does not own 100 percent of these businesses. Prior losses at these companies have eliminated the value contributed by other shareholders in these companies. Thus, for accounting purposes, the other shareholders' portion of these companies' current losses is required to be included in determining Onex' net earnings (loss). The cumulative interests of other shareholders in these companies cannot be recorded as a negative value for consolidation accounting purposes. The losses of other shareholders included in Onex' unaudited interim consolidated financial statements totalled $6 million in the second quarter of 2005 (second quarter of 2004 – $5 million) and $11 million in the first six months of 2005 (first six months of 2004 – $7 million). When these companies begin to record earnings, Onex will include 100 percent of any profits in these companies until Onex has recovered the amount of the losses of non-controlling shareholders that were previously booked.

Note 13 to the unaudited interim consolidated financial statements provides a detailed breakdown of earnings (loss) before taxes and non-controlling interests by industry segment for the three and six months ended June 30, 2005 and 2004.

## SUMMARY QUARTERLY INFORMATION

Table 8 summarizes Onex' key consolidated financial information for the last eight quarters.

| TABLE 8 (Unaudited) ($ millions except per share amounts) | 2005 | | 2004 | | | | 2003 | |
|---|---|---|---|---|---|---|---|---|
| | **June** | **March** | Dec. | Sept. | June | March | Dec. | Sept. |
| Revenues | **$ 4,188** | **$ 3,674** | $ 3,399 | $ 3,416 | $ 3,711 | $ 3,228 | $ 3,116 | $ 2,779 |
| Earnings (loss) from continuing operations | **222** | **609** | (264) | 61 | (82) | 40 | (120) | (284) |
| Net earnings (loss) | **239** | **721** | (214) | 281 | (69) | 37 | 152 | (287) |
| **Earnings (loss) per Subordinate Voting Share** | | | | | | | | |
| Basic and Diluted: | | | | | | | | |
| Continuing operations | **$ 1.60** | **$ 4.38** | $ (1.90) | $ 0.44 | $ (0.58) | $ 0.27 | $ (0.79) | $ (1.86) |
| Net earnings (loss) | **$ 1.72** | **$ 5.19** | $ (1.54) | $ 2.02 | $ (0.49) | $ 0.25 | $ 1.01 | $ (1.88) |

## CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the unaudited interim consolidated balance sheet as at June 30, 2005 and the corresponding notes thereto and the audited annual consolidated balance sheet as at December 31, 2004.

### Consolidated assets

Consolidated assets were $13.9 billion at June 30, 2005, up from $11.8 billion at December 31, 2004. A breakdown of assets by industry segment is provided in note 13 to the unaudited interim consolidated financial statements. Consolidated assets increased in the first half of 2005 due primarily to the inclusion of $159 million and $1.4 billion of assets from CDI, acquired in January 2005, and EMS, acquired in February 2005, respectively, as well as the recent acquisition of Spirit, which added $1.5 billion of assets. Included in the June 30, 2005 consolidated assets are $73 million of investments completed by Onex Public Markets Group ("OPMG") in the first half of 2005. Note 3 to the unaudited interim consolidated financial statements provides additional details of the acquisitions completed in the first six months of 2005.

Partially offsetting these factors was the elimination of the assets of Magellan, which was no longer consolidated at June 30, 2005 and represented $1.4 billion of the total consolidated assets at December 31, 2004.

The December 31, 2004 assets have been restated from those originally presented to show the assets of Magellan and CMC Electronics' NovAtel subsidiary as discontinued. Note 2 to the unaudited interim consolidated financial statements provides a breakdown of the December 31, 2004 assets for each of the businesses that were discontinued in the first six months of 2005.

### 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.

Total long-term debt (consisting of the current portion of long-term debt and long-term debt) was $4.4 billion at June 30, 2005 compared to $2.2 billion at December 31, 2004. The change in long-term debt at June 30, 2005 resulted primarily from acquisitions in which debt was included in the transaction: CDI ($88 million), EMS ($735 million) and Spirit ($858 million), as well as the new subordinated notes issued by Celestica.

In March 2005, ClientLogic completed the refinancing of its outstanding credit facilities. The new financing facility, which totals US$157 million, provides ClientLogic with improved liquidity, extends maturity of its debt to 2012 and enhances the financial stability and flexibility needed for continued growth of the business.

In June 2005, Celestica issued senior subordinated notes for US$250 million aggregate principal amount with a fixed interest rate of 7.625 percent due in 2013. The company used the net proceeds from this offering to repurchase its outstanding Liquid Yield Option™ Notes ("LYONs") in early August 2005.

## Other liabilities

Other liabilities declined to $742 million at June 30, 2005 from $1.1 billion at December 31, 2004 due primarily to Onex' early close out of the Celestica exchangeable debentures and settlement of Celestica forward sale agreements in the first and second quarters of 2005, respectively. At December 31, 2004, other liabilities included $730 million of deferred gains with respect to these Celestica exchangeable debentures and forward sale agreements. Partially offsetting these were $369 million of other liabilities associated with the acquisitions of EMS and Spirit, completed in the first half of 2005.

## Non-controlling interests

The non-controlling interests liability on Onex' unaudited interim consolidated balance sheet as at June 30, 2005 primarily represents the ownership interests of shareholders other than Onex in Onex' operating companies. At June 30, 2005, the non-controlling interests balance totalled $3.8 billion compared to $3.4 billion at December 31, 2004. The change in the non-controlling interests balance from December 31, 2004 was due primarily to the inclusion of other shareholders' interests in the equity of our 2005 acquisitions of CDI, EMS and Spirit, which have been consolidated from the dates of their acquisitions. These non-controlling interests totalled $467 million at June 30, 2005.

## Shareholders' equity

Shareholders' equity increased to $1.2 billion at June 30, 2005 from $227 million at December 31, 2004 due primarily to $960 million of net earnings reported for the first six months of 2005. The unaudited interim consolidated statements of shareholders' equity show the changes to the components of shareholders' equity for the six months ended June 30, 2005 and 2004.

At July 31, 2005, Onex had 139,017,037 Subordinate Voting Shares issued and outstanding. Table 9 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2004.

### Change in Subordinate Voting Shares Outstanding

| TABLE 9 *(Unaudited)* | |
|---|---|
| Subordinate Voting Shares outstanding at December 31, 2004 | **139,015,366** |
| Issue of shares – Dividend Reinvestment Plan | **1,671** |
| Subordinate Voting Shares outstanding at July 31, 2005 | **139,017,037** |

Onex' Dividend Reinvestment Plan (the "Plan") enables Canadian shareholders to reinvest cash dividends to acquire new Subordinate Voting Shares of Onex at a market-related price at the time of reinvestment. During the period ended July 31, 2005, Onex issued 1,671 Subordinate Voting Shares under the Plan at an average cost of $19.55 per share.

During the six months ended June 30, 2005, 96,600 options were exercised for cash consideration of $1 million. At June 30, 2005, there were 13,454,600 options outstanding to acquire Subordinate Voting Shares, of which 4,344,000 options were vested, and of which 2,003,600 options were exercisable.

## 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, 2005 and related notes.

### Major Cash Flow Components

| TABLE 10 *(Unaudited) ($ millions)* | Three months ended June 30 2005 | 2004 | Six months ended June 30 2005 | 2004 |
|---|---|---|---|---|
| Cash from operating activities, excluding changes in non-cash net working capital and other liabilities | **$ 157** | $ 95 | **$ 278** | $ 176 |
| Decrease (increase) in non-cash net working capital and other liabilities | **53** | (249) | **(4)** | (426) |
| Cash from financing activities | **623** | 293 | **565** | 278 |
| Cash used in investing activities | **(376)** | (296) | **(670)** | (420) |
| Cash from (used in) discontinued operations | **(293)** | 106 | **(116)** | 14 |
| Consolidated cash[a] | **$ 3,403** | $ 2,475 | **$ 3,403** | $ 2,475 |

(a) Includes cash from discontinued operations.

### Cash from operating activities

Cash from operating activities, excluding changes in non-cash net working capital and other liabilities, totalled $157 million in the second quarter of 2005 compared to cash from operating activities of $95 million reported in the same quarter last year. For the first six months of 2005, cash from operations, excluding changes in non-cash net working capital and other liabilities, was $278 million compared to cash from operations of $176 million reported for the same period of 2004.

The increase in cash generated from operations for both the three and six months ended June 30, 2005 compared to the same periods last year was related primarily to the inclusion of CDI and EMS for the three and six months ended June 30, 2005. Improved operating results at Celestica also contributed to the growth in cash generated from operating activities. A detailed discussion of the consolidated operating results can be found under the heading "Consolidated Operating Results" beginning on page 11 of this MD&A.

### Cash from financing activities

Cash from financing activities totalled $623 million in the second quarter of 2005 compared to cash from financing activities of $293 million in the same quarter last year. For the six months ended June 30, 2005, cash from financing activities was $565 million compared to $278 million for the same period of 2004. Included in the cash from financing activities was US$250 million of proceeds received by Celestica on its 7.625 percent senior subordinated notes offering that was completed in June 2005, as well as cash received from the limited partners of Onex Partners for the acquisition of EMS, completed in the first quarter of 2005, and Spirit, purchased in mid-June 2005.

Partially offsetting these was $220 million of cash paid by Onex Partners to limited partners, other than Onex, on the sale of its CGG convertible bonds and Magellan shares in the first six months of 2005, of which approximately $159 million was distributed in the second quarter of 2005. In addition, included in the year-to-date cash used in financing activities was $164 million of distributions primarily by CMC Electronics relating to the sales of its Cincinnati Electronics division in 2004 and its NovAtel shares in January 2005.

## Cash used in investing activities

Cash used in investing activities was $376 million for the second quarter of 2005 compared to cash used of $296 million for the three months ended June 30, 2004. For the first half of 2005, cash used in investing activities totalled $670 million compared to cash used of $420 million for the same period of 2004. Acquisitions completed in the first six months of 2005 used cash of $814 million, of which $464 million was used in the second quarter of 2005 for the Spirit acquisition. This compares to $239 million of cash used for acquisitions in the first half of 2004. Note 3 to the unaudited interim consolidated financial statements provides more details of acquisitions completed in the first six months of 2005.

Partially offsetting these expenditures was $394 million of cash received from proceeds on sales of operating investments, of which $293 million was received in the second quarter of 2005. These proceeds were primarily related to the sale of the CGG convertible bonds for $69 million and $222 million of cash received on the settlement of the Celestica forward sale agreements.

## Cash from (used in) discontinued operations

Cash from (used in) discontinued operations represents the cash received on the sale of businesses adjusted for the opening cash positions of those businesses that have been discontinued. The companies that have been reported as discontinued are Magellan, InsLogic and CMC Electronics' NovAtel subsidiary. Cash used in discontinued operations for the second quarter of 2005 was $293 million compared to cash from discontinued operations of $106 million for the same quarter of 2004. The significant decline in the cash in the second quarter of 2005 resulted from Onex no longer consolidating Magellan, which had a cash balance of $472 million at March 31, 2005, partially offset by the $176 million of proceeds received on the sale of Magellan shares. Note 2 to the unaudited interim consolidated financial statements provides additional information on cash from discontinued operations.

For the six months ended June 30, 2005, cash used in discontinued operations was $116 million compared to cash from discontinued operations of $14 million for the same period of 2004. Magellan accounted for the decline in cash in the first half of 2005, partially offset by the $106 million of proceeds, net of opening cash balances, received from the first-quarter sale of NovAtel shares by CMC Electronics and $22 million of proceeds received from the sale of InsLogic.

Included in cash from discontinued operations in the second quarter of 2004 were the cash positions of those businesses discontinued in 2004, which included Loews Cineplex, Dura Automotive, Armtec and Cincinnati Electronics, as well as Magellan, CVG, InsLogic and NovAtel, which were discontinued in the first half of 2005. Note 2 to the unaudited interim consolidated financial statements provides additional information on discontinued operations.

## Consolidated cash resources

At June 30, 2005, consolidated cash with continuing operations was $3.4 billion compared to $2.9 billion at December 31, 2004. Onex, the parent company, represented approximately $1.5 billion of cash on hand and Celestica had approximately $1.6 billion of cash at June 30, 2005. In addition, at June 30, 2005 the other limited partners in Onex Partners had remaining commitments to provide $0.7 billion of funding for future Onex-sponsored acquisitions.

# OUTLOOK

The following provides an update to the outlook sections of Onex' December 31, 2004 report and report for the first quarter ended March 31, 2005.

## Challenging end markets for J.L. French Automotive

J.L. French Automotive Castings, Inc. ("J.L. French Automotive") is currently experiencing challenging end markets as North American automotive and truck production levels are below expectations and prior year levels for the first half of 2005. J.L. French Automotive management expects that these end market conditions will continue for the balance of 2005. Accordingly, the company is working on adjusting its cost structure to the lower demand levels from North American OEMs. In addition, J.L. French Automotive management is continuing its efforts to broaden its customer base in order to consume some of the excess production capacity resulting from the lower production volumes of North American OEMs.

## CGLP acquires Famous Players

In late July 2005, Cineplex Galaxy Limited Partnership ("CGLP") acquired the Famous Players movie exhibition business in a transaction valued at approximately $500 million. With this purchase, the combined company will operate 132 theatres with 1,278 screens across Canada. To partially finance this acquisition, Cineplex Galaxy Income Fund, the entity through which the public invests in CGLP, completed a public offering in July 2005 of $110 million in trust units and $105 million of convertible debentures for gross proceeds of $215 million. Following these transactions, Onex will continue to consolidate CGLP.

In addition, at the beginning of August 2005 CGLP sold its real estate interests in four theatre locations for proceeds of $67 million. The proceeds from this transaction were used to retire some of the company's outstanding debt.

## Weak third-quarter demand in Celestica's end markets

Celestica Inc. ("Celestica") anticipates a weaker 2005 third quarter due to demand reductions in its largest customers in information technology and communications infrastructure markets. Celestica continues to drive cost reductions through the restructuring and lean manufacturing efforts underway and is increasing its new business win backlog that will enable diversification and growth in 2006 and beyond.

## EMS initial public offering

In August 2005, Emergency Medical Services ("EMS") filed a registration statement with the U.S. Securities and Exchange Commission for a proposed initial public offering of shares. While the impact of this transaction, if completed, is not known at this time, Onex would continue to hold a majority ownership interest in EMS.

## Spirit AeroSystems

Spirit AeroSystems, Inc. ("Spirit") will be incurring development expenses in 2005 and 2006 largely attributable to the new 787 program for Boeing. There will also be one-time transition expenses associated with the implementation of new systems given the company is now a stand-alone business. The 787 program development expenses will begin to be recovered once commercial deliveries have commenced. While Spirit is projected to have positive recurring operating earnings, these development and transition costs will result in Spirit reporting net losses for accounting purposes in 2005 and 2006. The financial structure of the business was designed in anticipation of these expenditures with all necessary cash and funding being in place. As Onex' consolidated financial reporting includes the results for Spirit, those net losses will affect Onex' reported results.

# CONSOLIDATED BALANCE SHEETS

| *(in millions of dollars)* | *(Unaudited)* As at June 30 **2005** | As at December 31 2004 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and short-term investments | **$ 3,403** | $ 2,866 |
| Accounts receivable | **1,910** | 1,589 |
| Inventories | **2,162** | 1,442 |
| Other current assets | **478** | 442 |
| Current assets held by discontinued operations (note 2) | **2** | 690 |
| | **7,955** | 7,029 |
| Property, plant and equipment | **2,234** | 1,558 |
| Investments and other assets | **1,162** | 660 |
| Intangible assets | **485** | 316 |
| Goodwill | **2,072** | 1,462 |
| Long-lived assets held by discontinued operations (note 2) | **–** | 784 |
| | **$ 13,908** | $ 11,809 |
| **Liabilities and Shareholders' Equity** | | |
| **Current liabilities** | | |
| Bank indebtedness, without recourse to Onex | **$ 13** | $ 13 |
| Accounts payable and accrued liabilities | **2,956** | 2,612 |
| Current portion of long-term debt and obligations under capital leases of operating companies, without recourse to Onex | **236** | 231 |
| Current liabilities held by discontinued operations (note 2) | **–** | 469 |
| | **3,205** | 3,325 |
| Long-term debt of operating companies, without recourse to Onex (note 4) | **4,216** | 1,999 |
| Obligations under capital leases, without recourse to Onex | **44** | 23 |
| Exchangeable debentures | **–** | 156 |
| Other liabilities | **742** | 1,077 |
| Future income taxes | **696** | 691 |
| Long-term liabilities held by discontinued operations (note 2) | **–** | 899 |
| | **8,903** | 8,170 |
| Non-controlling interests | **3,825** | 3,412 |
| **Shareholders' equity** | **1,180** | 227 |
| | **$ 13,908** | $ 11,809 |

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2004 audited annual consolidated financial statements.

The December 31, 2004 balance sheet is taken from the audited annual consolidated financial statements and has been restated for discontinued operations.

# CONSOLIDATED STATEMENTS OF EARNINGS

| *(Unaudited)* *(in millions of dollars, except per share data)* | Three months ended June 30 2005 | 2004 | Six months ended June 30 2005 | 2004 |
|---|---|---|---|---|
| **Revenues** | **$ 4,188** | $ 3,711 | **$ 7,862** | $ 6,939 |
| Cost of sales | **(3,657)** | (3,327) | **(6,893)** | (6,225) |
| Selling, general and administrative expenses | **(271)** | (192) | **(512)** | (382) |
| **Earnings Before the Undernoted Items** | **$ 260** | $ 192 | **$ 457** | $ 332 |
| Amortization of property, plant and equipment | **(103)** | (99) | **(197)** | (187) |
| Amortization of intangible assets and deferred charges | **(23)** | (17) | **(47)** | (34) |
| Interest expense of operating companies | **(78)** | (36) | **(138)** | (71) |
| Interest and other income | **19** | – | **65** | 5 |
| Equity-accounted investments | **3** | 2 | **5** | 2 |
| Foreign exchange gains | **21** | 13 | **33** | 16 |
| Stock-based compensation | **(8)** | (18) | **(21)** | (45) |
| Derivative instruments | **–** | (59) | **1** | (79) |
| Gains on sales of operating investments, net (note 6) | **213** | 3 | **816** | 92 |
| Acquisition, restructuring and other expenses (note 7) | **(54)** | (74) | **(97)** | (98) |
| Debt prepayment costs | **–** | (2) | **–** | (2) |
| Writedown of goodwill | **(2)** | (5) | **(2)** | (5) |
| Writedown of long-lived assets | **–** | – | **–** | (2) |
| **Earnings (loss) before income taxes, non-controlling interests and discontinued operations** | **248** | (100) | **875** | (76) |
| Recovery of (provision for) income taxes | **(10)** | 3 | **(28)** | 8 |
| Non-controlling interests of operating companies | **(16)** | 15 | **(16)** | 26 |
| **Earnings (loss) from continuing operations** | **222** | (82) | **831** | (42) |
| Earnings from discontinued operations (note 2) | **17** | 13 | **129** | 10 |
| **Net Earnings (Loss) for the Period** | **$ 239** | $ (69) | **$ 960** | $ (32) |
| **Net Earnings (Loss) per Subordinate Voting Share** (note 9) | | | | |
| Basic and Diluted | | | | |
| Continuing operations | **$ 1.60** | $ (0.58) | **$ 5.98** | $ (0.29) |
| Discontinued operations | **$ 0.12** | $ 0.09 | **$ 0.93** | $ 0.07 |
| Net earnings (loss) | **$ 1.72** | $ (0.49) | **$ 6.91** | $ (0.22) |

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2004 audited annual consolidated financial statements.

The June 30, 2004 unaudited interim consolidated statements of earnings have been restated for discontinued operations.

# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| *(Unaudited)*<br>*(in millions of dollars, except per share data)*<br>*Six months ended June 30* | Share Capital (note 5) | Retained Earnings | Cumulative Translation Adjustment | Total Shareholders' Equity |
|---|---|---|---|---|
| **Balance – December 31, 2003** | $ 618 | $ (195) | $ (135) | $ 288 |
| Dividends declared[a] | – | (8) | – | (8) |
| Issue of shares – dividend reinvestment plan | 1 | – | – | 1 |
| Purchase and cancellation of shares | (35) | (108) | – | (143) |
| Currency translation adjustment | – | – | 83 | 83 |
| Net loss for the period | – | (32) | – | (32) |
| **Balance – June 30, 2004** | **$ 584** | **$ (343)** | **$ (52)** | **$ 189** |
| **Balance – December 31, 2004** | **$ 582** | **$ (288)** | **$ (67)** | **$ 227** |
| Dividends declared[a] | **–** | **(8)** | **–** | **(8)** |
| Issue of shares – dividend reinvestment plan | **–** | **–** | **–** | **–** |
| Currency translation adjustment | **–** | **–** | **1** | **1** |
| Net earnings for the period | **–** | **960** | **–** | **960** |
| **Balance – June 30, 2005** | **$ 582** | **$ 664** | **$ (66)** | **$ 1,180** |

(a) Dividends declared per Subordinate Voting Share were $0.055 for the six months ended June 30, 2005 and 2004.

See accompanying notes to unaudited interim consolidated financial statements.
These unaudited interim consolidated financial statements should be read in conjunction with the 2004 audited annual consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

| *(Unaudited)* *(in millions of dollars)* | Three months ended June 30 2005 | 2004 | Six months ended June 30 2005 | 2004 |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Net earnings (loss) for the period from continuing operations | **$ 222** | $ (82) | **$ 831** | $ (42) |
| Items not affecting cash: | | | | |
| Amortization of property, plant and equipment | **103** | 99 | **197** | 187 |
| Amortization of intangible assets and deferred charges | **23** | 17 | **47** | 34 |
| Writedown of goodwill | **2** | 5 | **2** | 5 |
| Writedown of long-lived assets | **–** | – | **–** | 2 |
| Non-cash component of restructuring | **8** | – | **9** | – |
| Non-controlling interests in results of operating companies | **16** | (15) | **16** | (26) |
| Future income taxes | **2** | 1 | **1** | (5) |
| Stock-based compensation | **8** | 18 | **21** | 45 |
| Derivative instruments | **–** | 59 | **(1)** | 79 |
| Gains on sales of operating investments, net | **(213)** | (3) | **(816)** | (92) |
| Other | **(14)** | (4) | **(29)** | (11) |
| | **157** | 95 | **278** | 176 |
| Increase in other liabilities | **7** | 73 | **4** | 102 |
| Changes in non-cash working capital items: | | | | |
| Accounts receivable | **121** | (99) | **231** | (167) |
| Inventories | **(21)** | 99 | **(81)** | (25) |
| Other current assets | **(28)** | 5 | **3** | (29) |
| Accounts payable and accrued liabilities | **(26)** | (327) | **(161)** | (307) |
| Increase (decrease) in cash due to changes in working capital items | **46** | (322) | **(8)** | (528) |
| | **210** | (154) | **274** | (250) |
| **Financing Activities** | | | | |
| Issuance of long-term debt | **690** | 1,025 | **931** | 1,212 |
| Repayment of long-term debt | **(207)** | (304) | **(461)** | (504) |
| Cash dividends paid | **(4)** | (4) | **(8)** | (7) |
| Repurchase of share capital | **–** | (84) | **–** | (143) |
| Issuance of share capital by operating companies | **289** | 114 | **493** | 151 |
| Distributions by operating companies | **(159)** | (405) | **(384)** | (405) |
| Increase (decrease) in other financing activities | **14** | (49) | **(6)** | (26) |
| | **623** | 293 | **565** | 278 |
| **Investing Activities** | | | | |
| Acquisition of operating companies, net of cash in acquired companies of $196 (2004 – $31) (note 3) | **(469)** | (123) | **(814)** | (239) |
| Purchase of property, plant and equipment | **(80)** | (83) | **(166)** | (183) |
| Proceeds from sales of operating investments | **293** | 4 | **394** | 31 |
| Net increase in investments and other investing activities | **(120)** | (94) | **(84)** | (29) |
| | **(376)** | (296) | **(670)** | (420) |
| Cash from (used in) discontinued operations (note 2) | **(293)** | 106 | **(116)** | 14 |
| **Increase (Decrease) in Cash and Short-term Investments for the Period** | **164** | (51) | **53** | (378) |
| Increase in cash and short-term investments due to change in foreign exchange rates | **24** | 27 | **40** | 53 |
| Cash and short-term investments – beginning of the period[a] | **3,215** | 2,499 | **3,310** | 2,800 |
| **Cash and Short-term Investments – End of the Period** | **$ 3,403** | $ 2,475 | **$ 3,403** | $ 2,475 |

(a) Includes cash from discontinued operations of $444 at December 31, 2004 (note 2).

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2004 audited annual consolidated financial statements.

The June 30, 2004 unaudited interim consolidated statements of cash flows have been restated for discontinued operations.

# NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

**Onex Corporation ("Onex" or the "Company") is a diversified company, the subsidiaries of which operate as autonomous businesses.**

## 1. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("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, 2004. Certain amounts presented in the comparative prior periods have been reclassified to conform to the presentation adopted in the current year for discontinued operations.

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 herein.

The Canadian Institute of Chartered Accountants issued Accounting Guideline AcG-15, "Consolidation of Variable Interest Entities", which was applicable for Onex beginning in January 2005. Variable interest entities ("VIEs") are entities that have insufficient equity and/or their equity investors lack one or more specified essential characteristics of a controlling financial interest. The guideline provides specific guidance for determining when an entity is a VIE and who, if anyone, should consolidate the VIE.

The adoption of this guideline did not have a material effect on these unaudited interim consolidated financial statements.

## 2. DISCONTINUED OPERATIONS

The following tables show the revenue and the net after-tax results from discontinued operations for the three and six months ended June 30, 2005 and 2004.

| Three months ended June 30 | Revenue 2005 | Revenue 2004 |
|---|---|---|
| CMC Electronics[a] | $ – | $ 29 |
| InsLogic[b] | – | 4 |
| Magellan[c] | 182 | 569 |
| Commercial Vehicle Group[d] | – | 128 |
| Dura Automotive | – | – |
| Loews Cineplex Group | – | 377 |
| Armtec | – | 37 |
| | $ 182 | $ 1,144 |

| Three months ended June 30 | 2005 Gain, Net of Tax | 2005 Onex' Share of Earnings (Loss) | 2005 Total | 2004 Gain, Net of Tax | 2004 Onex' Share of Earnings (Loss) | 2004 Total |
|---|---|---|---|---|---|---|
| CMC Electronics[a] | $ 2 | $ – | $ 2 | $ – | $ – | $ – |
| InsLogic[b] | – | – | – | – | (2) | (2) |
| Magellan[c] | 15 | – | 15 | – | 2 | 2 |
| Commercial Vehicle Group[d] | – | – | – | 1 | 1 | 2 |
| Dura Automotive | – | – | – | 5 | – | 5 |
| Loews Cineplex Group | – | – | – | – | 5 | 5 |
| Armtec | – | – | – | – | 1 | 1 |
| | $ 17 | $ – | $ 17 | $ 6 | $ 7 | $ 13 |

| Six months ended June 30 | 2005 Revenue | 2004 Revenue |
|---|---|---|
| CMC Electronics[a] | $ – | $ 64 |
| InsLogic[b] | – | 8 |
| Magellan[c] | 744 | 1,108 |
| Commercial Vehicle Group[d] | – | 242 |
| Dura Automotive | – | 635 |
| Loews Cineplex Group | – | 702 |
| Armtec | – | 50 |
| | $ 744 | $ 2,809 |

| | 2005 | | | 2004 | | |
|---|---|---|---|---|---|---|
| Six months ended June 30 | Gain, Net of Tax | Onex' Share of Earnings (Loss) | Total | Gain, Net of Tax | Onex' Share of Earnings (Loss) | Total |
| CMC Electronics[a] | $ 37 | $ – | $ 37 | $ – | $ 1 | $ 1 |
| InsLogic[b] | 73 | – | 73 | – | (5) | (5) |
| Magellan[c] | 15 | 2 | 17 | – | 3 | 3 |
| Commercial Vehicle Group[d] | – | 2 | 2 | 2 | 3 | 5 |
| Dura Automotive | – | – | – | 1 | 1 | 2 |
| Loews Cineplex Group | – | – | – | – | 4 | 4 |
| Armtec | – | – | – | – | – | – |
| | $ 125 | $ 4 | $ 129 | $ 3 | $ 7 | $ 10 |

**a)** During 2005, CMC Electronics Inc. ("CMC Electronics") sold a significant portion of its interest in NovAtel Inc. ("NovAtel") for net proceeds of $129. Onex' accounting gain on the disposition was $37, before a tax provision of nil.

Under the terms of the Management Investment Plans ("MIP"), as described in note 24(e) in the annual audited financial statements, management members, including ONCAP LP ("ONCAP") management, participated in the realizations the Company achieved on its sale of CMC Electronics' Cincinnati Electronics ("Cincinnati Electronics") business unit in 2004 and NovAtel in 2005. Amounts accrued to be paid on account of these transactions related to the MIP amounted to $6, and have been deducted from earnings from discontinued operations.

Included in CMC Electronics' results from discontinued operations is the December 2004 sale of Cincinnati Electronics.

**b)** In January 2005, the Company sold its interest in InsLogic Corporation ("InsLogic") for net proceeds of $22. The accounting gain on the disposition of $73, before a tax provision of nil, was comprised of proceeds as well as the reversal of losses of InsLogic previously recognized by Onex. There will be no MIP distribution for InsLogic.

**c)** In May and June 2005, Onex and Onex Partners LP ("Onex Partners") sold 56% of their investment in shares of Magellan Health Services, Inc. ("Magellan"), through a secondary offering of common stock. Proceeds received were $176, of which Onex' share was $41. The pre-tax gain was $83, of which Onex' share was $20, before a tax provision of $5. As a result of the transaction, Onex' and Onex Partners' equity ownership of Magellan was reduced to 11% and the multiple voting common shares held no longer provide any voting preference over the common shares. The Company's remaining investment is recorded at cost and has been included in investments and other assets. Due to the Company no longer meeting the accounting criteria for having significant continuing involvement, Magellan's operations have been recorded as discontinued.

Amounts accrued on account of this transaction related to the carried interest (as described in note 24(d) to the 2004 audited annual financial statements) amounted to $14. Onex' portion of the carried interest of $6 was deferred.

**d)** In June 2005, Onex entered into an agreement to sell its remaining investment in Commercial Vehicle Group, Inc. ("CVG") as part of a public offering by CVG. The sale of the shares was completed in July 2005 for net proceeds of $80. Due to the sale occurring within one year of Onex' August 2004 initial disposition of CVG shares, CVG's results of operations have been reclassified as discontinued operations. CVG's carrying value of $2 is included in current assets held by discontinued operations as at June 30, 2005.

## 2. DISCONTINUED OPERATIONS (cont'd)

The results of operations for the businesses described on the previous page have been reclassified in the unaudited interim consolidated statements of earnings and unaudited consolidated statements of cash flows for the three-month and six-month periods ended June 30, 2004 as discontinued operations. The amounts for discontinued operations included in the December 31, 2004 consolidated balance sheet are as follows:

| | InsLogic | CMC Electronics | Magellan | Total |
|---|---|---|---|---|
| Cash | $ – | $ 23 | $ 421 | $ 444 |
| Accounts receivable | 1 | 11 | 66 | 78 |
| Other current assets | 1 | 5 | 162 | 168 |
| Current assets held by discontinued operations | 2 | 39 | 649 | 690 |
| Property, plant and equipment | 2 | 4 | 147 | 153 |
| Goodwill | – | 4 | 472 | 476 |
| Intangibles and other assets | – | – | 155 | 155 |
| Long-lived assets held by discontinued operations | 2 | 8 | 774 | 784 |
| Accounts payable and other accrued liabilities | (5) | (11) | (363) | (379) |
| Current portion of long-term debt and obligations under capital leases, without recourse to Onex | – | – | (90) | (90) |
| Current liabilities held by discontinued operations | (5) | (11) | (453) | (469) |
| Long-term debt and obligations under capital leases | (52) | – | (366) | (418) |
| Other liabilities | – | (16) | (3) | (19) |
| Non-controlling interests and cumulative translation adjustment | – | – | (462) | (462) |
| Long-term liabilities held by discontinued operations | (52) | (16) | (831) | (899) |
| Net assets (liabilities) of discontinued operations | $ (53) | $ 20 | $ 139 | $ 106 |

## 3. CORPORATE INVESTMENTS

During the first six months of 2005 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 the acquisitions are without recourse to Onex. The significant acquisitions were:

**a)** In January 2005, the Company completed the acquisition of Center for Diagnostic Imaging, Inc. ("CDI"). CDI owns and operates diagnostic imaging centres in nine markets in the United States. The total equity investment of $88 for an 84% equity ownership interest was made by Onex and Onex Partners. Onex' net investment in this acquisition was $21 for a 20% equity ownership at the time of acquisition. Onex has effective voting control of CDI through Onex Partners.

**b)** In February 2005, the Company completed the acquisition of American Medical Response ("AMR") and EmCare Holdings Inc. ("EmCare"). AMR is the largest provider of ambulance transport services in the United States. EmCare is the leading provider of outsourced hospital emergency department physician staffing and management services in the United States. The combined entity now operates under Emergency Medical Services LP ("EMS"). The total equity investment of $266 for a 97% equity ownership interest was made by Onex and Onex Partners. Onex' net investment in this acquisition was $100 for a 36% equity ownership at the time of acquisition. Onex has effective voting control of AMR and EmCare through Onex Partners.

**c)** In June 2005, the Company completed the acquisition of the Wichita-Tulsa Division of The Boeing Company ("Boeing"). The purchase included Boeing's commercial aerostructures manufacturing facilities in Wichita, Kansas and Tulsa and McAlester, Oklahoma. The business, now operating as Spirit AeroSystems, Inc. ("Spirit"), has entered into long-term agreements with Boeing to supply components for all of Boeing's existing 737, 747, 767 and 777 platforms, as well as the new 787 platform. Spirit will also seek business from customers other than Boeing. The total equity investment of $464 for a 100% equity ownership interest was made by Onex and Onex Partners. Onex' net investment in this acquisition was $134 for a 29% equity ownership at the time of acquisition. Onex has effective voting control of Spirit through Onex Partners.

**d)** Other includes acquisitions completed by Cosmetic Essence, Inc. ("CEI"), Western Inventory Service Ltd. ("Western") and Canadian Securities Registration Systems Ltd. ("CSRS").

The purchase prices of the acquisitions described above were allocated to the net assets acquired based on their relative fair values at the date 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 operations are included in the unaudited interim consolidated statement of earnings of the Company from their respective dates of acquisition.

Details of the 2005 acquisitions, which were accounted for as purchases, are as follows:

| | CDI[a] | EMS[b] | Spirit[c] | Other[d] |
|---|---|---|---|---|
| Cash | $ 14 | $ 18 | $ 160 | $ 4 |
| Current assets | 22 | 574 | 667 | 30 |
| Intangible assets with limited life | 46 | 111 | 55 | 6 |
| Goodwill | 106 | 332 | – | 138 |
| Property, plant and equipment and other long-term assets | 60 | 475 | 790 | 26 |
| | 248 | 1,510 | 1,672 | 204 |
| Current liabilities | (22) | (289) | (154) | (28) |
| Acquisition financing | – | – | – | (139) |
| Long-term liabilities | (120) | (949) | (1,054) | (8) |
| | 106 | 272 | 464 | 29 |
| Non-controlling interests in net assets | (18) | (6) | – | – |
| Increase in net assets acquired | $ 88 | $ 266 | $ 464 | $ 29 |

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

The following describes the significant changes to Onex' consolidated long-term debt from the information provided in the December 31, 2004 audited annual consolidated financial statements.

### a) CDI

The January 2005 acquisition of CDI resulted in additional debt being recorded in the unaudited interim consolidated financial statements. In connection with the acquisition, a US$95 credit agreement was executed by CDI. This agreement consists of a US$75 term loan with principal payments due through 2010 and interest at LIBOR plus 3.5%, collateralized by the assets of CDI. At June 30, 2005, US$71 was outstanding under the term loan. In addition, the credit agreement provides for up to US$20 of revolving credit loans. At June 30, 2005, there were no funds outstanding under the revolving line. Future borrowings against this revolving line bear interest at LIBOR plus 2.5% to 3.5%, depending on CDI's outstanding debt under the credit agreement.

### b) EMS

The February 2005 acquisition of EMS resulted in additional debt being recorded in the unaudited interim consolidated financial statements. In connection with the acquisition, EMS issued US$250 of senior subordinated notes and executed a US$450 credit agreement. The senior subordinated notes have a fixed interest rate of 10%, payable semi-annually, and mature in February 2015.

The credit agreement consists of a US$350 senior secured term loan and a US$100 senior secured revolving credit facility. The senior secured term loan matures in February 2012 and requires quarterly principal repayments commencing May 2005. The revolving facility requires the principal to be repaid at maturity in February 2011. Interest is determined by reference to a leverage ratio and can range from prime plus 1.0% to 2.0% and LIBOR plus 2.0% to 3.0%. As at June 30, 2005, US$349 and nil were outstanding under the senior secured term loan and the senior secured revolving credit facility, respectively.

Substantially all of EMS' assets are pledged as collateral under the credit agreement.

### c) WIS

The April 2005 acquisition of Washington Inventory Service ("Washington") by Western resulted in a new company, WIS International ("WIS"), and in additional debt being recorded in the unaudited interim consolidated financial statements. In connection with the acquisition, WIS issued first lien and second lien term loans in the amounts of US$107 and US$31. The first lien term loans are repayable in quarterly instalments through to March 2011. The second lien term loan requires the principal to be repaid in October 2011. The loans bear interest at a rate of LIBOR plus an interest rate margin, which varies depending on a leverage ratio. As at June 30, 2005, the first lien term loans bore interest at a rate of LIBOR plus 3.0%, and the second lien term loan bore interest at a rate of LIBOR plus 6.75%. As at June 30, 2005, US$105 and US$31 were outstanding under the first lien and second lien term loans, respectively.

### d) Spirit

The June 2005 acquisition of Spirit resulted in additional debt being recorded in the unaudited interim consolidated financial statements. In connection with the acquisition, Spirit executed a US$875 credit agreement that consists of a US$700 senior secured term loan and a US$175 senior secured revolving credit facility. The senior secured term loan requires quarterly principal instalments of US$2 beginning in September 2005 through to December 2010, with the balance due in four equal quarterly instalments of US$165 in 2011. The revolving facility requires the principal to be repaid at maturity in December 2011. As at June 30, 2005, US$700 and nil were outstanding under the term loan and revolving facility, respectively.

The borrowings under the agreement bear interest based on LIBOR or a base rate plus an interest rate margin of up to 2.75%, payable quarterly. In connection with the term loan, Spirit entered into interest rate swap agreements on US$500 of the term loan. The agreements, which range from three to five years, swap the floating interest rate with a fixed interest rate that ranges between 4.2% and 4.4%.

Substantially all of Spirit's assets are pledged as collateral under the credit agreement.

In connection with the acquisition, the seller, Boeing, has provided Spirit with a line of credit of up to US$150. The line of credit bears interest at a rate of LIBOR plus 6.0% and is subordinate to the borrowings under the credit agreement. The line may be drawn upon any time up to December 31, 2008 and any such borrowings would mature in June 2013. As at June 30, 2005, no amounts were outstanding under this line of credit.

### e) Celestica

In June 2005, Celestica Inc. (“Celestica”) issued US$250 of senior subordinated notes, due 2013. The notes bear interest at a fixed rate of 7.625% and are subordinate to Celestica’s senior debt. The notes may be redeemed on July 1, 2009 or later at various premiums above face value.

In July 2005, Celestica commenced a tender offer to purchase for cash the outstanding Liquid Yield Option™ Notes (“LYONs”), which was completed on August 2, 2005. The aggregate cash purchase price was US$351.

## 5. SHARE CAPITAL

As at June 30, 2005, Onex’ issued and outstanding share capital consisted of 139,016,471 (December 31, 2004 – 139,015,366) Subordinate Voting Shares, 100,000 (December 31, 2004 – 100,000) Multiple Voting Shares and 176,078 (December 31, 2004 – 176,078) Series 1 Senior Preferred Shares.

During the first six months of 2005, under the Dividend Reinvestment Plan, the Company issued 1,105 (2004 – 68,580) Subordinate Voting Shares at a total value of less than $1 (2004 – $1).

Onex renewed its Normal Course Issuer Bid in April 2005 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. The 10 percent limit represents approximately 11 million shares. The Company did not purchase any shares under its Normal Course Issuer Bids during the first six months of 2005. During the first six months of 2004, the Company repurchased and cancelled 8,725,600 of its Subordinate Voting Shares at a cost of $143, of which 4,998,200 were in the second quarter of 2004 at a cost of $84.

During the first six months of 2005, the total cash consideration paid on 96,600 (2004 – 7,886,400) options surrendered was $1 (2004 – $66). During the second quarter, there were no options surrendered for cash consideration (2004 – 76,000) and therefore no cash consideration was paid (2004 – $1). This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price, both as determined under Onex’ Stock Option Plan as described in note 12 to the audited annual consolidated financial statements. At June 30, 2005, the Company had 13,454,600 (December 31, 2004 – 13,961,700) options outstanding to acquire Subordinate Voting Shares.

## 6. GAINS ON SALES OF OPERATING INVESTMENTS, NET

The major transactions and the resulting pre-tax gains are summarized and described as follows:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Gains on: | | | | |
| Exchangeable debentures on Celestica shares[(a)] | **$ –** | $ – | **$ 560** | $ – |
| Forward sale agreements on Celestica shares[(b)] | **191** | – | **191** | – |
| CGG[(c)] | **20** | – | **41** | – |
| Performance Logistics Group | **–** | – | **–** | 58 |
| Issue of shares by Celestica | **–** | – | **–** | 9 |
| Sale of Tower Automotive | **–** | – | **–** | 6 |
| Other, net | **2** | 3 | **24** | 19 |
| | **$ 213** | $ 3 | **$ 816** | $ 92 |

## 6. GAINS ON SALES OF OPERATING INVESTMENTS, NET (cont'd)

**a)** In February 2005, the Company redeemed all of its outstanding exchangeable debentures and satisfied the debenture obligation through the delivery of approximately 9.2 million Celestica subordinate voting shares. In connection with the delivery, the Company converted approximately 9.2 million of the Celestica multiple voting shares it held into Celestica subordinate voting shares. As a result of the redemption, the Company's equity ownership in Celestica was reduced to 14% from 18%; however, the Company continues to have voting control over Celestica. The Company recognized a gain of $560 on the redemption, which consists of a previously deferred gain of $549 (as described in note 10 to the 2004 audited annual financial statements) and the difference between book value and market value at the time of redemption. The cash for these exchangeable debentures was received by the Company when it originally entered into these arrangements in 2000.

**b)** In June 2005, the Company settled all of its outstanding forward sale agreements through the delivery of approximately 1.8 million Celestica subordinate voting shares, for which it received proceeds of $222. In connection with the delivery, the Company converted approximately 0.2 million of the Celestica multiple voting shares it held into Celestica subordinate voting shares. As a result of the settlement, the Company's equity ownership in Celestica was reduced to 13% from 14%; however, the Company continues to have voting control of Celestica. The Company recognized a gain of $191 on the redemption, which consists of a previously deferred gain of $181 (as described in note 22 to the 2004 audited annual financial statements) and the difference between book value and market value at the time of settlement.

The forward sale agreements were originally entered into in 2000 and 2001.

**c)** In January 2005, Onex and Onex Partners sold 54% of their investment in bonds of Compagnie Générale de Géophysique ("CGG") for proceeds of $76, of which Onex' share was $18. Onex' share of the pre-tax gain was $5.

In May and June 2005, Onex and Onex Partners sold their remaining investment for proceeds of $69, of which Onex' share was $16. Onex' share of the May and June 2005 pre-tax gain was $4.

Amounts accrued on account of these transactions related to the MIP (as described in note 24(e) to the 2004 audited annual financial statements) amounted to $1 and have been deducted from the gain.

Amounts related to the carried interest (as described in note 24(d) to the 2004 audited annual financial statements) amounted to $3, of which Onex' portion was deferred.

## 7. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Acquisition, restructuring and other expenses incurred in the three and six months ended June 30, 2005 are set out in the table below.

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Celestica | **$ 38** | $ 69 | **$ 79** | $ 87 |
| Spirit | **8** | – | **8** | – |
| ClientLogic | **5** | 2 | **6** | 3 |
| Other | **3** | 3 | **4** | 8 |
| | **$ 54** | $ 74 | **$ 97** | $ 98 |

The table below provides a summary of acquisition, restructuring and other 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 activities were first initiated.

| **Years prior to 2004** | Employee Termination Costs | Lease and Other Contractual Obligations | Facility Exit Cost and Other | Non-cash Charge | Total |
|---|---|---|---|---|---|
| Total estimated expected costs | $ 360 | $ 162 | $ 41 | $ 360 | $ 923[(a)] |
| Cumulative costs expensed to date | 358 | 162 | 41 | 360 | 921[(b)] |
| Expense (recovery) for the period ended June 30, 2005 | (5) | 2 | 1 | 3 | 1 |
| Reconciliation of accrued liability | | | | | |
| Closing balance – December 31, 2004 | 20 | 48 | 3 | | 71 |
| Cash payments | (3) | (8) | (2) | | (13) |
| Charges | (5) | 2 | 1 | | (2) |
| Other adjustments | 1 | 1 | – | | 2 |
| Closing balance – June 30, 2005 | $ 13 | $ 43 | $ 2 | | $ 58 |

(a) Includes Celestica $890, J.L. French Automotive $19, ClientLogic $10 and Radian $4.
(b) Includes Celestica $890, J.L. French Automotive $17, ClientLogic $10 and Radian $4.

| **Initiated in 2004** | Employee Termination Costs | Lease and Other Contractual Obligations | Facility Exit Cost and Other | Non-cash Charge | Total |
|---|---|---|---|---|---|
| Total estimated expected costs | $ 132 | $ 11 | $ 11 | $ 48 | $ 202[(a)] |
| Cumulative costs expensed to date | 131 | 11 | 11 | 48 | 201[(b)] |
| Expense (recovery) for the period ended June 30, 2005 | 5 | – | (1) | 6 | 10 |
| Reconciliation of accrued liability | | | | | |
| Closing balance – December 31, 2004 | 11 | 6 | 10 | | 27 |
| Cash payments | (10) | (1) | (5) | | (16) |
| Charges | 5 | – | (1) | | 4 |
| Other adjustments | (1) | – | – | | (1) |
| Closing balance – June 30, 2005 | $ 5 | $ 5 | $ 4 | | $ 14 |

(a) Includes Celestica $192, Radian $4, ClientLogic $3 and CMC $3.
(b) Includes Celestica $192, Radian $4, ClientLogic $3 and CMC $2.

## 7. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES (cont'd)

| **Initiated in 2005** | Employee Termination Costs | Lease and Other Contractual Obligations | Facility Exit Cost and Other | Non-cash Charge | Total |
|---|---|---|---|---|---|
| Total estimated expected costs | $ 219 | $ 44 | $ 58 | $ 54 | $ 375[a] |
| Cumulative costs expensed to date | 68 | 5 | 13 | – | 86[b] |
| Expense for the period ended June 30, 2005 | 68 | 5 | 13 | – | 86 |
| Reconciliation of accrued liability | | | | | |
| Cash payments | (14) | – | (12) | | (26) |
| Charges | 68 | 5 | 13 | | 86 |
| Closing balance – June 30, 2005 | $ 54 | $ 5 | $ 1 | | $ 60 |

(a) Includes Celestica $313, Spirit $53, ClientLogic $7 and CMC $1.
(b) Includes Celestica $70, Spirit $8, ClientLogic $6 and CMC $1.

| **Total** | Employee Termination Costs | Lease and Other Contractual Obligations | Facility Exit Cost and Other | Non-cash Charge | Total |
|---|---|---|---|---|---|
| Total estimated expected costs | $ 711 | $ 217 | $ 110 | $ 462 | $ 1,500 |
| Cumulative costs expensed to date | 557 | 178 | 65 | 408 | 1,208 |
| Expense for the period ended June 30, 2005 | 68 | 7 | 13 | 9 | 97 |
| Reconciliation of accrued liability | | | | | |
| Closing balance – December 31, 2004 | 31 | 54 | 13 | | 98 |
| Cash payments | (27) | (9) | (19) | | (55) |
| Charges | 68 | 7 | 13 | | 88 |
| Other adjustments | – | 1 | – | | 1 |
| Closing balance – June 30, 2005 | $ 72 | $ 53 | $ 7 | | $ 132 |

## 8. PENSION

The following pension expense has been recorded related to defined benefit pension plans at certain of the operating companies:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Defined benefit expense | **$ 5** | $ 6 | **$ 10** | $ 12 |

## 9. EARNINGS PER SHARE

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

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Weighted average number of shares outstanding | | | | |
| Basic | **139,016,000** | 142,562,000 | **139,016,000** | 144,724,000 |
| Diluted | **139,016,000** | 142,562,000 | **139,016,000** | 144,724,000 |

## 10. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| Interest | **$ 41** | $ 57 | **$ 83** | $ 104 |
| Taxes | **$ 55** | $ 5 | **$ 68** | $ 17 |

## 11. COMMITMENTS, CONTINGENCIES AND GUARANTEES

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, 2005 the amounts payable in respect of these guarantees totalled $152. Certain operating companies have guarantees with respect to employee share purchase loans that amounted to $2 at June 30, 2005. These guarantees are without recourse to Onex.

The Company has commitments in the total amount of approximately $9 in respect of corporate investments.

The Company and its operating companies have 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.

Onex' operating companies have aggregate capital commitments of $262 as at June 30, 2005.

Onex and its operating companies are subject to tax audits by local taxing authorities. In connection with ongoing tax audits in the United States relating to Celestica, taxing authorities have assessed significant deficiencies and related interest and penalties arising primarily from inter-company transfer pricing and related transactions all within Celestica's various operations. Celestica's management has evaluated the assessment and believes they have substantial defences and have adequately accrued for potential losses. However, there can be no assurance as to the final resolution of these audits and any resulting proceedings, and if these audits and proceedings were determined adversely to Celestica, the amounts Celestica might be required to pay could be material.

## 12. SUBSEQUENT EVENTS

Onex and 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. The effect of these planned transactions, if completed, may be significant to the consolidated financial position of Onex.

In addition to the disclosures elsewhere in these interim unaudited consolidated financial statements, the Company had the following subsequent events.

In July 2005, Cineplex Galaxy Limited Partnership ("CGLP") completed the acquisition of the Famous Players movie exhibition business at a cost of $464. To finance the acquisition, CGLP entered into various debt and equity transactions as follows. CGLP issued additional Class A units in the amount of $110 and issued new Class C units (underlying Cineplex Galaxy Income Fund's convertible debentures) in the amount of $105. CGLP entered into agreements to sell real estate interests in four locations for $67; CGLP will continue to operate the theatres at these locations and intends to enter into appropriate lease agreements with the buyer. CGLP entered into an amended credit agreement that includes revolving facilities of $110 and a senior secured facility of $315 due in 2009. As a result of the transaction, Onex' equity ownership interest in CGLP will decrease to 27% from 31%. Onex will continue to consolidate CGLP subsequent to this transaction.

In August 2005, EMS commenced the process of a proposed initial public offering. While the impact of this transaction, if completed, is not known at this time, the Company would continue to control and consolidate EMS subsequent to this transaction.

## 13. INFORMATION BY INDUSTRY SEGMENT

| *(Unaudited)* *(in millions of dollars)* ***Three months ended June 30, 2005*** | Electronics Manufacturing Services | Aero-structures | Theatre Exhibition | Healthcare | Customer Management Services | Automotive Products | Other [a] | Consolidated Total |
|---|---|---|---|---|---|---|---|---|
| Revenues | $ 2,799 | $ 110 | $ 85 | $ 586 | $ 177 | $ 157 | $ 274 | $ 4,188 |
| Cost of sales | (2,584) | (98) | (69) | (508) | (110) | (128) | (160) | (3,657) |
| Selling, general and administrative expenses | (87) | (19) | (4) | (20) | (50) | (5) | (86) | (271) |
| Earnings (loss) before the undernoted items | $ 128 | $ (7) | $ 12 | $ 58 | $ 17 | $ 24 | $ 28 | $ 260 |
| Amortization of property, plant and equipment | (40) | (4) | (7) | (20) | (9) | (15) | (8) | (103) |
| Amortization of intangible assets and deferred charges | (9) | – | – | (5) | (3) | – | (6) | (23) |
| Interest expense of operating companies | (16) | (2) | (3) | (19) | (6) | (21) | (11) | (78) |
| Interest and other income | 2 | – | – | (1) | 1 | – | 17 | 19 |
| Equity-accounted investments | – | – | – | 1 | – | – | 2 | 3 |
| Foreign exchange gains (loss) | 3 | – | – | – | (1) | – | 19 | 21 |
| Stock-based compensation | (5) | – | – | – | – | – | (3) | (8) |
| Gains on sales of operating investments, net | – | – | – | – | – | – | 213 | 213 |
| Acquisition, restructuring and other expenses | (38) | (8) | – | – | (5) | (2) | (1) | (54) |
| Writedown of goodwill | – | – | – | – | (2) | – | – | (2) |
| Earnings (loss) before income taxes, non-controlling interests and discontinued operations | $ 25 | $ (21) | $ 2 | $ 14 | $ (8) | $ (14) | $ 250 | $ 248 |
| Provision for income taxes | | | | | | | | (10) |
| Non-controlling interests of operating companies | | | | | | | | (16) |
| Earnings from continuing operations | | | | | | | | $ 222 |
| Earnings from discontinued operations | | | | | | | | 17 |
| Net earnings | | | | | | | | $ 239 |

(a) Includes Radian, Cosmetic Essence, Onex Real Estate, Onex Public Markets Group, ONCAP and parent company.

## 13. INFORMATION BY INDUSTRY SEGMENT (cont'd)

| *(Unaudited)* *(in millions of dollars)* *Three months ended June 30, 2004* | Electronics Manufacturing Services | Theatre Exhibition | Customer Management Services | Automotive Products | Other[a] | Consolidated Total |
|---|---|---|---|---|---|---|
| Revenues | $ 3,148 | $ 95 | $ 184 | $ 191 | $ 93 | $ 3,711 |
| Cost of sales | (2,932) | (73) | (114) | (148) | (60) | (3,327) |
| Selling, general and administrative expenses | (104) | (5) | (50) | (4) | (29) | (192) |
| Earnings before the undernoted items | $ 112 | $ 17 | $ 20 | $ 39 | $ 4 | $ 192 |
| Amortization of property, plant and equipment | (62) | (6) | (11) | (15) | (5) | (99) |
| Amortization of intangible assets and deferred charges | (10) | (1) | (4) | – | (2) | (17) |
| Interest expense of operating companies | (3) | (1) | (5) | (25) | (2) | (36) |
| Interest and other income | (1) | – | 1 | – | – | – |
| Equity-accounted investments | – | – | – | – | 2 | 2 |
| Foreign exchange gains (loss) | (4) | – | 5 | – | 12 | 13 |
| Stock-based compensation | (6) | – | – | – | (12) | (18) |
| Derivative instruments | – | – | – | – | (59) | (59) |
| Gains on sales of operating investments, net | – | – | – | – | 3 | 3 |
| Acquisition, restructuring and other expenses | (69) | – | (2) | (2) | (1) | (74) |
| Debt prepayment costs | (2) | – | – | – | – | (2) |
| Writedown of goodwill | – | – | (5) | – | – | (5) |
| Earnings (loss) before income taxes, non-controlling interests and discontinued operations | $ (45) | $ 9 | $ (1) | $ (3) | $ (60) | $ (100) |
| Recovery of income taxes | | | | | | 3 |
| Non-controlling interests of operating companies | | | | | | 15 |
| Loss from continuing operations | | | | | | $ (82) |
| Earnings from discontinued operations | | | | | | 13 |
| Net loss | | | | | | $ (69) |

(a) Includes Radian, ONCAP and parent company.

| *(Unaudited)*<br>*(in millions of dollars)*<br>*Six months ended June 30, 2005* | Electronics Manufacturing Services | Aero-structures | Theatre Exhibition | Healthcare | Customer Management Services | Automotive Products | Other[a] | Consolidated Total |
|---|---|---|---|---|---|---|---|---|
| Revenues | $ 5,438 | $ 110 | $ 163 | $ 969 | $ 358 | $ 317 | $ 507 | $ 7,862 |
| Cost of sales | (5,037) | (98) | (131) | (819) | (223) | (257) | (328) | (6,893) |
| Selling, general and administrative expenses | (169) | (19) | (9) | (51) | (105) | (10) | (149) | (512) |
| Earnings (loss) before the undernoted items | $ 232 | $ (7) | $ 23 | $ 99 | $ 30 | $ 50 | $ 30 | $ 457 |
| Amortization of property, plant and equipment | (82) | (4) | (14) | (33) | (17) | (29) | (18) | (197) |
| Amortization of intangible assets and deferred charges | (18) | – | – | (9) | (7) | – | (13) | (47) |
| Interest expense of operating companies | (31) | (2) | (5) | (31) | (10) | (39) | (20) | (138) |
| Interest and other income | 3 | – | 2 | – | 2 | – | 58 | 65 |
| Equity-accounted investments | – | – | – | 1 | – | – | 4 | 5 |
| Foreign exchange gains (loss) | 4 | – | – | – | (2) | – | 31 | 33 |
| Stock-based compensation | (10) | – | – | (1) | – | – | (10) | (21) |
| Derivative instruments | – | – | – | – | – | – | 1 | 1 |
| Gains on sales of operating investments, net | – | – | – | – | – | – | 816 | 816 |
| Acquisition, restructuring and other expenses | (79) | (8) | – | – | (6) | (2) | (2) | (97) |
| Writedown of goodwill | – | – | – | – | (2) | – | – | (2) |
| Earnings (loss) before income taxes, non-controlling interests and discontinued operations | $ 19 | $ (21) | $ 6 | $ 26 | $ (12) | $ (20) | $ 877 | $ 875 |
| Provision for income taxes | | | | | | | | (28) |
| Non-controlling interests of operating companies | | | | | | | | (16) |
| Earnings from continuing operations | | | | | | | | $ 831 |
| Earnings from discontinued operations | | | | | | | | 129 |
| Net earnings | | | | | | | | $ 960 |
| Total assets[b] | $ 6,346 | $ 1,635 | $ 356 | $ 1,941 | $ 263 | $ 443 | $ 2,924 | $ 13,908 |
| Long-term debt[c] | $ 1,079 | $ 858 | $ 144 | $ 823 | $ 210 | $ 771 | $ 540 | $ 4,425 |

(a) Includes Radian, Cosmetic Essence, Onex Real Estate, Onex Public Markets Group, ONCAP and parent company.

(b) Assets relating to discontinued operations are included in Automotive Products, $2.

(c) Long-term debt includes current portion and excludes capital leases.

## 13. INFORMATION BY INDUSTRY SEGMENT (cont'd)

| *(Unaudited)* *(in millions of dollars)* *Six months ended June 30, 2004* | Electronics Manufacturing Services | Theatre Exhibition | Customer Management Services | Automotive Products | Other[a] | Consolidated Total |
|---|---|---|---|---|---|---|
| Revenues | $ 5,806 | $ 172 | $ 366 | $ 384 | $ 211 | $ 6,939 |
| Cost of sales | (5,432) | (134) | (223) | (301) | (135) | (6,225) |
| Selling, general and administrative expenses | (186) | (9) | (100) | (9) | (78) | (382) |
| Earnings (loss) before the undernoted items | $ 188 | $ 29 | $ 43 | $ 74 | $ (2) | $ 332 |
| Amortization of property, plant and equipment | (117) | (12) | (20) | (31) | (7) | (187) |
| Amortization of intangible assets and deferred charges | (20) | (1) | (8) | – | (5) | (34) |
| Interest expense of operating companies | (4) | (3) | (8) | (49) | (7) | (71) |
| Interest and other income | (1) | – | 1 | – | 5 | 5 |
| Equity-accounted investments | – | – | – | – | 2 | 2 |
| Foreign exchange gains (loss) | (8) | – | 5 | 1 | 18 | 16 |
| Stock-based compensation | (11) | – | (1) | – | (33) | (45) |
| Derivative instruments | – | – | – | – | (79) | (79) |
| Gains on sales of operating investments, net | – | – | – | – | 92 | 92 |
| Acquisition, restructuring and other expenses | (87) | – | (3) | (3) | (5) | (98) |
| Debt prepayment costs | (2) | – | – | – | – | (2) |
| Writedown of goodwill | – | – | (5) | – | – | (5) |
| Writedown of long-lived assets | – | – | – | (2) | – | (2) |
| Earnings (loss) before income taxes, non-controlling interests and discontinued operations | $ (62) | $ 13 | $ 4 | $ (10) | $ (21) | $ (76) |
| Recovery of income taxes | | | | | | 8 |
| Non-controlling interests of operating companies | | | | | | 26 |
| Loss from continuing operations | | | | | | $ (42) |
| Earnings from discontinued operations | | | | | | 10 |
| Net loss | | | | | | $ (32) |
| Total assets as at December 31, 2004[b] | $ 5,925 | $ 368 | $ 303 | $ 452 | $ 4,761 | $ 11,809 |
| Long-term debt as at December 31, 2004[c] | $ 750 | $ 129 | $ 192 | $ 721 | $ 416 | $ 2,208 |

(a) Includes Radian, Cosmetic Essence, ONCAP and parent company.
(b) Other includes discontinued operations described in note 2.
(c) Long-term debt includes current portion and excludes capital leases.

# SHAREHOLDER INFORMATION

### Second Quarter Dividend

A dividend of $0.0275 per Subordinate Voting Share was paid on July 29, 2005 to shareholders of record as of July 5, 2005.

### 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.SV

### 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.

### Offices

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

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

### Website

www.onex.com

### E-mail

info@onex.com

ONEX

CELESTICA

CINEPLEX GALAXY LP

SPIRIT AEROSYSTEMS™

EMSC

MAGELLAN HEALTH SERVICES

ResCare
Building Lives · Reaching Potential

CDI
CENTER FOR DIAGNOSTIC IMAGING

CLIENTLOGIC

JL French

PLG
Performance Logistics Group

RADIAN

cei
cosmetic essence, inc.

ONCAP