ONEX

Management's Discussion and Analysis and Financial Statements

Second Quarter Ended June 30, 2010

THE ONEX OPERATING COMPANIES

Onex' businesses generate annual revenues of $31 billion, have assets of $36 billion and employ more than 210,000 people worldwide.

ONEX

- **Asset Manager and Investor**
  - **ONEX PARTNERS I**
    - ResCare (Building Lives·Reaching Potential)
    - CDI Center for Diagnostic Imaging
    - EMSC
    - Spirit AeroSystems
    - Skilled Healthcare Group
    - the warranty group
    - Husky
  - **ONEX PARTNERS II**
    - the warranty group
    - Tube City IMS (We Create Value)
    - Hawker Beechcraft
    - Carestream
    - Allison Transmission
    - Husky
    - RSI
  - **ONEX PARTNERS III**
    - Tropicana Las Vegas
  - **ONCAP II**
    - CSI
    - enGlobe
    - Mister HotShine Car Wash & Lube Centers
    - CiCi's Pizza
    - Caliber Collision Centers
  - **ONEX REAL ESTATE PARTNERS**
    - Camden Partnerships
    - Urban Housing Platform
    - Town and Country Properties
    - Flushing Town Center
    - NY Credit
  - **ONEX CREDIT PARTNERS**
    - Debt Opportunity Strategy
    - Senior Credit Strategy
    - Credit Strategy Fund
- **Direct Investor**
  - Celestica
  - SITEL

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

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ONEX CORPORATION

Over 25 Years of Successful Investing

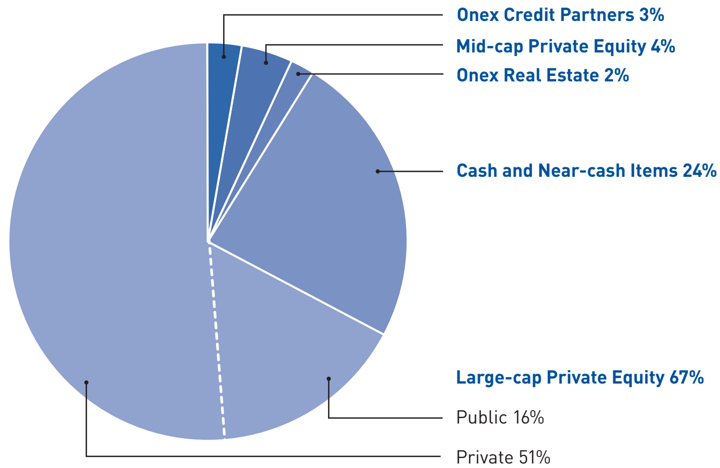
Founded in 1984, Onex is one of North America's oldest and most successful investment firms committed to acquiring and building high-quality businesses. Onex has completed more than 280 acquisitions with a total value of approximately $43 billion. Employing a value-oriented and active ownership investment approach in acquiring and building industry-leading businesses in partnership with talented management teams, Onex has generated 3.4 times the capital it has invested and managed, earning a 29 percent compound IRR on realized and publicly traded investments.

As an investor first and foremost, Onex invests its $4.1 billion of proprietary capital largely through Onex Partners, its flagship private equity platform. Onex also invests through ONCAP, its mid-market private equity platform, Onex Real Estate Partners and Onex Credit Partners. Onex is in excellent financial condition, with ample cash on hand and no debt at the parent company.

Onex is entrusted with third-party capital from institutional investors from around the world. The Company currently has approximately US$7.9 billion of invested and committed capital that it manages on behalf of these limited partners. In return, Onex receives a stable and growing stream of annual management fees that offsets the ongoing operating expenses. In addition, Onex is entitled to a share of the profits on the capital it manages for these investors. This is commonly referred to as carried interest. Carried interest, if realized, could significantly enhance Onex' investment returns.

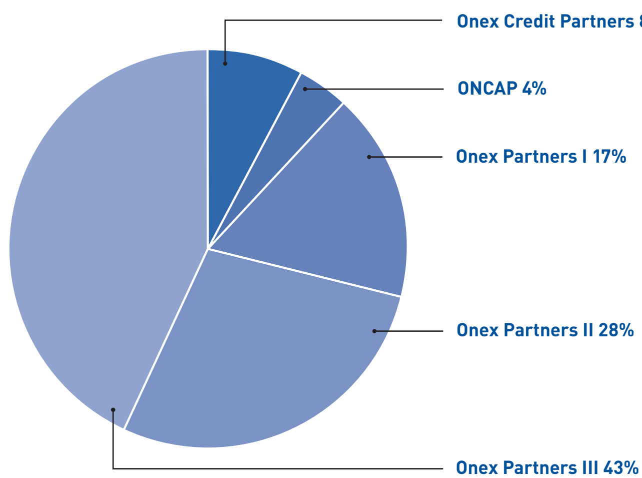
Onex is a public company whose shares trade on the Toronto Stock Exchange under the symbol OCX.

How Onex' $4.1 billion of Capital is Deployed at June 30, 2010



Investments are valued at fair value as at June 30, 2010 with the exception of a limited number of Onex direct investments held at cost.

The Components of Onex' US$7.9 billion of Third-Party Assets under Management at June 30, 2010



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following interim MD&A is the responsibility of management and is as of August 11, 2010. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, comprised exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and approved the disclosure.

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

Onex Corporation's interim financial filings, including Quarterly 2010 MD&A and Financial Statements, and Annual Reports, Annual Information Form and Management Information Circular, are available on Onex' website, **www.onex.com**, or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

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

Cautionary Statement Regarding Use of Non-GAAP Accounting Measures

This interim MD&A makes reference to operating earnings. Onex uses operating earnings as a measure to evaluate each operating company's performance because it eliminates interest charges, which are a function of the operating company's particular financing structure, as well as certain non-cash charges including stock-based compensation, amortization of intangible assets and any unusual or non-recurring charges. Onex' method of determining operating earnings may differ from other companies' methods and, accordingly, operating earnings may not be comparable to measures used by other companies. Operating earnings is not a performance measure under Canadian GAAP and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with Canadian GAAP.

INDUSTRY SEGMENTS

At June 30, 2010, Onex had seven reportable industry segments. A description of our operating companies by industry segment, and the managed, economic and voting ownership of Onex in those businesses, is presented below.

Industry Segments	Companies	Onex Manages[a]	Onex' Economic/ Voting Ownership
Electronics Manufacturing Services	**Celestica Inc.** (TSX/NYSE: CLS), a global provider of electronics manufacturing services (website: www.celestica.com). **Onex shares held: 17.8 million**	–	8%[b]/69%
Aerostructures	**Spirit AeroSystems, Inc.** (NYSE: SPR), the world's largest independent designer and manufacturer of aerostructures (website: www.spiritaero.com). **Onex shares held: 8.6 million** **Onex Partners I shares subject to a carried interest: 17.2 million**	23%	6%[b]/76%
Healthcare	**Emergency Medical Services Corporation** (NYSE:EMS), the leading provider of emergency medical services in the United States (website: www.emsc.net). **Onex shares held: 4.8 million** **Onex Partners I shares subject to a carried interest: 7.0 million**	31%	11%[b]/82%
	Center for Diagnostic Imaging, Inc., a U.S. provider of diagnostic and therapeutic radiology services (website: www.cdiradiology.com). **Total Onex, Onex Partners I and Onex management investment at cost: $88 million (US$73 million)** **Onex portion: $21 million (US$17 million)** **Onex Partners I portion subject to a carried interest: $64 million (US$53 million)**	81%	19%/100%
	Skilled Healthcare Group, Inc. (NYSE: SKH), an organization of skilled nursing and assisted living facilities operators in the United States (website: www.skilledhealthcaregroup.com). **Onex shares held: 3.5 million** **Onex Partners I shares subject to a carried interest: 10.7 million**	40%	9%/89%
	Carestream Health, Inc., a global provider of medical and dental imaging and healthcare information technology solutions (website: www.carestreamhealth.com). **Total Onex, Onex Partners II and Onex management investment at cost: $521 million (US$471 million)** **Onex portion: $206 million (US$186 million)** **Onex Partners II portion subject to a carried interest: $292 million (US$266 million)**	97%	38%/100%
	Res-Care, Inc.[c] (NASDAQ: RSCR), the largest U.S. provider of residential, training, educational and support services for people with disabilities and special needs (website: www.rescare.com). **Onex shares held: 2.0 million** **Onex Partners I shares subject to a carried interest: 6.2 million**	25%	6%/–[d]

(a) "Onex manages" represents the economic ownership collectively held by Onex and the third-party limited partners of the Onex Partners Funds.

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

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

(d) Onex has certain contractual rights and protections, including the right to appoint members to the Board of Directors, in respect of this entity, which is an equity-accounted investment.

Industry Segments	Companies	Onex Manages[a]	Onex' Economic/ Voting Ownership
Financial Services	**The Warranty Group, Inc.,** the world's largest provider of extended warranty contracts (website: www.thewarrantygroup.com). **Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: $556 million (US$488 million)** **Onex portion: $175 million (US$154 million)** **Onex Partners I portion subject to a carried interest: $204 million (US$178 million)** **Onex Partners II portion subject to a carried interest: $155 million (US$137 million)**	93%	29%/100%
Customer Support Services	**Sitel Worldwide Corporation,** a global provider of outsourced customer care services (website: www.sitel.com). **Onex investment at cost: $340 million (US$251 million)**	–	66%/88%
Metal Services	**TMS International Corp.,** a leading provider of outsourced industrial services to steel mills globally (website: www.tubecityims.com). **Total Onex, Onex Partners II and Onex management investment at cost: $277 million (US$235 million)** **Onex portion: $109 million (US$93 million)** **Onex Partners II portion subject to a carried interest: $156 million (US$133 million)**	91%	36%/100%
Other Businesses			
• *Aircraft & Aftermarket*	**Hawker Beechcraft Corporation[b],** the largest privately owned designer and manufacturer of business jet, turboprop and piston aircraft (website: www.hawkerbeechcraft.com). **Total Onex, Onex Partners II and Onex management investment at cost: $620 million (US$537 million)** **Onex portion: $244 million (US$212 million)** **Onex Partners II portion subject to a carried interest: $350 million (US$303 million)**	49%	19%/–[c]
• *Commercial Vehicles*	**Allison Transmission, Inc.[b],** the world leader in the design and manufacture of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles (website: www.allisontransmission.com). **Total Onex, Onex Partners II, certain limited partners and Onex management investment at cost: $805 million (US$763 million)** **Onex portion: $250 million (US$237 million)** **Onex Partners II portion subject to a carried interest: $357 million (US$339 million)**	49%	15%/–[c]
• *Injection Molding*	**Husky International Ltd.,** the leading global supplier of injection molding equipment and services to the PET plastics industry (website: www.husky.ca). **Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: $626 million (US$622 million)** **Onex portion: $226 million (US$225 million)** **Onex Partners I portion subject to a carried interest: $97 million (US$96 million)** **Onex Partners II portion subject to a carried interest: $278 million (US$276 million)**	98%	36%/100%
• *Gaming*	**Tropicana Las Vegas, Inc.,** located directly on the Las Vegas Strip, is one of the best-known casinos in Las Vegas (www.troplv.com). **Total Onex, Onex Partners III and Onex management investment at cost: $270 million (US$250 million)** **Onex portion: $59 million (US$54 million)** **Onex Partners III portion subject to a carried interest: $190 million (US$176 million)**	74%	16%/74%

(a) "Onex manages" represents the economic ownership collectively held by Onex and the third-party limited partners of the Onex Partners Funds.

(b) These investments are accounted for on an equity basis in Onex' unaudited interim consolidated financial statements.

(c) Onex has certain contractual rights and protections, including the right to appoint members to the Board of Directors, in respect of these entities, which are equity-accounted investments.

Industry Segments	Companies	Onex Manages[a]	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• *Building Products*	**RSI Home Products, Inc.[b],** a leading manufacturer of kitchen, bathroom and home organization cabinetry sold through home centre retailers, independent kitchen and bath dealers and other distributors (www.rsiholdingcorp.com). **Total Onex, Onex Partners II and Onex management investment at cost: $338 million (US$318 million)** **Onex portion: $133 million (US$126 million)** **Onex Partners II portion subject to a carried interest: $190 million (US$179 million)**	50%	20%/50%[c]
• *Mid-cap Opportunities*	**ONCAP,** a private equity fund focused on acquiring and building the value of mid-capitalization companies based in North America (website: www.oncap.com). ONCAP II actively manages investments in CSI Global Education Inc., EnGlobe Corp. (TSX: EG), Mister Car Wash, CiCi's Pizza and Caliber Collision Centers. **Total Onex, ONCAP II and Onex management investment at cost: $265 million** **Onex portion: $117 million** **ONCAP II portion: $132 million**	–	44%/100%
• *Real Estate*	**Onex Real Estate Partners,** a platform dedicated to acquiring and improving real estate assets in North America. **Onex investment in Onex Real Estate transactions at cost: $235 million (US$220 million)[d]**	–	86%/100%
• *Credit Securities*	**Onex Credit Partners** specializes in managing credit-related investments, including event-driven, long/short and market dislocation strategies. **Onex investment in Onex Credit Partners' funds at market: $256 million (US$241 million), of which $159 million (US$149 million) is in an Onex Credit Partners' unleveraged senior secured loan portfolio that purchases assets with greater liquidity**	–	50%[e]/50%[e]

(a) "Onex manages" represents the economic ownership collectively held by Onex and the third-party limited partners of the Onex Partners Funds.

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

(c) Onex has certain contractual rights and protections, including the right to appoint members to the Board of Directors, in respect of this entity, which is an equity-accounted investment.

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

(e) This represents Onex' share of the Onex Credit Partners' platform.

FINANCIAL REVIEW

This section discusses 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, 2010 compared to those for the same periods ended June 30, 2009 and compares Onex' financial condition at June 30, 2010 to that at December 31, 2009.

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, 2010 and 2009, the corresponding notes thereto and the December 31, 2009 audited annual consolidated financial statements.

Critical accounting policies and estimates

Onex prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of these financial statements in conformity with Canadian GAAP requires management of Onex and management of the operating companies to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the unaudited interim consolidated financial statements. Significant accounting policies and methods used in the preparation of the unaudited interim consolidated financial statements are described in note 1 to the December 31, 2009 audited annual consolidated financial statements. There were no significant changes in accounting policies in the six months ended June 30, 2010. Onex and its operating companies evaluate their estimates and assumptions on a regular basis based on historical experience and other relevant factors. Included in Onex' unaudited interim consolidated financial statements are estimates used in determining the allowance for doubtful accounts, inventory valuation, the valuation of deferred taxes, intangible assets and goodwill, the useful lives of property, plant and equipment and intangible assets, revenue recognition under contract accounting, pension and post-employment benefits, losses and loss adjustment expenses reserves, restructuring costs, litigation liability reserves and other matters. Actual results could differ materially from those estimates and assumptions.

Variability of results

Onex' unaudited interim consolidated operating results may vary substantially from year to year for a number of reasons, including some of the following: the current economic environment; acquisitions or dispositions of businesses by Onex, the parent company; the volatility of the exchange rate between the Canadian dollar and certain foreign currencies, primarily the U.S. dollar; the change in market value of stock-based compensation for both the parent company and its operating companies; changes in the market value of Onex' publicly traded operating companies; changes in tax legislation or in the application of tax legislation and activities at Onex' operating companies. These activities may include the purchase or sale of businesses; fluctuations in customer demand, materials and employee-related costs; changes in the mix of products and services produced or delivered; changes in the financing of the business, impairments of goodwill, intangible assets or long-lived assets; litigation; and charges to restructure operations.

U.S. dollar to Canadian dollar exchange rate movement

Since most of Onex' operating companies report in U.S. dollars, the upward or downward movement of the U.S. dollar to Canadian dollar exchange rate for the three and six months ended June 30, 2010 compared to the same periods last year will affect Onex' reported consolidated results of operations. During the second quarter of 2010, the average U.S. dollar to Canadian dollar exchange rate was 1.0276 Canadian dollars, approximately 12 percent lower compared to 1.1672 Canadian dollars for the second quarter of 2009. For the six months ended June 30, 2010, the average U.S. dollar to Canadian dollar exchange rate was 1.0343 Canadian dollars, 14 percent lower compared to 1.2062 Canadian dollars for the first half of 2009.

2010 market environment

During the first six months of 2010, we began to see a reasonable recovery in the economy. A number of our operating companies have reported improved operating results from higher revenues in the first half of this year compared to the same period last year. In particular, TMS International, which serves the steel manufacturing industry, recorded meaningful increases in revenues across all its service lines. A number of our businesses were active in refinancing debt and retiring debt. Celestica repurchased the remaining notes it had outstanding, is now debt-free and holds substantial cash resources. Our businesses continued to grow, with EMSC, Skilled Healthcare Group and Carestream Health each completing add-on acquisitions.

Tropicana Las Vegas second rights offering

In April 2010, Tropicana Las Vegas completed a second rights offering of US$50 million. Onex, Onex Partners III and Onex management invested an additional US$45 million in Tropicana Las Vegas, of which Onex' share was US$10 million. This was completed through an issue of preferred shares that have similar terms to the 2009 rights offering, that accrue dividends at a rate of 12.5 percent and that are convertible into common shares of Tropicana Las Vegas at a fixed ratio including accrued and unpaid dividends. After giving effect to the offering, Onex, Onex Partners III and Onex management own, on an as-converted basis at June 30, 2010, approximately 74 percent of Tropicana Las Vegas, of which Onex' share was 16 percent.

Consolidation of Flushing Town Center

In the first quarter of 2010, a subsidiary of Onex became the managing partner of the Flushing Town Center joint venture, at which point Onex began consolidating its interest. Previously, Onex accounted for its interest in Flushing Town Center using the equity method. Flushing Town Center is a mixed-use development located just outside Manhattan in New York City. The development is being constructed in two phases and will consist of approximately 800,000 square feet of retail space, a 2,500-space parking structure and approximately 1,100 condominium units. At June 30, 2010, Onex had a carrying value of $25 million in Flushing Town Center.

Acquisitions and dispositions

Skilled Healthcare Group acquisition

On May 1, 2010, Skilled Healthcare Group, Inc. ("Skilled Healthcare Group") acquired five Medicare-certified hospice companies and four Medicare-certified home health companies that are located in Arizona, Idaho, Montana and Nevada. The total purchase price for these companies was US$63 million. Skilled Healthcare Group funded approximately US$43 million in cash, of which US$30 million was drawn from the company's term loan and the remainder of the cash purchase price was funded from its revolving credit facility. The remainder of the total purchase price was in the form of certain deferred and/or contingent payments payable over a three- to five-year period.

There were no dispositions completed in the first six months of 2010.

REVIEW OF JUNE 30, 2010 UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The discussions that follow review factors that affected Onex' operating segments and Onex' unaudited interim consolidated results for the three and six months ended June 30, 2010.

Consolidated revenues and cost of sales

Consolidated revenues were $6.0 billion for the second quarter of 2010, down $90 million, or 1 percent, from the same quarter of 2009. Consolidated cost of sales was $4.8 billion for the three months ended June 30, 2010, a decrease of $80 million, or 2 percent, from the same period of 2009.

For the six months ended June 30, 2010, revenues were $11.8 billion, down $759 million, or 6 percent, from the first half of 2009. Consolidated cost of sales was $9.4 billion for the first six months of 2010, down 5 percent from $9.9 billion for the same period of 2009.

The reported revenues and cost of sales of Onex' U.S.-based operating companies in Canadian dollars may not reflect the true nature of the operating results of those companies due to the translation of those amounts and the associated fluctuation of the U.S. dollar to the Canadian dollar exchange rate. In table 1 below, revenues and cost of sales by industry segment are presented in Canadian dollars as well as in the functional currency of the companies for the three and six months ended June 30, 2010 and 2009. The percentage change in revenues and cost of sales in Canadian dollars and in the functional currency of the companies for those periods is also shown. The discussions of revenues and cost of sales by industry segment that follow are in the companies' functional currency in order to eliminate the impact of foreign currency translation on those revenues and cost of sales.

Revenues by Industry Segment for the Three-Month Period Ended June 30

TABLE 1 *(Unaudited) ($ millions)*	Revenues					
	Canadian Dollars			Functional Currency		
Three months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Electronics Manufacturing Services	**$ 1,636**	$ 1,621	**1 %**	**US$ 1,586**	US$ 1,403	**13 %**
Aerostructures	**1,073**	1,240	**(13)%**	**US$ 1,046**	US$ 1,060	**(1)%**
Healthcare	**1,570**	1,694	**(7)%**	**US$ 1,527**	US$ 1,454	**5 %**
Financial Services	**295**	342	**(14)%**	**US$ 287**	US$ 292	**(2)%**
Customer Support Services	**326**	453	**(28)%**	**US$ 318**	US$ 388	**(18)%**
Metal Services	**645**	276	**134 %**	**US$ 628**	US$ 237	**165 %**
Other[(a)]	**496**	505	**(2)%**	**C$ 496**	C$ 505	**(2)%**
Total	**$ 6,041**	$ 6,131	**(1)%**			

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

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes Husky, ONCAP II and the parent company.

Cost of Sales by Industry Segment for the Three-Month Period Ended June 30

(Unaudited) ($ millions)	Cost of Sales					
	Canadian Dollars			Functional Currency		
Three months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Electronics Manufacturing Services	**$ 1,501**	$ 1,480	**1 %**	**US$ 1,455**	US$ 1,279	**14 %**
Aerostructures	**892**	1,156	**(23)%**	**US$ 870**	US$ 994	**(12)%**
Healthcare	**1,152**	1,229	**(6)%**	**US$ 1,121**	US$ 1,053	**6 %**
Financial Services	**147**	170	**(14)%**	**US$ 143**	US$ 145	**(1)%**
Customer Support Services	**214**	292	**(27)%**	**US$ 208**	US$ 250	**(17)%**
Metal Services	**594**	244	**143 %**	**US$ 578**	US$ 210	**175 %**
Other[(a)]	**306**	315	**(3)%**	**C$ 306**	C$ 315	**(3)%**
Total	**$ 4,806**	$ 4,886	**(2)%**			

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

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes Husky, ONCAP II and the parent company.

Revenues by Industry Segment for the Six-Month Period Ended June 30

TABLE 1 (Unaudited) ($ millions)

	Revenues					
	Canadian Dollars			Functional Currency		
Six months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Electronics Manufacturing Services	**$ 3,216**	$ 3,451	**(7)%**	**US$ 3,104**	US$ 2,872	**8 %**
Aerostructures	**2,159**	2,345	**(8)%**	**US$ 2,089**	US$ 1,947	**7 %**
Healthcare	**3,060**	3,361	**(9)%**	**US$ 2,958**	US$ 2,793	**6 %**
Financial Services	**619**	707	**(12)%**	**US$ 598**	US$ 586	**2 %**
Customer Support Services	**699**	948	**(26)%**	**US$ 676**	US$ 785	**(14)%**
Metal Services	**1,135**	659	**72%**	**US$ 1,099**	US$ 545	**102 %**
Other[(a)]	**953**	1,129	**(16)%**	**C$ 953**	C$ 1,129	**(16)%**
Total	**$ 11,841**	$ 12,600	**(6)%**			

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

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes CEI, Husky, ONCAP II and the parent company.

Cost of Sales by Industry Segment for the Six-Month Period Ended June 30

(Unaudited) ($ millions)

	Cost of Sales					
	Canadian Dollars			Functional Currency		
Six months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Electronics Manufacturing Services	**$ 2,949**	$ 3,145	**(6)%**	**US$ 2,846**	US$ 2,616	**9 %**
Aerostructures	**1,801**	2,042	**(12)%**	**US$ 1,743**	US$ 1,705	**2 %**
Healthcare	**2,256**	2,450	**(8)%**	**US$ 2,181**	US$ 2,036	**7 %**
Financial Services	**295**	349	**(15)%**	**US$ 285**	US$ 289	**(1)%**
Customer Support Services	**453**	607	**(25)%**	**US$ 438**	US$ 503	**(13)%**
Metal Services	**1,045**	590	**77%**	**US$ 1,011**	US$ 488	**107 %**
Other[(a)]	**576**	724	**(20)%**	**C$ 576**	C$ 724	**(20)%**
Total	**$ 9,375**	$ 9,907	**(5)%**			

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

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes CEI, Husky, ONCAP II and the parent company.

Electronics Manufacturing Services

Celestica Inc. ("Celestica") reported a 13 percent increase in revenues in the second quarter of 2010 to US$1.6 billion (2009 – US$1.4 billion). Celestica's revenue growth was in the following end markets: storage (13 percent); consumer (41 percent); servers (26 percent); industrial, aerospace and defense, and healthcare (23 percent); and enterprise communications (10 percent). These increases were primarily from program wins from new and existing customers and generally increased volumes reflecting an improved economic environment. Partially offsetting these increases was a 28 percent decline in revenues in Celestica's telecommunications end market, driven primarily by declines in demand and customer insourcing.

Cost of sales was US$1.5 billion (2009 – US$1.3 billion) for the three months ended June 30, 2010. Gross profit for the second quarter of 2010 increased 6 percent from the same quarter of 2009 primarily due to increased volumes and benefits from cost reductions, partially offset by changes in product mix. Gross margin as a percentage of revenues decreased in the second quarter of 2010 compared to the same quarter of 2009 due primarily to the changes in product mix and pricing.

For the six months ended June 30, 2010, revenues increased 8 percent to US$3.1 billion (2009 – US$2.9 billion) and cost of sales increased 9 percent to US$2.8 billion (2009 – US$2.6 billion). The same factors that contributed to the increases in revenues and cost of sales for the second quarter of 2010 drove the increases in revenues and cost of sales for the first six months of 2010.

Aerostructures

Spirit AeroSystems, Inc. ("Spirit AeroSystems") reported revenues of US$1.0 billion for the second quarter of 2010, essentially the same as the quarter last year. Cost of sales was down 12 percent to US$870 million (2009 – $994 million) for the second quarter of 2010. The decrease in cost of sales in the quarter compared to the same quarter last year was substantially due to US$137 million of unusual charges incurred in the second quarter of 2009 primarily related to a forward loss charge on the company's Gulfstream G-250 contract, as well as an unfavourable cumulative catch-up adjustment on program costs of US$33 million.

During the first six months of 2010, revenues at Spirit AeroSystems were up 7 percent to US$2.1 billion (2009 – US$1.9 billion). Much of the increase in revenues for the first six months of 2010 was due to higher ship set deliveries to Boeing in the first six months of 2010 compared to the same period in 2009. Partially offsetting the revenue increase was US$21 million of favourable volume-based pricing adjustments in the second quarter of 2009 compared to the same period in 2010. Cost of sales was up 2 percent to US$1.7 billion for the six months ended June 30, 2010 from the same period in 2009. Cost of sales as a percentage of revenues was 83 percent for the first six months of 2010 compared to 88 percent for the same period last year. The decrease was due primarily to the unusual charges of US$137 million recorded in the second quarter of 2009.

Healthcare

The healthcare segment revenues and cost of sales consist of the operations of Emergency Medical Services Corporation ("EMSC"), Center for Diagnostic Imaging, Inc. ("CDI"), Skilled Healthcare Group, Inc. ("Skilled Healthcare Group") and Carestream Health, Inc. ("Carestream Health"). Res-Care, Inc. ("ResCare") is accounted for on an equity basis and, accordingly, that company's revenues and cost of sales are not consolidated. The healthcare segment reported a 5 percent increase in consolidated revenues to US$1.5 billion for the three months ended June 30, 2010 over the same period last year. Cost of sales increased 6 percent to US$1.1 billion in the second quarter of 2010. For the first six months of 2010, consolidated revenues and cost of sales in the healthcare segment were up 6 percent to US$3.0 billion (2009 – US$2.8 billion) and up 7 percent to US$2.2 billion (2009 – US$2.0 billion), respectively.

Table 2 provides revenues and cost of sales by operating company in the healthcare segment for the three and six months ended June 30, 2010 and 2009 in both Canadian dollars and the companies' functional currency.

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

Revenues

TABLE 2 *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Three months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Emergency Medical Services	**$ 729**	$ 744	**(2)%**	**US$ 709**	US$ 637	**11 %**
Center for Diagnostic Imaging	**36**	42	**(14)%**	**US$ 35**	US$ 35	**–**
Skilled Healthcare Group	**206**	226	**(9)%**	**US$ 201**	US$ 194	**4 %**
Carestream Health	**599**	682	**(12)%**	**US$ 582**	US$ 588	**(1)%**
Total	**$ 1,570**	$ 1,694	**(7)%**	**US$ 1,527**	US$ 1,454	**5 %**

Cost of Sales

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Three months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Emergency Medical Services	**$ 628**	$ 638	**(2)%**	**US$ 611**	US$ 547	**12 %**
Center for Diagnostic Imaging	**11**	13	**(15)%**	**US$ 11**	US$ 11	**–**
Skilled Healthcare Group	**171**	202	**(15)%**	**US$ 167**	US$ 171	**(2)%**
Carestream Health	**342**	376	**(9)%**	**US$ 332**	US$ 324	**2 %**
Total	**$ 1,152**	$ 1,229	**(6)%**	**US$ 1,121**	US$ 1,053	**6 %**

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

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

Revenues

TABLE 2 *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Six months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Emergency Medical Services	**$ 1,436**	$ 1,507	**(5)%**	**US$ 1,388**	US$ 1,250	**11 %**
Center for Diagnostic Imaging	**71**	84	**(15)%**	**US$ 69**	US$ 69	**–**
Skilled Healthcare Group	**403**	462	**(13)%**	**US$ 390**	US$ 383	**2 %**
Carestream Health	**1,150**	1,308	**(12)%**	**US$ 1,111**	US$ 1,091	**2 %**
Total	**$ 3,060**	$ 3,361	**(9)%**	**US$ 2,958**	US$ 2,793	**6 %**

Cost of Sales

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Six months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Emergency Medical Services	**$ 1,239**	$ 1,300	**(5)%**	**US$ 1,198**	US$ 1,079	**11 %**
Center for Diagnostic Imaging	**23**	27	**(15)%**	**US$ 22**	US$ 22	**–**
Skilled Healthcare Group	**334**	392	**(15)%**	**US$ 323**	US$ 326	**(1)%**
Carestream Health	**660**	731	**(10)%**	**US$ 638**	US$ 609	**5 %**
Total	**$ 2,256**	$ 2,450	**(8)%**	**US$ 2,181**	US$ 2,036	**7 %**

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

Emergency Medical Services

EMSC's second-quarter revenues increased US$72 million, or 11 percent, to US$709 million from US$637 million in the same quarter of 2009. The revenue growth was due primarily to increases in rates and volumes on existing contracts combined with volume from net new contracts and acquisitions. Cost of sales grew 12 percent to US$611 million (2009 – US$547 million) for the three months ended June 30, 2010, consistent with the revenue growth in the quarter.

For the six months ended June 30, 2010, revenues at EMSC were up 11 percent to US$1.4 billion (2009 – US$1.3 billion). Cost of sales was up 11 percent to US$1.2 billion (2009 – US$1.1 billion). The same factors that contributed to the second-quarter revenue and cost of sales growth were the drivers in the first six months of 2010. Cost of sales as a percentage of revenues remained unchanged at 86 percent for the six months ended June 30, 2010 compared to the same period last year.

Carestream Health

Carestream Health reported a 1 percent decrease in revenues to US$582 million for the three months ended June 30, 2010 (2009 – US$588 million). The decline in revenues in the quarter was due to the anticipated reduction in Carestream Health's traditional film business. This was partially offset by higher revenues from its digital dental and medical businesses. Cost of sales was US$332 million for the three months ended June 30, 2010, up 2 percent from US$324 million for the second quarter of 2009. Cost of sales increased as a result of higher commodities' costs for polyester and silver used in the production of film.

For the six months ended June 30, 2010, revenues at Carestream Health increased 2 percent to US$1.1 billion while cost of sales was up 5 percent to US$638 million (2009 – US$609 million). Since Carestream Health has operations worldwide, approximately US$22 million of the revenue increase was due to favourable foreign exchange rates on its non-U.S. revenues. Excluding the impact of foreign exchange, the company reported an increase in revenues of US$36 million from its growing digital medical and dental businesses. Partially offsetting this increase was a US$35 million decline in revenues from the anticipated reduction in its traditional film business. Gross profit for the first six months of 2010 was US$473 million compared to US$482 million in the same period last year. Gross profit decreased compared to last year due to higher commodities costs of US$45 million for polyester and silver used in the production of film. These increased costs were partially offset by the favourable impact of foreign exchange of US$18 million and higher productivity across the businesses.

Financial Services

The Warranty Group, Inc. ("The Warranty Group") reported revenues of US$287 million for the second quarter of 2010, down 2 percent, or US$5 million, from US$292 million for the three months ended June 30, 2009. Revenues decreased in the second quarter due to anticipated lower earned premiums stemming from the lower level of U.S. auto sales in prior periods, which more than offset higher earned premiums from International Operations. In addition, currency translation of European revenues reduced revenues by approximately US$2 million in the second quarter of 2010 as a result of the weakening in the value of the euro relative to the U.S. dollar. Cost of sales was US$143 million for the second quarter of 2010, down 1 percent, or US$2 million, from US$145 million for the three months ended June 30, 2009 due primarily to the decrease in earned revenues.

For the first half of 2010, revenues at The Warranty Group increased 2 percent to US$598 million (2009 – US$586 million) while cost of sales was down 1 percent to US$285 million (2009 – US$289 million). Revenues for the first half of 2010 increased primarily from resumed global economic growth and new client wins. The decline in cost of sales for the six months ended June 30, 2010 was driven by the same factors that contributed to the change in the second quarter.

Customer Support Services

Sitel Worldwide Corporation ("Sitel Worldwide") reported revenues of US$318 million for the three months ended June 30, 2010, down 18 percent, or US$70 million, from US$388 million for the same period of 2009. The decline was due primarily to lower call volumes with existing customers associated with lower consumer spending and the disengagement of certain customers by Sitel Worldwide. Cost of sales was US$208 million for the second quarter of 2010, down 17 percent, or US$42 million, from US$250 million for the same period of 2009. This decline resulted from the company adjusting its cost structure to correspond with decreased activity.

For the six months ended June 30, 2010, revenues decreased 14 percent to US$676 million (2009 – US$785 million) due primarily to the same factors that contributed to the 2010 second-quarter revenue decline. Partially offsetting the decline in revenues for the first six months of 2010 was a US$17 million increase in revenues from favourable foreign exchange rates on Sitel Worldwide's non-U.S. revenues. Lower revenues drove a corresponding decrease in cost of sales of 13 percent to US$438 million (2009 – US$503 million).

Metal Services

Revenues at TMS International Corp. ("TMS International"), formerly Tube City IMS Corporation, were US$628 million for the second quarter of 2010, up 165 percent, or US$391 million, from US$237 million for the second quarter of 2009. The vast majority of the increase was attributable to higher levels of steel production, which drove increased demand for raw materials and resulted in significantly higher sales volume in the outsourced purchasing business. The higher levels of steel production also directly affected TMS International's service revenues, which are typically charged to customers based on tons of raw steel produced. The increase in steel production activity resulted in a 51 percent increase in TMS International's service revenues.

Cost of sales was US$578 million for the three months ended June 30, 2010, up 175 percent from US$210 million in the second quarter of 2009. Although raw materials procurement activities increased by approximately 107 percent, as demand increased, the margins derived from certain activities declined as some of the increase in volume was in lower average margin materials.

For the six months ended June 30, 2010, revenues were up 102 percent to US$1.1 billion (2009 – US$545 million), while cost of sales increased 107 percent to US$1.0 billion (2009 – US$488 million). The increases in both revenues and cost of sales were driven by the same factors that affected the second quarter of 2010.

Other Businesses

The other businesses segment primarily includes the revenues of Husky International Ltd. ("Husky"), Tropicana Las Vegas and the ONCAP II companies – CSI Global Education Inc. ("CSI"), EnGlobe Corp. ("EnGlobe"), Mister Car Wash, CiCi's Pizza and Caliber Collision Centers ("Caliber Collision"). Table 3 provides revenues and cost of sales by operating company in the other businesses segment for the three and six months ended June 30, 2010 and 2009 in both Canadian dollars and the companies' functional currency.

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

TABLE 3 *(Unaudited) ($ millions)*

Revenues						
	Canadian Dollars			Functional Currency		
Three months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Husky	**$ 277**	$ 277	**–**	**US$ 269**	US$ 237	**14 %**
ONCAP II companies	**202**	220	**(8)%**	**US$ 197**	US$ 188	**5 %**
Other[a]	**17**	8	**113 %**	**C$ 17**	C$ 8	**113 %**
Total	**$ 496**	$ 505	**(2)%**			

(Unaudited) ($ millions)

Cost of Sales						
	Canadian Dollars			Functional Currency		
Three months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Husky	**$ 194**	$ 188	**3 %**	**US$ 188**	US$ 162	**16 %**
ONCAP II companies	**111**	126	**(12)%**	**US$ 108**	US$ 108	**–**
Other[a]	**1**	1	**–**	**C$ 1**	C$ 1	**–**
Total	**$ 306**	$ 315	**(3)%**			

(a) 2010 other includes Flushing Town Center, Tropicana Las Vegas and the parent company. 2009 other includes the parent company.

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

Revenues

TABLE 3 *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Six months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Husky	**$ 527**	$ 636	**(17)%**	**US$ 509**	US$ 525	**(3)%**
ONCAP II companies	**394**	427	**(8)%**	**US$ 381**	US$ 354	**8 %**
Other[a]	**32**	66	**(52)%**	**C$ 32**	C$ 66	**(52)%**
Total	**$ 953**	$ 1,129	**(16)%**			

Cost of Sales

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Six months ended June 30	**2010**	2009	**Change (%)**	**2010**	2009	**Change (%)**
Husky	**$ 359**	$ 440	**(18)%**	**US$ 347**	US$ 364	**(5)%**
ONCAP II companies	**215**	239	**(10)%**	**US$ 208**	US$ 199	**5 %**
Other[a]	**2**	45	**(96)%**	**C$ 2**	C$ 45	**(96)%**
Total	**$ 576**	$ 724	**(20)%**			

(a) 2010 other includes Flushing Town Center, Tropicana Las Vegas and the parent company. 2009 other includes CEI and the parent company.

Revenues in the other businesses segment were down 2 percent to $496 million (2009 – $505 million) for the second quarter of 2010. Cost of sales for the other businesses segment was down 3 percent to $306 million (2009 – $315 million) for the three months ended June 30, 2010. Husky reported a 14 percent increase in revenues to US$269 million (2009 – US$237 million) in the second quarter due primarily to higher sales in Europe, Asia Pacific and Latin America, partially offset by lower sales in North America. Higher revenues at Husky resulted in a similar increase in cost of sales of 16 percent to US$188 million in the second quarter of 2010.

The ONCAP II companies reported a 5 percent increase in revenues for the second quarter of 2010, due primarily to higher sales revenues at CSI and Caliber Collision resulting from those businesses beginning to benefit from improved economic activity.

For the six months ended June 30, 2010, revenues were down 16 percent to $953 million (2009 – $1.1 billion). Cost of sales had a similar decline of 20 percent to $576 million (2009 – $724 million). Husky's revenues declined US$16 million for the six months ended June 30, 2010. Cost of sales at Husky declined 5 percent (US$17 million) to US$347 million (2009 – US$364 million) for the first six months of 2010. The declines in revenues and cost of sales at Husky were driven by lower sales in the first half of 2010 in North America and Europe, partially offset by higher sales in Asia Pacific and Latin America.

Tropicana Las Vegas, acquired in July 2009, contributed US$14 million and US$1 million in revenues and cost of sales, respectively, in the second quarter of 2010. For the six months ended June 30, 2010, Tropicana Las Vegas added revenues in the other segment of US$27 million and cost of sales of US$2 million.

Operating earnings

Management at Onex reviews the performance of individual operating companies based on an operating earnings measure. Onex uses operating earnings as a measure to evaluate each operating company's performance because it eliminates interest charges, which are a function of the operating company's particular financing structure, as well as certain non-cash charges including stock-based compensation, amortization of intangible assets and any unusual or non-recurring charges. Operating earnings is not a defined measure under Canadian GAAP. The term operating earnings, as used here, is defined as earnings before interest expense, amortization of intangible assets and deferred charges, and income taxes. Onex also excludes from operating earnings accounting measures that do not reflect the actual operating performance of the business, such as earnings (loss) from equity-accounted investments, foreign exchange gains (loss), stock-based compensation recovery (expense), non-recurring items such as gains on dispositions of operating investments, acquisition and restructuring charges, other income, writedown of goodwill, intangible assets and long-lived assets, as well as non-controlling interests.

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, 2010 and 2009.

Operating Earnings Reconciliation

	Three months ended June 30		Six months ended June 30	
TABLE 4 *(Unaudited) ($ millions)*	**2010**	2009	**2010**	2009
Earnings before the undernoted items	**$ 617**	$ 552	**$ 1,198**	$ 1,230
Amortization of property, plant and equipment	**(129)**	(160)	**(260)**	(330)
Interest income	**5**	19	**12**	34
Operating earnings	**$ 493**	$ 411	**$ 950**	$ 934
Amortization of intangible assets and deferred charges	**(82)**	(94)	**(166)**	(196)
Interest expense of operating companies	**(121)**	(131)	**(225)**	(284)
Loss from equity-accounted investments	**(21)**	(56)	**(44)**	(46)
Foreign exchange gains (loss)	**30**	(35)	**(9)**	(30)
Stock-based compensation recovery (expense)	**10**	(63)	**(72)**	(57)
Other income	**22**	85	**24**	68
Gains on dispositions of operating investments, net	**–**	184	**–**	184
Acquisition, restructuring and other expenses	**(46)**	(52)	**(77)**	(96)
Writedown of goodwill, intangible assets and long-lived assets	**(2)**	(114)	**(2)**	(114)
Earnings before income taxes and non-controlling interests	**$ 283**	$ 135	**$ 379**	$ 363

Table 5 provides a breakdown of and the change in operating earnings (loss) by industry segment in Canadian dollars and the companies' functional currency for the three and six months ended June 30, 2010 and 2009.

Operating Earnings (Loss) by Industry Segment for the Three-Month Period Ended June 30

TABLE 5 *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Three months ended June 30	**2010**	2009	**Change ($)**	**2010**	2009	**Change ($)**
Electronics Manufacturing Services	**$ 59**	$ 54	**$ 5**	**US$ 57**	US$ 48	**US$ 9**
Aerostructures	**109**	2	**107**	**US$ 106**	US$ (4)	**US$ 110**
Healthcare	**213**	224	**(11)**	**US$ 206**	US$ 192	**US$ 14**
Financial Services	**43**	43	**–**	**US$ 41**	US$ 37	**US$ 4**
Customer Support Services	**11**	25	**(14)**	**US$ 10**	US$ 22	**US$ (12)**
Metal Services	**23**	5	**18**	**US$ 22**	US$ 4	**US$ 18**
Other[a]	**35**	58	**(23)**	**C$ 35**	C$ 58	**C$ (23)**
Total	**$ 493**	$ 411	**$ 82**			

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

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes Husky, ONCAP II and the parent company.

Operating Earnings (Loss) by Industry Segment for the Six-Month Period Ended June 30

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Six months ended June 30	**2010**	2009	**Change ($)**	**2010**	2009	**Change ($)**
Electronics Manufacturing Services	**$ 119**	$ 120	**$ (1)**	**US$ 115**	US$ 101	**US$ 14**
Aerostructures	**217**	132	**85**	**US$ 210**	US$ 101	**US$ 109**
Healthcare	**385**	417	**(32)**	**US$ 371**	US$ 347	**US$ 24**
Financial Services	**89**	85	**4**	**US$ 86**	US$ 71	**US$ 15**
Customer Support Services	**33**	56	**(23)**	**US$ 32**	US$ 47	**US$ (15)**
Metal Services	**36**	9	**27**	**US$ 35**	US$ 7	**US$ 28**
Other[a]	**71**	115	**(44)**	**C$ 71**	C$ 115	**C$ (44)**
Total	**$ 950**	$ 934	**$ 16**			

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

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes CEI, Husky, ONCAP II and the parent company.

Consolidated operating earnings were $493 million in the second quarter of 2010, up 20 percent, or $82 million, from the second quarter of 2009. Excluding the impact of foreign currency, operating earnings were up due to the following factors:

- Celestica recorded a US$9 million increase in operating earnings in the quarter due primarily to higher revenues associated with program wins from new and existing customers as discussed under Revenues and Cost of Sales;
- Spirit AeroSystems reported a US$110 million increase in operating earnings as 2009 included several unusual charges in cost of sales recorded in the second quarter of that year as previously discussed under Revenues and Cost of Sales;
- Improved operating earnings of US$18 million at TMS International in the quarter resulting from the company reporting higher revenues as previously discussed under Revenues and Cost of Sales; and
- EMSC reported a US$6 million increase in operating earnings in the quarter resulting primarily from higher revenues.

Partially offsetting the increases in operating earnings were:

- a US$12 million decline in operating earnings at Sitel Worldwide, included in the customer support services segment, due to lower revenues; and
- Tropicana Las Vegas' operating loss of US$9 million as the company continues to restructure and refurbish its property following Onex' purchase of the business in July 2009.

For the six months ended June 30, 2010, operating earnings were up slightly to $950 million from $934 million for the first half of 2009. The same factors that contributed to the growth in operating earnings in the quarter contributed to the increase in operating earnings for the first half of 2010.

Interest expense of operating companies

New investments are structured with the acquired company having sufficient equity to enable it to self-finance a significant portion of its acquisition cost with a prudent amount of debt. The level of debt is commensurate with the operating company's available cash flow, including consideration of funds required to pursue growth opportunities. It is the responsibility of the acquired operating company to service its own debt obligations.

Consolidated interest expense was down $10 million, or 8 percent, to $121 million in the second quarter of 2010 from $131 million in the same quarter of 2009. A significant portion of the decline was the effect of foreign currency translation on U.S.-dollar-denominated interest costs. Excluding the impact of foreign exchange, Celestica recorded a US$10 million decline in interest expense primarily due to debt extinguished in 2009 and from the company's repurchase of its outstanding 2013 senior subordinated notes in the first quarter of 2010. Celestica is now debt-free. In addition, Carestream Health recorded a US$17 million decline in interest expense during the three months ended June 30, 2010 due primarily to lower debt as well as lower interest rates in the period compared to the same period last year. Other companies benefitted from lower interest rates on the floating rate portion of their debt.

Partially offsetting these was a US$14 million increase in interest expense at EMSC in the quarter compared to the second quarter last year. Included in EMSC's second-quarter interest expense was a US$19 million write-off of deferred financing charges associated with its previous debt. The company entered into a new senior credit agreement in April 2010 with the proceeds of the new facilities being used to repay and terminate EMSC's previous term loan and redeem its senior subordinated notes that had an outstanding balance of US$250 million in the second quarter of 2010.

In addition, interest expense at Skilled Healthcare Group increased by US$8 million in the second quarter of 2010 over the same quarter of 2009 due primarily to the US$7 million writedown of deferred financing charges recorded in the quarter associated with the company entering into new credit facilities in April 2010. The proceeds were used to repay the prior loans and to fund acquisitions.

For the six months ended June 30, 2010, consolidated interest expense totalled $225 million, a decrease of $59 million from the same period last year. The effect of foreign currency translation on U.S.-dollar-denominated interest costs was a significant component of the decrease in the first half of 2010. The same factors that affected interest expense in the second quarter impacted interest expense in the first half of 2010.

Earnings (loss) from equity-accounted investments

Earnings (loss) from equity-accounted investments for the three and six months ended June 30, 2010 represent Onex' and Onex Partners' portion of the earnings (loss) of Allison Transmission, Inc. ("Allison Transmission"); Hawker Beechcraft Corporation ("Hawker Beechcraft"); ResCare; RSI Home Products, Inc. ("RSI"); Cypress Insurance Group ("Cypress"); Onex Real Estate's investments in the Camden properties, Urban Housing Platform, Town and Country and NY Credit; and Onex Credit Partners. The first six months of 2009 also included Cineplex Galaxy Income Fund ("Cineplex Entertainment") and Onex Real Estate's investment in Flushing Town Center.

During the first three months of 2010, a subsidiary of Onex Real Estate became the managing partner of the Flushing Town Center joint venture. As a result, in the first quarter of 2010, Onex began consolidating its interest in Flushing Town Center. Up to December 31, 2009, Onex accounted for its interest in Flushing Town Center using the equity method.

Onex reported a loss from equity-accounted investments of $21 million and $44 million, respectively, for the three and six months ended June 30, 2010 compared to a loss from equity-accounted investments of $56 million and $46 million, respectively, for the three and six months ended June 30, 2009.

Table 6 details the earnings (loss) from equity-accounted investments by company, as well as Onex' share of these earnings (loss) for the three and six months ended June 30, 2010 and 2009.

Earnings (Loss) from Equity-accounted Investments

TABLE 6 *(Unaudited) ($ millions)* Three months ended June 30

	2010		2009	
	Net Earnings (Loss)[a]	Onex' Share of Net Earnings (Loss)	Net Earnings (Loss)[a]	Onex' Share of Net Earnings (Loss)
Allison Transmission	$ 1	$ 1	$ (138)	$ (44)
Hawker Beechcraft	(28)	(11)	79	35
Other[b]	6	4	3	(1)
Total	$ (21)	$ (6)	$ (56)	$ (10)

(a) The net earnings (loss) represents Onex' and Onex Partners' share of the net earnings (loss) in those businesses.

(b) 2010 other includes Cypress, Onex Credit Partners, Onex Real Estate (Camden properties, Urban Housing Platform, Town and Country and NY Credit), ResCare and RSI. 2009 other includes Cypress, Onex Credit Partners, Onex Real Estate (Camden properties, Urban Housing Platform, Town and Country, Flushing Town Center and NY Credit), ResCare and RSI.

(Unaudited) ($ millions) Six months ended June 30

	2010		2009	
	Net Earnings (Loss)[a]	Onex' Share of Net Earnings (Loss)	Net Earnings (Loss)[a]	Onex' Share of Net Earnings (Loss)
Allison Transmission	$ 8	$ 3	$ (178)	$ (57)
Hawker Beechcraft	(60)	(24)	122	49
Other[b]	8	6	10	2
Total	$ (44)	$ (15)	$ (46)	$ (6)

(a) The net earnings (loss) represents Onex' and Onex Partners' share of the net earnings (loss) in those businesses.

(b) 2010 other includes Cypress, Onex Credit Partners, Onex Real Estate (Camden properties, Urban Housing Platform, Town and Country and NY Credit), ResCare and RSI. 2009 other includes Cineplex Entertainment (up to March 31, 2009), Cypress, Onex Credit Partners, Onex Real Estate (Camden properties, Urban Housing Platform, Town and Country, Flushing Town Center and NY Credit), ResCare and RSI.

Allison Transmission

The investment in Allison Transmission contributed $1 million and $8 million, respectively, of earnings from equity-accounted investments for the second quarter and first six months of 2010. Onex' share was $1 million and $3 million, respectively, in those periods. Allison Transmission reported US$2 million and US$16 million, respectively, in net earnings in its functional currency for the three and six months ended June 30, 2010. The primary reason for the change was that the 2009 results included specific write-downs and one-time charges. As well, earnings improved with increased revenues and margins.

For the three and six months ended June 30, 2009, Onex' and Onex Partners' share of the Allison Transmission loss was $138 million and $178 million, respectively. Onex' share was $44 million and $57 million, respectively, of the loss in those periods last year. In the company's functional currency, Allison Transmission reported a net loss of US$227 million and US$308 million for the three and six months ended June 30, 2009. Included in the loss for those periods in 2009 was a US$190 million writedown of certain intangible assets that Allison Transmission determined to be impaired and a US$37 million writedown of certain long-term receivables and other matters that the company had with General Motors Corporation ("GM") as a result of the GM bankruptcy.

Hawker Beechcraft

For the three months ended June 30, 2010, Onex' and Onex Partners' share of Hawker Beechcraft's loss was $28 million. Onex' share of the loss was $11 million. This compares to earnings of $79 million for the second quarter of 2009, of which Onex' share was $35 million. Excluding the impact of foreign exchange translation, Hawker Beechcraft reported a US$57 million loss in the second quarter of 2010, of which Onex' and Onex Partners' share was US$27 million. This compares to 2009 second-quarter earnings of US$158 million, of which Onex' and Onex Partners' share was US$77 million. The quarter-over-quarter decrease in earnings was due primarily to a US$175 million gain in the second quarter of 2009 on the purchase of US$274 million of the company's debt securities at a significant discount.

For the six months ended June 30, 2010, Onex' and Onex Partners' share of Hawker Beechcraft's loss was $60 million. Onex' share of the loss was $24 million. This compares to earnings of $122 million for the six months ended June 30, 2009, of which Onex' share was $49 million. The decrease in earnings during the first six months of 2010 was due primarily to a US$352 million gain that occurred during the first half of 2009 on the purchase of US$497 million of the company's debt securities at a significant discount.

Foreign exchange gains (loss)

Foreign exchange gains (loss) reflect the impact of changes in foreign currency exchange rates primarily on U.S. cash amounts held. A net foreign exchange gain of $30 million was recorded for the quarter ended June 30, 2010 compared to a $35 million foreign exchange loss for the second quarter last year. The gain in the quarter was due primarily to the appreciation of the U.S. dollar relative to the Canadian dollar; the value was 1.0646 Canadian dollars at June 30, 2010, up from 1.0158 Canadian dollars at March 31, 2010. Onex, the parent company, holds a significant portion of its cash in U.S. dollars and reported a foreign exchange gain of approximately $38 million in the second quarter of 2010.

For the first six months of 2010, a consolidated foreign exchange loss of $9 million was recorded compared to a consolidated foreign exchange loss of $30 million for the six months ended June 30, 2009. The decline in the value of the euro relative to the U.S. dollar in the first half of 2010 resulted in a foreign exchange loss recorded at Carestream Health (US$8 million) and Sitel Worldwide (US$6 million). In addition, Spirit AeroSystems recorded a US$5 million foreign exchange loss due primarily to the decline in value of the British pound. These losses were partially offset by the foreign exchange gain of $9 million reported by Onex, the parent company, in the first half of 2010, which was mainly due to the appreciation of the U.S. dollar relative to the Canadian dollar to 1.0646 Canadian dollars at June 30, 2010 from 1.0510 Canadian dollars at December 31, 2009.

Stock-based compensation expense (recovery)

During the second quarter of 2010, Onex recorded a consolidated stock-based compensation recovery of $10 million compared to a stock-based compensation expense of $63 million for the same quarter of 2009. Onex, the parent company, recorded a stock-based compensation recovery of $45 million in the three months ended June 30, 2010 due to the change in its stock-based compensation liability. Onex is required to revalue the liability for stock options and deferred share units based on changes in the market value of Onex shares. The decrease in Onex' share price to $25.59 per share at June 30, 2010 from $28.89 per share at March 31, 2010 resulted in a $37 million downward revaluation of the liability for stock options and a corresponding recovery. The remaining amount relates to the revaluation of the potential liability under the Management Investment Plan as described in note 24(g) to the December 31, 2009 audited annual consolidated financial statements. This compares to a $45 million stock-based compensation expense at Onex, the parent company, in the second quarter of 2009 due primarily to a 29 percent increase in Onex' share price in that period.

For the six months ended June 30, 2010, Onex recorded a consolidated stock-based compensation expense of $72 million compared to a stock-based compensation expense of $57 million for the same period in 2009. Onex, the parent company, accounted for $22 million of the expense in the first six months of 2010 compared to $25 million of the expense for the six months ended June 30, 2009. During the first six months of 2010, the market value of Onex shares increased 8 percent to $25.59 per share at June 30, 2010 from $23.60 per share at December 31, 2009. This compares to a 10 percent increase in the market value of Onex shares for the first six months of 2009 when the market value of Onex shares increased to $20.00 per share at June 30, 2009 from $18.19 per share at December 31, 2008.

Other income

Onex reported consolidated other income of $22 million in the second quarter of 2010 compared to $85 million of income in the same quarter of 2009. The Warranty Group recorded US$13 million of other income in the second quarter of 2010 as a result of gains in its investment portfolio.

In April 2010, Onex sold an entity, the sole assets of which were certain tax losses, to a public company controlled by Mr. Gerald W. Schwartz, who is also Onex' controlling shareholder. Onex received approximately $8 million in cash for tax losses of approximately $70 million. The entire $8 million was recorded as a gain in other income of Onex, the parent company, in 2010. Onex has significant Canadian non-capital and capital losses available and valuation allowances have been established against the benefit of all of these losses in the unaudited interim consolidated financial statements. As such, Onex does not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. In connection with this transaction, Onex obtained a tax ruling from Canada Revenue Agency, and Deloitte & Touche LLP, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee, provided an opinion that the value received by Onex for the tax losses was fair. The transaction was unanimously approved by Onex' Audit and Corporate Governance Committee, all the members of which are independent directors.

Included in the second quarter of 2009 was $75 million of other income recorded by Onex, the parent company, due primarily to a $71 million favourable mark-to-market and foreign exchange adjustment on the Tropicana Las Vegas debt held by Onex and Onex Partners III.

For the six months ended June 30, 2010, consolidated other income totalled $24 million due primarily to the other income from The Warranty Group and the sale of certain tax losses as discussed in the second quarter. This compares to $68 million of other income for the first six months of last year, which included the mark-to-market adjustment on the Tropicana Las Vegas debt as previously discussed.

Gains on dispositions of operating investments, net

There were no gains on dispositions of operating investments for the three and six months ended June 30, 2010. This compares to gains of $184 million for the same periods in 2009. Included in the 2009 gains were:

- Onex' sale of its remaining 12,956,885 trust units of Cineplex Galaxy Income Fund in April 2009. Onex realized approximately $175 million of net proceeds and recorded a $160 million pre-tax gain on this transaction; and
- Onex' disposition of its ownership interest in Cosmetic Essence, Inc. ("CEI") in early May 2009. CEI had been in violation of its debt covenants and was not able to achieve a mutually agreeable restructuring with its lenders. As a result, in early May 2009, Onex contributed its ownership in securities of CEI to an entity controlled by CEI's lenders, which agreed to provide additional liquidity to CEI. As a result of this transfer, Onex and Onex Partners I ceased to have an equity ownership in the business. Onex' investment in the company had a negative carrying value of $20 million due to previously recorded losses of CEI. Therefore, Onex recorded a non-cash accounting gain of $20 million in the second quarter of 2009.

Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be costs incurred by the operating companies to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of those businesses. Acquisition, restructuring and other expenses totalled $46 million in the second quarter of 2010, down $6 million from $52 million in the same quarter of 2009. For the first half of 2010, acquisition, restructuring and other expenses were $77 million, down from $96 million for the six months ended June 30, 2009.

Table 7 provides a breakdown of and the change in acquisition, restructuring and other expenses by operating company for the three and six months ended June 30, 2010 and 2009.

Acquisition, Restructuring and Other Expenses

TABLE 7 *(Unaudited) ($ millions)*	Three months ended June 30			Six months ended June 30		
	2010	2009	**Change ($)**	**2010**	2009	**Change ($)**
Celestica	**$ 25**	$ 24	**$ 1**	**$ 33**	$ 32	**$ 1**
Carestream Health	**9**	10	**(1)**	**17**	24	**(7)**
Husky	**4**	7	**(3)**	**8**	25	**(17)**
Sitel Worldwide	**3**	7	**(4)**	**9**	9	**–**
Other	**5**	4	**1**	**10**	6	**4**
Total	**$ 46**	$ 52	**$ (6)**	**$ 77**	$ 96	**$ (19)**

Writedown of goodwill, intangible assets and long-lived assets

Writedown of goodwill, intangible assets and long-lived assets totalled $2 million for the three and six months ended June 30, 2010. This compares to $114 million for the same periods of 2009. Included in the 2009 writedown of goodwill, intangible assets and long-lived assets were:

- a $52 million writedown of goodwill at Sitel Worldwide associated with its European operations primarily due to revenue erosion driven by the economic downturn, especially with telecom customers. Sitel Worldwide completed a review of its goodwill for the European reporting unit and determined that the fair value was less than its carrying value. Therefore, Sitel Worldwide wrote down the goodwill associated with that reporting unit to its fair value in the second quarter of 2009; and
- a $62 million goodwill impairment charge recorded by TMS International in the second quarter of 2009. The company determined that the goodwill in one of its reporting units was impaired due to changes in the long-term outlook of certain customers and contracts.

Income taxes

Onex reported a consolidated income tax provision of $117 million for the second quarter of 2010 compared to a $32 million consolidated income tax provision in the same quarter last year. For the first six months of 2010, Onex reported a consolidated income tax provision of $199 million compared to a $9 million income tax recovery for the first half of 2009. In the first quarter of 2009, Onex, the parent company, reduced its future income tax liability by approximately $100 million and recorded a corresponding amount as a recovery in income tax. This reduction in 2009 was the result of lower enacted income tax rates being applied to future income tax liabilities to bring the liability in line with current income tax rates. There was not a similar adjustment of rates in 2010. In addition, Celestica and Carestream Health recorded higher income tax provisions in the first half of 2010 due to higher earnings this year compared to the same period last year. In addition, Celestica reported a US$17 million income tax provision in the three and six months ended June 30, 2010 associated with a proposed settlement of a foreign tax claim.

Non-controlling interests in net earnings of operating companies

In the unaudited interim consolidated statements of earnings, the non-controlling interests amount represents the interests of shareholders, other than Onex, in the net earnings or losses of Onex' operating companies. For the second quarter of 2010, this amount was an $86 million share of Onex' operating companies' net earnings compared to a $20 million share of net earnings for the second quarter of 2009. For the six months ended June 30, 2010, the non-controlling interests amount in Onex' operating companies' net earnings was $184 million compared to $120 million for the six months ended June 30, 2009. Table 8 details the earnings (loss) by industry segment attributable to non-controlling shareholders in Onex' operating companies for the three and six months ended June 30, 2010 and 2009.

Non-controlling Interests in Net Earnings (Loss) of Operating Companies by Industry Segment

TABLE 8 *(Unaudited) ($ millions)*	Three months ended June 30			Six months ended June 30		
	2010	2009	**Change ($)**	**2010**	2009	**Change ($)**
Net earnings (loss) of non-controlling interests in:						
Electronics Manufacturing Services	**$ (6)**	$ 4	**$ (10)**	**$ 19**	$ 25	**$ (6)**
Aerostructures	**48**	(6)	**54**	**105**	65	**40**
Healthcare	**43**	53	**(10)**	**81**	71	**10**
Financial Services	**22**	23	**(1)**	**41**	38	**3**
Customer Support Services	**–**	–	**–**	**–**	–	**–**
Metal Services	**4**	(46)	**50**	**2**	(52)	**54**
Other[a]	**(25)**	(8)	**(17)**	**(64)**	(27)	**(37)**
Total	**$ 86**	$ 20	**$ 66**	**$ 184**	$ 120	**$ 64**

(a) 2010 other includes Hawker Beechcraft, Allison Transmission, Husky, Tropicana Las Vegas, RSI, ONCAP II, Onex Real Estate and the parent company. 2009 other includes Cineplex Entertainment (up to March 31, 2009), CEI (up to May 31, 2009), Husky, Hawker Beechcraft, Allison Transmission, RSI, ONCAP II, Onex Real Estate and the parent company.

The $66 million increase in earnings of non-controlling interests for the second quarter of 2010 was due primarily to:

- Spirit AeroSystems, in the aerostructures segment, which represented $54 million of the increase. There were earnings at the company in the second quarter of 2010 compared to a loss in the second quarter of 2009 resulting from US$137 million of unusual charges taken in that period; and
- TMS International, in the metal services segment, which accounted for $50 million of the increase in the second quarter of 2010 as the second quarter of 2009 included a writedown of goodwill of $62 million.

Partially offsetting the above were:

- a $10 million decrease in the non-controlling interest at Celestica, in the electronics manufacturing services segment, as a result of a net loss reported by the company in the second quarter of 2010 compared to earnings in the same quarter of last year. That loss was due primarily to a US$17 million tax charge recorded in the second quarter of 2010 to settle a foreign tax claim. In addition, the sale by Onex of a portion of its ownership interest in Celestica in the fourth quarter of 2009 increased the non-controlling interests' share of the net loss in the quarter compared to their share of earnings in the second quarter of 2009; and
- A $10 million loss of non-controlling interests at Tropicana Las Vegas included in the other segment. Tropicana Las Vegas was acquired in July 2009 and continues its restructuring and refurbishment program, resulting in the current operating losses at the property.

The same factors that contributed to the change in the non-controlling interests amount in the second quarter affected the change in the non-controlling interests amount for the first six months of 2010.

Consolidated net earnings (loss)

Onex' consolidated net earnings were $80 million ($0.67 per share) for the second quarter of 2010 compared to net earnings of $83 million ($0.68 per share) reported for the same period in 2009. A consolidated net loss of $4 million ($0.03 per share) was reported for the six months ended June 30, 2010 compared to $252 million ($2.06 per share) of net earnings for the first six months of 2009. Table 9 details the net earnings (loss) by industry segment.

Consolidated Net Earnings (Loss) by Industry Segment

TABLE 9 *(Unaudited) ($ millions)*	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Consolidated net earnings (loss) in:				
Electronics Manufacturing Services	**$ –**	$ 1	**$ 2**	$ 4
Aerostructures	**4**	–	**8**	5
Healthcare	**13**	24	**17**	22
Financial Services	**8**	10	**16**	16
Customer Support Services	**(35)**	(66)	**(46)**	(72)
Metal Services	**2**	(24)	**1**	(27)
Other[(a)]	**88**	138	**(2)**	304
Total	**$ 80**	$ 83	**$ (4)**	$ 252

(a) 2010 other includes Hawker Beechcraft, Allison Transmission, Husky, Tropicana Las Vegas, RSI, ONCAP II, Onex Real Estate, Onex Credit Partners and the parent company. 2009 other includes Cineplex Entertainment (up to March 31, 2009), CEI (up to May 31, 2009), Hawker Beechcraft, Allison Transmission, Husky, RSI, ONCAP II, Onex Real Estate, Onex Credit Partners and the parent company.

The decrease in earnings in the other segment for the six months ended June 30, 2010 was primarily from the parent company for the following reasons:

- In the first quarter of 2009, a $100 million income tax recovery was recorded by Onex, the parent company, resulting from lower enacted income tax rates being applied to future income tax liabilities; and
- In the second quarter of 2009, there was $184 million of gains on dispositions of operating company investments recorded by Onex, the parent company, primarily from the sale of Onex' remaining trust units of Cineplex Galaxy Income Fund ($160 million) and a non-cash accounting gain on the disposition of Onex' ownership in CEI ($20 million).

SUMMARY QUARTERLY INFORMATION

Table 10 summarizes Onex' key consolidated financial information for the last eight quarters.

TABLE 10 *(Unaudited) ($ millions except per share amounts)*	**2010**		2009				2008	
	June	**March**	Dec.	Sept.	June	March	Dec.	Sept.
Revenues	**$ 6,041**	**$ 5,800**	$ 6,153	$ 6,078	$ 6,131	$ 6,469	$ 6,774	$ 7,066
Earnings (loss) from continuing operations	**$ 80**	**$ (84)**	$ 40	$ (180)	$ 83	$ 169	$ (348)	$ 34
Net earnings (loss)	**$ 80**	**$ (84)**	$ 40	$ (180)	$ 83	$ 169	$ (348)	$ 38
Earnings (loss) per Subordinate Voting Share								
Basic and Diluted:								
Continuing operations	**$ 0.67**	**$ (0.70)**	$ 0.33	$ (1.48)	$ 0.68	$ 1.38	$ (2.85)	$ 0.26
Net earnings (loss)	**$ 0.67**	**$ (0.70)**	$ 0.33	$ (1.48)	$ 0.68	$ 1.38	$ (2.85)	$ 0.30

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

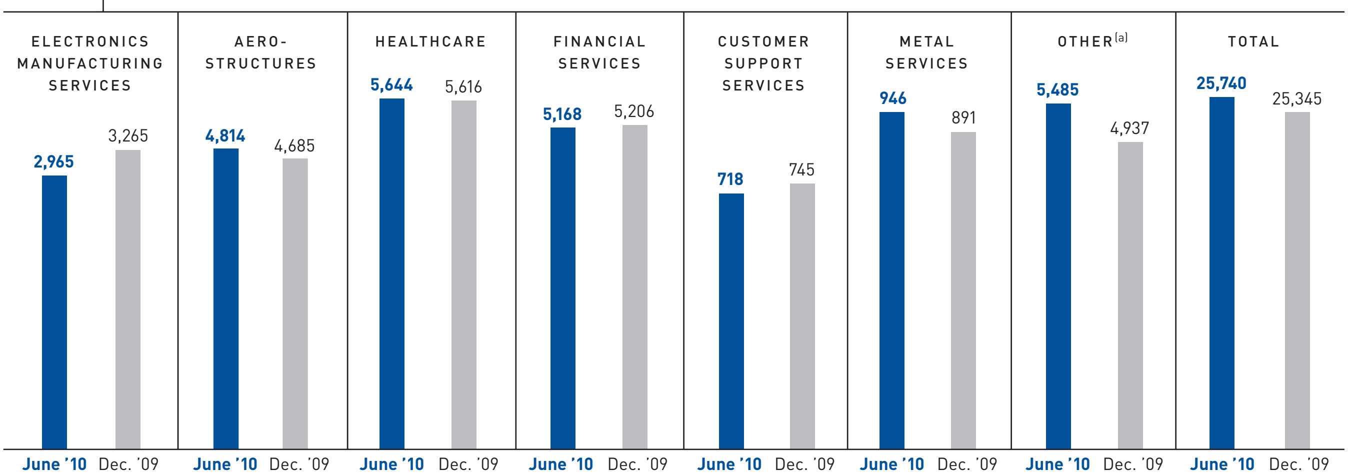
CONSOLIDATED FINANCIAL POSITION

Consolidated assets

Consolidated assets totalled $25.7 billion at June 30, 2010 compared to $25.3 billion at December 31, 2009. A significant portion of the increase in Onex' consolidated assets at June 30, 2010 was due to the currency translation of U.S.-based assets with the strengthening of the U.S. dollar compared to the Canadian dollar. The underlying currency for most of Onex' consolidated assets is the U.S. dollar as almost all of the activities of Onex' operating companies are reported in U.S. dollars. The closing U.S. dollar to Canadian dollar exchange rate increased 1 percent to 1.0646 Canadian dollars at June 30, 2010 from 1.0510 Canadian dollars at December 31, 2009.

Asset Diversification by Industry Segment

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



(a) 2010 and 2009 other includes Allison Transmission, Hawker Beechcraft, Husky, RSI, ONCAP II, Onex Real Estate, Tropicana Las Vegas and the parent company.

The consolidation of Flushing Town Center in 2010 added approximately $530 million in assets as at June 30, 2010.

The Skilled Healthcare Group purchase in May 2010 of five Medicare-certified hospice companies and four Medicare-certified home health companies in Arizona, Idaho, Montana and Nevada added $63 million of assets. In addition, acquisitions completed by EMSC in the first half of 2010 contributed $68 million of the consolidated asset growth at June 30, 2010. There were no other significant acquisitions in the first half of 2010.

Consolidated long-term debt, without recourse to Onex

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 the operating companies and each company is required to support its own debt without recourse to Onex or other Onex operating companies.

The financing arrangements of each operating company typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments and acquisitions and sales of assets. In addition, the operating companies that have outstanding debt must meet certain financial covenants. Changes in business conditions relevant to an operating company, including those resulting from changes in financial markets and economic conditions generally, may result in non-compliance with certain covenants by that operating company.

Total long-term debt (consisting of the current and long-term portions of long-term debt, net of deferred charges) was $6.2 billion at June 30, 2010 compared to $5.9 billion at December 31, 2009. Since Onex reports in Canadian dollars but the majority of its operating companies report in U.S. dollars, a small part of the change in total reported consolidated long-term debt was caused by currency translation due to the 1 percent strengthening of the U.S. dollar relative to the Canadian dollar.

Celestica repurchased, in the first quarter of 2010, all of its outstanding 2013 senior subordinated notes. These had a principal amount of US$223 million and were repurchased at a premium of approximately US$9 million. Celestica no longer has any outstanding debt.

Sitel Worldwide's long-term debt increased to US$658 million at June 30, 2010 from US$628 million at December 31, 2009 due primarily to the company's issuance of new 2018 senior notes, with a principal amount of US$300 million, in the first quarter of 2010. The proceeds of the issue were primarily used to repay other outstanding debt.

As previously described, in the first quarter of 2010, Onex began consolidating Flushing Town Center, and as a result, at June 30, 2010, Onex' consolidated long-term debt includes US$491 million relating to Flushing Town Center. Flushing Town Center's long-term debt consists primarily of a senior construction loan and a mezzanine loan, both of which are without recourse to Onex. At June 30, 2010, the long-term debt of Flushing Town Center is classified as current as the maturity is in April 2011.

In April 2010, EMSC entered into a new senior secured credit agreement. The new agreement consists of a US$425 million term loan and a US$150 million revolving credit facility. The term loan and credit facility mature in April 2015. Substantially all of EMSC's assets are pledged as collateral under the new senior secured credit facility. The proceeds of the new facilities were used to repay and terminate the previous US$200 million term loan and redeem its senior subordinated notes with an outstanding balance of US$250 million.

In April 2010, Skilled Healthcare Group entered into a new US$330 million term loan and a US$100 million revolving credit facility. The term loan matures in 2016 and the revolving credit facility matures in 2015. No amounts were drawn on the revolving credit facility at closing. The term loan was increased by an additional US$30 million to fund acquisitions completed in the second quarter of 2010. Substantially all of Skilled Healthcare Group's assets are pledged as collateral under the term loan and revolving credit facility. The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving credit facility.

Table 11 details the aggregate debt maturities for Onex' consolidated operating companies and equity-accounted operating companies for each of the years up to 2014 and in total thereafter. As equity-accounted businesses are included in the table, the total amount of debt is in excess of the reported consolidated debt. The table is presented in U.S. dollars as the debt of most of Onex' operating companies is denominated in U.S. dollars. Below that, we have converted the amounts to Canadian dollars at the June 30, 2010 exchange rate. As can be seen from the following tables, most of the maturities occur in 2014 and later.

Debt Maturity Amounts by Year

TABLE 11 *(Unaudited) ($ millions)*

U.S. Dollars	2010	2011	2012	2013	2014	Thereafter	Total
Consolidated operating companies[a]	$ 56	$ 652	$ 561	$ 2,195	$ 1,070	$ 1,591	$ 6,125
Equity-accounted operating companies	109	130	47	195	4,021	1,614	6,116
Total	$ 165	$ 782	$ 608	$ 2,390	$ 5,091	$ 3,205	$ 12,241

(Unaudited) ($ millions)

Above Table Converted to Canadian Dollars	2010	2011	2012	2013	2014	Thereafter	Total
Consolidated operating companies[a]	$ 60	$ 694	$ 597	$ 2,337	$ 1,139	$ 1,694	$ 6,521
Equity-accounted operating companies	116	138	50	208	4,281	1,718	6,511
Total	$ 176	$ 832	$ 647	$ 2,545	$ 5,420	$ 3,412	$ 13,032

(a) Includes debt amounts of subsidiaries held by Onex, the parent company, and are gross of deferred financing fees.

Non-controlling interests

The non-controlling interests liability in Onex' unaudited interim consolidated balance sheet as at June 30, 2010 primarily represents the ownership interests of shareholders, other than Onex, in Onex' consolidated operating companies and equity-accounted investments. At June 30, 2010, the non-controlling interests balance increased to $6.7 billion compared to $6.4 billion at December 31, 2009. Table 12 details the change in the non-controlling interests balance from December 31, 2009 to June 30, 2010.

Change in Non-controlling Interests

TABLE 12 *(Unaudited) ($ millions)*

Non-controlling interests as at December 31, 2009	**$ 6,370**
Non-controlling interests in 2010 operating companies' net earnings	**184**
Investments by shareholders other than Onex in:	
Onex Partners	**106**
Onex operating companies	**88**
Distribution to limited partners	**(26)**
Other, including repurchases of shares by Onex operating companies	**(18)**
Other comprehensive earnings	**15**
Non-controlling interests as at June 30, 2010	**$ 6,719**

The increase in the non-controlling interests balance was driven primarily by:

- $38 million in investments by limited partners of Onex Partners III and other shareholders, other than Onex, in Tropicana Las Vegas' second rights offering completed in April 2010;
- $37 million in investments by limited partners of Onex Partners II, other than Onex, primarily for their share of the investment in Hawker Beechcraft debt in the first quarter of 2010;
- the $184 million of non-controlling interests' share of the operating companies' net earnings for the six months ended June 30, 2010; and
- a 1 percent increase in the value of the U.S. dollar relative to the Canadian dollar, which contributed $21 million to the increase. The value of the U.S. dollar was 1.0646 Canadian dollars at June 30, 2010 compared to 1.0510 Canadian dollars at December 31, 2009. This amount is included in other comprehensive earnings.

Partially offsetting these increases were:

- $26 million in distributions to limited partners of Onex Partners II for their share of TMS International's early redemption of a portion of the company's promissory notes and their share of The Warranty Group dividend distributed in the first quarter of 2010; and
- $16 million of share purchases by Celestica in the open market in order to satisfy the company's obligation to deliver shares upon vesting of share unit awards under Celestica's long-term incentive plans.

Shareholders' equity

Shareholders' equity totalled $1.6 billion at June 30, 2010 compared to $1.7 billion at December 31, 2009. The $37 million of shares repurchased by Onex, the parent company, in the first half of 2010 accounted for much of the change in shareholders' equity in the quarter. Table 13 provides a reconciliation of the change in shareholders' equity from December 31, 2009 to June 30, 2010.

Change in Shareholders' Equity

TABLE 13 | *(Unaudited) ($ millions)*

Shareholders' equity as at December 31, 2009	**$ 1,659**
Regular dividends declared	**(6)**
Shares repurchased and cancelled	**(37)**
Net loss	**(4)**
Other comprehensive loss for 2010	**(10)**
Shareholders' equity as at June 30, 2010	**$ 1,602**

Onex' unaudited interim consolidated statements of shareholders' equity and comprehensive earnings (loss) also show the changes to the components of shareholders' equity for the six months ended June 30, 2010 and 2009.

Shares outstanding

At July 31, 2010, Onex had 118,278,591 Subordinate Voting Shares issued and outstanding. Table 14 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2009 to July 31, 2010.

Change in Subordinate Voting Shares Outstanding

TABLE 14 | *(Unaudited)*

Subordinate Voting Shares outstanding at December 31, 2009	**120,317,445**
Shares repurchased and cancelled under Onex' Normal Course Issuer Bids	**(2,040,750)**
Issue of shares – Dividend Reinvestment Plan	**1,896**
Subordinate Voting Shares outstanding at July 31, 2010	**118,278,591**

Onex also has 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value, and 176,078 Series 1 Senior Preferred Shares, which have no paid-in amount reflected in Onex' audited annual consolidated financial statements. Note 4 to the unaudited interim consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares and Series 1 Senior Preferred Shares outstanding during the first six months of 2010.

Dividend Reinvestment Plan

Under Onex' Dividend Reinvestment Plan, Onex issued 1,896 Subordinate Voting Shares at an average cost of $26.52 per Subordinate Voting Share, creating a cash savings of less than $1 million during the period ended July 31, 2010.

Normal Course Issuer Bids

Onex had Normal Course Issuer Bids (the "Bids") in place during the first half of 2010 that enable it to repurchase up to 10 percent of its public float of Subordinate Voting Shares during the period of the relevant Bid. Onex believes that it is advantageous to Onex and its shareholders to continue to repurchase Onex' Subordinate Voting Shares from time to time when the Subordinate Voting Shares are trading at prices that reflect a significant discount to their intrinsic value.

On April 14, 2010, Onex renewed its Normal Course Issuer Bid ("NCIB") following the expiry of its previous NCIB on April 13, 2010. Under the new NCIB, Onex is permitted to purchase up to 10 percent of its public float in its Subordinate Voting Shares, or 9,100,636 Subordinate Voting Shares. Onex may purchase up to 53,830 Subordinate Voting Shares during any trading day, being 25 percent of its average daily trading volume for the six-month period ended March 31, 2010. Onex may also purchase Subordinate Voting Shares from time to time under the Toronto Stock Exchange's block purchase exemption, if available, under the new NCIB. The new NCIB commenced on April 14, 2010 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 13, 2011. A copy of the Notice of Intention to make the Normal Course Issuer Bid filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

For the seven-month period ended July 31, 2010, Onex, the parent company, repurchased 2,040,750 Subordinate Voting Shares under its Normal Course Issuer Bids at an average cost per share of $25.44 for a total cost of $52 million.

Management Deferred Share Unit Plan

In January 2010, Onex issued 119,967 Management Deferred Share Units ("Management DSUs") to certain Onex management members at an aggregate value on the date of grant of approximately $3 million. The Management DSUs were issued in lieu of a portion of cash compensation for the Company's 2009 fiscal year. At June 30, 2010, there were 393,519 Management DSUs outstanding. Onex has entered into forward contracts to hedge the exposure on the Management DSUs.

Management of capital

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

Onex' objectives in managing capital are to:

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

At June 30, 2010, Onex, the parent company, had $785 million of cash on hand and $159 million of near-cash items at market value. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market instruments. This policy is driven toward maintaining liquidity and preserving principal in all money market investments.

At June 30, 2010, Onex had access to US$3.8 billion of uncalled committed third-party capital for acquisitions through the Onex Partners and ONCAP Funds. This includes approximately US$3.3 billion of committed third-party capital for Onex Partners III.

The strategy for risk management of capital did not change in the first six months of 2010.

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, 2010 and 2009 and the corresponding notes thereto. Table 15 summarizes the major consolidated cash flow components for the three and six months ended June 30, 2010 and 2009.

Major Cash Flow Components

TABLE 15 (Unaudited) ($ millions)	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Cash from operating activities	**$ 218**	$ 307	**$ 227**	$ 304
Cash from (used in) financing activities	**$ (17)**	$ 53	**$ (199)**	$ (44)
Cash from (used in) investing activities	**$ (344)**	$ 25	**$ (629)**	$ (192)
Consolidated cash and cash equivalents – continuing operations	**$ 2,626**	$ 2,867	**$ 2,626**	$ 2,867

Cash from operating activities

Table 16 provides a breakdown of cash from operating activities by cash generated from operations and non-cash working capital items, warranty reserves and unearned premiums and other liabilities for the three and six months ended June 30, 2010 and 2009.

Components of Cash from (Used in) Operating Activities

TABLE 16 (Unaudited) ($ millions)	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Cash generated from operations	**$ 390**	$ 355	**$ 784**	$ 788
Changes in non-cash working capital items				
Accounts receivable	**(37)**	42	**(100)**	328
Inventories	**(18)**	42	**(263)**	(66)
Other current assets	**(69)**	(143)	**(51)**	(65)
Accounts payable, accrued liabilities and other current liabilities	**(4)**	3	**(11)**	(555)
Decrease in cash due to changes in non-cash working capital items	**$ (128)**	$ (56)	**$ (425)**	$ (358)
Increase (decrease) in warranty reserves and unearned premiums and other liabilities	**(44)**	8	**(132)**	(126)
Cash from operating activities	**$ 218**	$ 307	**$ 227**	$ 304

Cash generated from operations excludes changes in non-cash working capital items, warranty reserves and unearned premiums and other liabilities. The significant changes in non-cash working capital items for the six months ended June 30, 2010 compared to the same period last year were:

- a $100 million overall increase from accounts receivable primarily due to higher receivables at Spirit AeroSystems compared to a $328 million overall decrease in accounts receivable for the same period last year primarily due to lower receivables at Celestica;
- the increase in inventory in the first six months of 2010 was driven by a US$172 million increase in inventory at Spirit AeroSystems, which continues to build up inventory associated with its various programs; and
- the decrease in accounts payable, accrued liabilities and other current liabilities was higher in the first half of 2009 due primarily to a US$407 million decrease in accounts payable at Celestica driven by lower business levels in that period.

Cash from (used in) financing activities

Cash used in financing activities totalled $17 million for the second quarter of 2010 compared to cash from financing activities of $53 million for the same quarter last year. The cash used in the three months ended June 30, 2010 was due primarily to:

- $35 million of cash spent by Onex, the parent company, on the repurchase of 1,334,350 Subordinate Voting Shares under the Company's Normal Course Issuer Bid; and
- US$64 million of net long-term debt repayment by Carestream Health in the second quarter; and
- $16 million of share purchases by Celestica in the open market in order to satisfy the company's obligation to deliver shares upon vesting of share unit awards under its long-term incentive plans.

Partially offsetting this was $80 million of cash received primarily from the limited partners of Onex Partners III, other than Onex, for the second Tropicana Las Vegas rights offering completed in the second quarter of 2010, as well as management fees from the limited partners of the Onex Partners and ONCAP funds.

For the six months ended June 30, 2010, cash used in financing activities was $199 million compared to cash used in financing activities of $44 million for the first half of 2009. Included in the cash used in financing activities for the first six months of 2010 were those factors discussed in the second quarter of 2010, as well as US$232 million of cash used by Celestica to repurchase its remaining 2013 senior subordinated notes. This compares to US$150 million of cash used by Celestica in the first half of 2009 for the repurchase of its 2011 senior subordinated notes.

Cash from (used in) investing activities

Cash used in investing activities totalled $344 million and $629 million, respectively, for the three and six months ended June 30, 2010. This compares to cash from investing activities of $25 million for the second quarter of 2009 and cash used in investing activities of $192 million for the first half of 2009. Included in the cash used in investing activities for the six months ended June 30, 2010 was:

- $122 million of cash spent on acquisitions completed primarily by EMSC and Skilled Healthcare Group in the second quarter of 2010; and
- Approximately US$75 million of cash invested by Onex and/or Onex Partners II in Onex Credit Partners, Hawker Beechcraft debt and Onex Real Estate.

In addition, in the first six months of 2010, approximately $410 million of the cash used in investing activities was for property, plant and equipment expenditures by Onex' operating companies. Significant components were:

- Spirit AeroSystems invested approximately US$131 million in property, plant and equipment primarily associated with the construction of the company's new manufacturing site in North Carolina as well as sustained production capacity;
- Flushing Town Center incurred US$71 million for the continued construction of the project; and
- Tropicana Las Vegas invested approximately US$41 million during the first half of 2010 primarily associated with the ongoing refurbishment project for the resort.

Consolidated cash resources

At June 30, 2010, consolidated cash was $2.6 billion compared to $3.2 billion at December 31, 2009. The major components at June 30, 2010 were Onex, the parent company, which represented $785 million of cash on hand, and Celestica, which had $728 million of cash.

Onex believes that maintaining a strong financial position at the parent company with appropriate liquidity enables the Company to pursue new opportunities to create long-term value and support Onex' existing operating companies. In addition to the $785 million of cash at Onex, the parent company, at June 30, 2010, there was $159 million of near-cash items in a segregated unleveraged fund managed by Onex Credit Partners. The investment in this fund is focused on liquid senior debt securities.

Table 17 provides a reconciliation of the change in cash at Onex, the parent company, from March 31, 2010 to June 30, 2010.

Change in Cash at Onex, the Parent Company

TABLE 17 | *(Unaudited) ($ millions)*

Cash on hand at March 31, 2010	**$ 800**
Onex share repurchases	**(35)**
Investment in Onex Real Estate	**(17)**
Investment in Tropicana Las Vegas	**(10)**
Exchange gain on value of USD cash held	**38**
Other, net, including dividends	**9**
Cash on hand at June 30, 2010	**$ 785**

Private equity funds' uncalled committed capital

At June 30, 2010, the third-party limited partners in the Onex Partners and ONCAP Funds had remaining commitments to provide funding for future Onex-sponsored acquisitions as follows:

TABLE 18 *(Unaudited) ($ millions)*	Available Uncalled Committed Capital (Excluding Onex)[a]
Onex Partners I	**US$ 85**
Onex Partners II	**US$ 255**
Onex Partners III	**US$ 3,324**
ONCAP II	**C$ 125**

(a) Includes amounts from Onex management and directors.

The committed amounts by the third-party limited partners are not included in Onex' consolidated cash and will be funded as acquisitions are made.

Recent events and pending transactions

Pending Acquisition of Sport Supply Group, Inc.

In March 2010, ONCAP II entered into an agreement with Sport Supply Group, Inc. ("Sport Supply Group") to acquire the company in a transaction valued at approximately US$200 million. Sport Supply Group is a leading manufacturer and distributor of sporting goods and branded team uniforms to the institutional and team sports market in the United States and is a public company quoted on the NASDAQ. Under the agreement, Sport Supply Group shareholders and certain members of management holding 19.6 percent of the issued and outstanding shares, on a fully diluted basis, have agreed to roll over their shares and certain stock options into equity or options to purchase equity of the new entity. On August 5, 2010, this transaction was completed following approval by the common shareholders of Sport Supply Group. Onex and ONCAP II invested approximately US$56 million of equity in this business, of which Onex' portion is US$29 million. Onex and ONCAP II have a controlling ownership interest in Sport Supply Group, and therefore, the operations of Sport Supply Group will be consolidated from its acquisition date and reported in Onex' other segment along with other current ONCAP II investments.

Pending acquisition of Tomkins plc

In July 2010, Onex entered into an arrangement with the Canada Pension Plan Investment Board ("CPPIB") to acquire all of the share capital of Tomkins plc ("Tomkins"), a publicly traded global engineering and manufacturing group that manufactures a variety of products for the industrial, automotive and building products markets across North America, Europe, Asia and the rest of the world. The total value of the transaction is approximately £2.9 billion, or 325 pence per share. The expected equity investment of approximately US$2.2 billion will be provided in equal shares by Onex and CPPIB, with the Onex portion to be funded from Onex Partners III and Onex. The proposed transaction is subject to shareholder and court approvals and other conditions, including regulatory approvals, and is currently expected to close in late September.

Skilled Healthcare Group

On July 7, 2010, Skilled Healthcare Group announced that a jury had returned a verdict against the company in a California state court related to a complaint filed more than four years ago. In the complaint, the plaintiffs alleged, among other matters, that certain California-based facilities operated by Skilled Healthcare Group's wholly-owned operating companies failed to provide a prescribed number of qualified personnel to care for their residents. In the first phase of deliberations, the jury awarded the plaintiffs US$618 million in statutory damages and US$58 million in restitutionary damages. The California state court has not yet rendered a judgment in this matter. Skilled Healthcare Group subsequently announced that it and the other various parties to the complaint had agreed to pursue mediation. The effect of this complaint on Skilled Healthcare Group cannot be determined at this time and therefore there can be no assurance that the resolution will not have an adverse effect on Onex' interest in Skilled Healthcare Group, which has a carrying value of $30 million in the unaudited interim consolidated financial statements at June 30, 2010.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the second quarter of 2010, Onex continued to work on its transition plan to International Financial Reporting Standards ("IFRS"). The implementation of a new financial reporting system to accommodate IFRS reporting is proceeding as planned. The "Transition to International Financial Reporting Standards" section of Onex' Management's Discussion and Analysis for the year ended December 31, 2009 provides a description of Onex' transition to IFRS, the accounting policy choices being made and the significant differences from Canadian GAAP. The financial reporting impact of transitioning to IFRS is currently being evaluated and the quantitative impact has not been calculated. Based on the work completed to date, the Company expects that a material change to its Internal Controls over Financial Reporting ("ICFR") will be required with the addition of new key controls to accommodate the adoption of IFRS reporting for share-based payments and Limited Partners' interests. Once the Company has completed the preparation of its opening balance sheet under IFRS, it will evaluate if additional changes to its ICFR are required.

During the second quarter of 2010, Onex identified additional significant accounting policy differences between Canadian GAAP and IFRS as they apply to Onex' consolidated financial statements as discussed below. These differences are in addition to those disclosed in the "Transition to International Financial Reporting Standards" section of Onex' Management's Discussion and Analysis for the year ended December 31, 2009.

Preferred share capital

Canadian GAAP – The preferred share capital of certain operating companies is classified as equity unless it is probable that settlement will be made by delivery of cash or another financial asset.

IFRS – IFRS requires that preferred share capital be classified as a liability without consideration of the probability that settlement will be made by delivery of cash or another financial asset. As the Company is the substantial holder of the preferred shares at the operating companies, the majority of the liability is eliminated upon consolidation.

Limited Partners' interests

Canadian GAAP – The Limited Partners' interests of net assets are recognized as a component of the overall non-controlling interests, which is disclosed as a separate line item on the balance sheet, outside of equity and the Limited Partners' share of earnings is recorded on the statement of net earnings as non-controlling interests, above net earnings.

IFRS – The Limited Partners' interests are classified as a financial liability due to the structure of the Onex Partners and ONCAP funds. The Limited Partners' interests will be recorded at amortized cost using the effective interest rate method. Adjustments to the future expected cash flows of the underlying investments would result in a corresponding adjustment to the Limited Partners' interests and a gain or loss in net earnings.

The evaluation of IFRS accounting policies by the International Accounting Standards Board ("IASB") is ongoing. Current projects under review include the accounting policies for consolidation, investment company accounting, financial instruments, insurance and revenue recognition. The potential impact, if any, of these current IASB projects on Onex' consolidated financial reporting is not known at this time.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

During the first half of 2010, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we evaluated the design and effectiveness of the Company's disclosure controls and procedures as at June 30, 2010 and have concluded that those disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in its corporate filings has been recorded, processed, summarized and reported within the required time period for the three and six months ended June 30, 2010.

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

Internal controls over financial reporting

During the first six months of 2010, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we evaluated the design of internal controls over financial reporting as at June 30, 2010. We have concluded that there were no significant changes in internal controls in the first half of 2010 that have materially affected, or are reasonably likely to materially affect, the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles.

OUTLOOK

While there has been a reasonable recovery from the depths of last year's recession, there are many indicators that economic challenges continue in North America and globally. The U.S. economy has not yet produced meaningful employment growth, and both consumer confidence and the housing market remain soft. On a global basis, economic growth will be constrained as countries in Europe and elsewhere respond to significant debt challenges by reducing government spending.

Onex has built a portfolio of high-quality businesses led by talented management teams who managed through the recent downturn. These businesses are ready for a more robust recovery when it eventually occurs. As part of their ongoing efforts to find attractive growth opportunities, a number of our operating companies have completed follow-on acquisitions, including EMSC, Carestream Health, Skilled Healthcare Group and RSI Home Products.

In July 2010, Onex entered into an arrangement with the Canada Pension Plan Investment Board to acquire all of the share capital of Tomkins plc. The proposed transaction is subject to shareholder and court approvals and other conditions, including regulatory approvals, and is currently expected to close in late September.

The recent IPO markets have been lacklustre. A shaky stock market combined with, in some cases, overly ambitious valuations and the mixed quality of companies coming to market earlier this year have dampened investors' appetite for new listings. Fortunately, our operating companies are reasonably leveraged and therefore there is no pressure to offer shares to reduce debt levels.

In August, ONCAP II completed the acquisition of Sport Supply Group. ONCAP II is now approximately 60 percent invested and the ONCAP team has a number of attractive opportunities that it is currently pursuing. Consequently, we may begin planning for ONCAP III later this year or early next year.

We remain optimistic that there will be additional acquisition opportunities for value investors like Onex. We continue to be active in evaluating industries and specific situations. Our investment pipeline activity has returned to more normal levels and includes proprietary opportunities generated by our team as well as more traditional bank-led sales processes. Onex' experience in distressed-for-control investing, corporate carve-outs of subsidiaries and mission-critical supply divisions of large multinationals as well as restructurings generally positions us well in the current environment. These types of transactions tend to be complex in nature and require lengthy due diligence and negotiations. We have had success with these acquisitions in the past and remain optimistic that there will be opportunities for us in the future to acquire businesses at reasonable purchase prices and create value through earnings growth.

Onex continues to be in excellent financial condition, with $935 million in cash and near-cash items at the end of July, no debt at the parent company and approximately US$3.8 billion of third-party uncalled capital for acquisitions through the Onex Partners and ONCAP Funds.

CONSOLIDATED BALANCE SHEETS

(in millions of dollars)	*(Unaudited)* As at June 30 **2010**	As at December 31 2009
Assets		
Current assets		
Cash and cash equivalents	**$ 2,626**	$ 3,206
Marketable securities	**702**	636
Accounts receivable	**3,210**	3,062
Inventories	**3,321**	3,085
Other current assets	**1,422**	1,384
	11,281	11,373
Property, plant and equipment	**4,224**	3,623
Investments	**3,216**	3,255
Other long-term assets	**2,605**	2,696
Intangible assets	**2,043**	2,086
Goodwill	**2,371**	2,312
	$ 25,740	$ 25,345
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 3,854**	$ 3,832
Other current liabilities	**1,058**	992
Current portion of long-term debt, without recourse to Onex	**687**	425
Current portion of obligations under capital leases, without recourse to Onex	**18**	21
Current portion of warranty reserves and unearned premiums	**1,359**	1,410
	6,976	6,680
Long-term debt of operating companies, without recourse to Onex (note 3)	**5,532**	5,505
Long-term portion of obligations under capital leases of operating companies, without recourse to Onex	**45**	41
Long-term portion of warranty reserves and unearned premiums	**1,939**	2,034
Other liabilities	**1,823**	1,819
Future income taxes	**1,104**	1,237
	17,419	17,316
Non-controlling interests	**6,719**	6,370
Shareholders' equity	**1,602**	1,659
	$ 25,740	$ 25,345

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited) *(in millions of dollars, except per share data)*	Three months ended June 30 2010	Three months ended June 30 2009	Six months ended June 30 2010	Six months ended June 30 2009
Revenues	**$ 6,041**	$ 6,131	**$ 11,841**	$ 12,600
Cost of sales	**(4,806)**	(4,886)	**(9,375)**	(9,907)
Selling, general and administrative expenses	**(618)**	(693)	**(1,268)**	(1,463)
Earnings Before the Undernoted Items	**617**	552	**1,198**	1,230
Amortization of property, plant and equipment	**(129)**	(160)	**(260)**	(330)
Amortization of intangible assets and deferred charges	**(82)**	(94)	**(166)**	(196)
Interest expense of operating companies	**(121)**	(131)	**(225)**	(284)
Interest income	**5**	19	**12**	34
Loss from equity-accounted investments (note 5)	**(21)**	(56)	**(44)**	(46)
Foreign exchange gains (loss)	**30**	(35)	**(9)**	(30)
Stock-based compensation recovery (expense)	**10**	(63)	**(72)**	(57)
Other income	**22**	85	**24**	68
Gains on dispositions of operating investments, net	**–**	184	**–**	184
Acquisition, restructuring and other expenses (note 6)	**(46)**	(52)	**(77)**	(96)
Writedown of goodwill, intangible assets and long-lived assets	**(2)**	(114)	**(2)**	(114)
Earnings before income taxes and non-controlling interests	**283**	135	**379**	363
Recovery of (provision for) income taxes	**(117)**	(32)	**(199)**	9
Non-controlling interests	**(86)**	(20)	**(184)**	(120)
Net Earnings (Loss) for the Period	**$ 80**	$ 83	**$ (4)**	$ 252
Net Earnings (Loss) per Subordinate Voting Share (note 7)				
Basic and Diluted:				
Net earnings (loss)	**$ 0.67**	$ 0.68	**$ (0.03)**	$ 2.06

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE EARNINGS

(Unaudited) *(in millions of dollars, except per share data)* Six months ended June 30	Share Capital (note 4)	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
Balance – December 31, 2008	$ 515	$ 1,199	$ (161)	$ 1,553
Dividends declared[a]	–	(7)	–	(7)
Purchase and cancellation of shares	–	(1)	–	(1)
Comprehensive Earnings (Loss)				
Net earnings for the period	–	252	–	252
Other comprehensive earnings (loss) for the period:				
Currency translation adjustments	–	–	(90)	(90)
Change in fair value of derivatives designated as hedges	–	–	73	73
Other	–	–	11	11
Balance – June 30, 2009	**$ 515**	**$ 1,443**	**$ (167)[b]**	**$ 1,791**
Balance – December 31, 2009	**$ 508**	**$ 1,264**	**$ (113)**	**$ 1,659**
Dividends declared[a]	**–**	**(6)**	**–**	**(6)**
Purchase and cancellation of shares	**(6)**	**(31)**	**–**	**(37)**
Comprehensive Earnings (Loss)				
Net loss for the period	**–**	**(4)**	**–**	**(4)**
Other comprehensive earnings (loss) for the period:				
Currency translation adjustments	**–**	**–**	**(11)**	**(11)**
Change in fair value of derivatives designated as hedges	**–**	**–**	**(1)**	**(1)**
Other	**–**	**–**	**2**	**2**
Balance – June 30, 2010	**$ 502**	**$ 1,223**	**$ (123)[c]**	**$ 1,602**

(a) Dividends declared per Subordinate Voting Share were $0.055 for the six months ended June 30, 2010 and 2009.

(b) Accumulated Other Comprehensive Earnings (Loss) as at June 30, 2009 consists of currency translation adjustments of negative $105, unrealized losses on the effective portion of cash flow hedges of $69 and unrealized gains on available-for-sale financial assets and other of $7. Income taxes did not have a significant effect on these items.

(c) Accumulated Other Comprehensive Earnings (Loss) as at June 30, 2010 consists of currency translation adjustments of negative $100, unrealized losses on the effective portion of cash flow hedges of $34, and unrealized gains on available-for-sale financial assets and other of $11. Income taxes did not have a significant effect on these items.

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *(in millions of dollars)*	Three months ended June 30 **2010**	2009	Six months ended June 30 **2010**	2009
Operating Activities				
Net earnings (loss) for the period	**$ 80**	$ 83	**$ (4)**	$ 252
Items not affecting cash:				
Amortization of property, plant and equipment	**129**	160	**260**	330
Amortization of intangible assets and deferred charges	**82**	94	**166**	196
Amortization of deferred warranty costs	**14**	22	**41**	41
Loss from equity-accounted investments	**21**	56	**44**	46
Foreign exchange loss (gains)	**(38)**	40	**(9)**	22
Stock-based compensation expense (recovery)	**(10)**	63	**72**	57
Gains on dispositions of operating investments, net	**–**	(184)	**–**	(184)
Writedown of goodwill, intangible assets and long-lived assets	**2**	114	**2**	114
Non-controlling interests	**86**	20	**184**	120
Future income taxes	**18**	(36)	**27**	(141)
Other	**6**	(77)	**1**	(65)
	390	355	**784**	788
Changes in non-cash working capital items:				
Accounts receivable	**(37)**	42	**(100)**	328
Inventories	**(18)**	42	**(263)**	(66)
Other current assets	**(69)**	(143)	**(51)**	(65)
Accounts payable, accrued liabilities and other current liabilities	**(4)**	3	**(11)**	(555)
Decrease in cash due to changes in working capital items	**(128)**	(56)	**(425)**	(358)
Increase (decrease) in warranty reserves and unearned premiums and other liabilities	**(44)**	8	**(132)**	(126)
	218	307	**227**	304
Financing Activities				
Issuance of long-term debt	**1,008**	397	**1,560**	706
Repayment of long-term debt	**(1,058)**	(531)	**(1,818)**	(971)
Cash dividends paid	**(3)**	(4)	**(6)**	(7)
Repurchase of share capital	**(35)**	(1)	**(37)**	(1)
Issuance of share capital provided by L.P. investors and operating companies	**80**	186	**147**	222
Distributions by operating companies and to L.P. investors	**(2)**	(2)	**(28)**	(4)
Increase (decrease) due to other financing activities	**(7)**	8	**(17)**	11
	(17)	53	**(199)**	(44)
Investing Activities				
Acquisition of operating companies, net of cash in acquired companies of $24 (2009 – nil)	**(125)**	(2)	**(122)**	(2)
Purchase of property, plant and equipment	**(224)**	(97)	**(410)**	(295)
Proceeds from sales of operating investments	**–**	175	**–**	175
Increase (decrease) due to other investing activities	**5**	(51)	**(97)**	(70)
	(344)	25	**(629)**	(192)
Increase (Decrease) in Cash for the Period	**(143)**	385	**(601)**	68
Increase (decrease) in cash due to changes in foreign exchange rates	**107**	(217)	**21**	(122)
Cash and cash equivalents, beginning of the period	**2,662**	2,699	**3,206**	2,921
Cash and Cash Equivalents, End of the Period	**$ 2,626**	$ 2,867	**$ 2,626**	$ 2,867

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controls and consolidates the operations of Onex Partners LP ("Onex Partners I"), Onex Partners II LP ("Onex Partners II") and Onex Partners III LP ("Onex Partners III"), referred to collectively as "Onex Partners" (as described in note 24 to the audited annual consolidated financial statements). All significant intercompany balances and transactions have been eliminated.

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

	June 30, 2010		December 31, 2009	
	Onex Ownership	Voting	Onex Ownership	Voting
Investments made through Onex				
Celestica Inc. ("Celestica")	8%	69%	8%	69%
Sitel Worldwide Corporation ("Sitel Worldwide")	66%	88%	66%	88%
Investments made through Onex and Onex Partners I				
Center for Diagnostic Imaging, Inc. ("CDI")	19%	100%	19%	100%
Emergency Medical Services Corporation ("EMSC")	12%	82%	12%	82%
Res-Care, Inc. ("ResCare")	6%	(a)	6%	(a)
Skilled Healthcare Group, Inc. ("Skilled Healthcare Group")	9%	89%	9%	89%
Spirit AeroSystems, Inc. ("Spirit AeroSystems")	7%	76%	7%	76%
Investments made through Onex and Onex Partners II				
Allison Transmission, Inc. ("Allison Transmission")	15%	(a)	15%	(a)
Carestream Health, Inc. ("Carestream Health")	38%	100%	38%	100%
Hawker Beechcraft Corporation ("Hawker Beechcraft")	19%	(a)	19%	(a)
RSI Home Products, Inc. ("RSI")	20%	50%[a]	20%	50%[a]
TMS International Corp. ("TMS International")	36%	100%	36%	100%
Investments made through Onex, Onex Partners I and Onex Partners II				
Husky International Ltd. ("Husky")	36%	100%	36%	100%
The Warranty Group, Inc. ("The Warranty Group")	29%	100%	29%	100%
Investments made through Onex and Onex Partners III				
Tropicana Las Vegas, Inc. ("Tropicana Las Vegas")	16%[b]	74%[b]	15%	71%
Other investments				
ONCAP II L.P. ("ONCAP II")	44%	100%	44%	100%
Onex Real Estate Partners ("Onex Real Estate")	86%	100%	86%	100%

(a) Onex has the right to appoint members to the Board of Directors of these entities, which are equity-accounted investments.

(b) In April 2010, Tropicana Las Vegas completed a preferred share rights offering of US$50. Onex, Onex Partners III and Onex management invested an additional US$45 in the preferred share rights offering, of which Onex' share was US$10. The preferred shares have similar terms to the 2009 preferred share rights offering and accrue dividends at an annual rate of 12.5% and are convertible into common shares of Tropicana Las Vegas at a fixed ratio including accrued and unpaid dividends. After giving effect to the additional investment, Onex, Onex Partners III and Onex management's ownership, on an as-converted basis at June 30, 2010, was 74%, of which Onex' share was 16%.

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plans (the "MIP") as described in note 24(g) to the audited annual consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in accordance with Canadian GAAP. The disclosures contained in these unaudited interim consolidated financial statements do not include all the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2009. Certain amounts presented in the comparative periods have been reclassified to conform to the presentation adopted in the current period.

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

2. ACQUISITIONS

During the first six months of 2010, the following acquisitions were completed either directly by Onex or through subsidiaries of Onex. Details of the acquisitions are as follows:

	Flushing[a]	Skilled[b]	EMSC[c]	Other[d]	Total
Cash	$ 24	$ –	$ –	$ –	$ 24
Other current assets	–	–	6	1	7
Intangible assets with limited life	–	–	22	13	35
Intangible assets with indefinite life	–	5	–	–	5
Goodwill	–	57	37	10	104
Property, plant and equipment and other long-term assets	505	1	3	2	511
	529	63	68	26	686
Current liabilities	(29)	–	(9)	(2)	(40)
Long-term liabilities	(491)	–	(7)	(2)	(500)
	9	63	52	22	146
Non-controlling interests in net assets	–	–	–	–	–
Interest in net assets acquired	$ 9	$ 63	$ 52	$ 22	$ 146

a) In the first quarter of 2010, a subsidiary of Onex became managing partner of the Flushing Town Center joint venture, a mixed-use development located just outside Manhattan in New York City. As a result, Onex began consolidating its interest in the first quarter of 2010. Previously, Onex accounted for its interest in Flushing Town Center using the equity method. Flushing Town Center's long-term debt, which is described in note 3, is without recourse to Onex. The development is being constructed in two phases and will consist of approximately 800,000 square feet of retail space, a 2,500-space parking structure and approximately 1,100 condominium units. At June 30, 2010, Onex' carrying value in Flushing Town Center was $25.

b) In May 2010, Skilled Healthcare Group completed the acquisitions of substantially all the assets of five Medicare-certified hospice companies and four Medicare-certified home health companies in the United States, operating in Arizona, Idaho, Montana and Nevada. The total purchase price of these acquisitions was $63, which was financed by Skilled Healthcare Group.

c) During the first six months of 2010, EMSC completed five acquisitions located in the United States for total consideration of $52.

d) Other includes acquisitions made by Caliber Collision Centers, Carestream Health, Celestica, Mister Car Wash and TMS International.

3. 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, 2009 audited annual consolidated financial statements.

a) Celestica

During the first quarter of 2010, Celestica redeemed all of its outstanding 7.625% Senior Subordinated Notes due 2013. Celestica paid US$232 to redeem notes with a principal amount of US$223. As a result of redeeming the notes, Celestica recognized a charge of US$9, which is included in interest expense in the unaudited interim consolidated statement of earnings.

b) Sitel Worldwide

In March 2010, Sitel Worldwide issued US$300 in aggregate principal amount of new senior notes due December 2018. The notes bear interest at an annual rate of 11.5% with no principal payments due until maturity. Proceeds were primarily used to repay a portion of the indebtedness outstanding under the senior secured credit facility. In conjunction with this repayment, the debt covenants of the senior secured credit facility were amended to reduce the minimum adjusted EBITDA to interest ratio requirement and to change the total debt to adjusted EBITDA covenant to a senior secured debt to adjusted EBITDA covenant. The amended senior secured credit facility also contains certain customary affirmative and negative covenants.

c) Tropicana Las Vegas

In March 2010, Tropicana Las Vegas entered into a new credit agreement. The new agreement consists of a US$50 revolving credit facility and a delayed draw US$10 term loan. The revolving credit facility and term loan bear interest at a fixed annual rate of 4.00% and 6.00%, respectively, and mature in March 2014. The proceeds from the revolving credit facility, when drawn, will be used to finance current ongoing capital improvement projects and other general corporate purposes. The proceeds from the term loan, when drawn, will be used to finance the completion of the capital improvement project. At June 30, 2010, no amounts were outstanding under the revolving credit facility or the term loan. Substantially all of Tropicana Las Vegas' assets are pledged as security under the agreement.

d) Flushing Town Center

In the first quarter of 2010, Onex began consolidating Flushing Town Center, as described in note 2. As a result, Onex' consolidated long-term debt includes the long-term debt of Flushing Town Center. Flushing Town Center's long-term debt consists primarily of a senior construction loan and a mezzanine loan, both of which are without recourse to Onex.

The senior construction loan consists of two mortgage loan agreements that provide an aggregate maximum loan of US$510 for the construction project. The senior construction loan requires monthly payments of interest at a rate of LIBOR plus 1.55%, with the principal due at maturity in April 2011. At June 30, 2010, US$453 was outstanding on the senior construction loan. In addition, letters of credit of US$42 were outstanding, which partially reduce the amount available to be drawn under the senior construction loan. The senior construction loan is secured by mortgages on the Flushing Town Center project.

The mezzanine loan is subordinate to the senior construction loan and bears interest at LIBOR plus 3.65%. The mezzanine loan requires monthly payments of interest, with the principal due at maturity in April 2011. At June 30, 2010, US$38 was outstanding on the mezzanine loan, with no further amounts available to be drawn under the mezzanine loan.

The senior construction loan and mezzanine loan agreements contain certain financial and operational restrictive covenants that must be met by Flushing Town Center.

In conjunction with the loan agreements, Flushing Town Center had entered into an interest rate swap agreement that fixed LIBOR at 4.81% on a notional amount of US$200 through to January 2011. In the second quarter of 2010, the interest rate swap agreement was terminated.

At June 30, 2010, the long-term debt of Flushing Town Center was classified as current as the maturity is in April 2011. The debts under the credit agreements are without recourse to Onex.

e) EMSC

In April 2010, EMSC completed the financing of new senior secured credit facilities consisting of a US$425 term loan and a US$150 revolving facility. The term loan bears interest at LIBOR, plus a margin of 3.00%, and requires quarterly principal repayments until maturity in 2015. The revolving facility bears interest at LIBOR, plus a margin of 3.00%, and is repayable at maturity in 2015. The senior secured credit facilities can be expanded and the interest rate margins stepped down to 2.75% upon achieving certain leverage ratios. Substantially all of EMSC's assets are pledged as collateral under the new senior secured credit facilities.

The proceeds from the new facilities were used to repay the US$200 term loan and its US$250 senior subordinated notes. At June 30, 2010, US$425 and nil were outstanding under the term loan and revolving facility, respectively.

f) Skilled Healthcare Group

In April 2010, Skilled Healthcare Group entered into a new US$330 term loan and US$100 revolving credit facility. The term loan bears interest at LIBOR (subject to a floor of 1.50%), plus a margin of 3.75%, and requires quarterly principal repayments of US$1 until maturity in 2016. The term loan was increased by an additional US$30 to fund acquisitions completed in the second quarter of 2010. The revolving credit facility bears interest at LIBOR (subject to a floor of 1.50%), plus a margin of 3.75%, and is repayable at maturity in 2015. Substantially all of Skilled Healthcare Group's assets are pledged as collateral under the term loan and revolving credit facility.

The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving credit facility and to fund acquisitions. At June 30, 2010, US$357 and US$1 were outstanding under the term loan and revolving credit facility, respectively.

4. SHARE CAPITAL

a) At June 30, 2010, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2009 – 100,000), 118,885,067 Subordinate Voting Shares (December 31, 2009 – 120,317,445) and 176,078 Series 1 Senior Preferred Shares (December 31, 2009 – 176,078). The Series 1 Senior Preferred Shares have no paid-in amount reflected in these consolidated financial statements and the Multiple Voting Shares have nominal paid-in value.

b) During the first six months of 2010, under the Dividend Reinvestment Plan, the Company issued 1,272 Subordinate Voting Shares (2009 – 1,494) at a total value of less than $1 (2009 – less than $1). In the first six months of both 2010 and 2009, no Subordinate Voting Shares were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2010 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its Subordinate Voting Shares. The 10% limit represents 9.1 million shares.

In the first six months of 2010, under the Normal Course Issuer Bids, the Company repurchased and cancelled 1,433,650 Subordinate Voting Shares at a cash cost of $37, of which 1,334,350 were in the second quarter of 2010 at a cost of $35. In the first six months of 2009, the Company repurchased and cancelled 38,600 Subordinate Voting Shares at a cash cost of $1, all of which were in the second quarter of 2009. The excess of the purchase cost of these shares over the average paid-in amount was $31 (2009 – $1), which was charged to retained earnings.

c) During the first six months of 2010, total cash consideration paid on 133,550 options surrendered was approximately $1, of which 35,550 were surrendered in the second quarter for cash consideration of less than $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 15 to the December 31, 2009 audited annual consolidated financial statements. No stock options were surrendered for cash consideration in the first six months of 2009. In addition, 7,983 options (2009 – 10,000) expired during the first six months of 2010. At June 30, 2010, the Company had 13,308,517 options (December 31, 2009 – 13,450,050) outstanding to acquire Subordinate Voting Shares, of which 11,362,067 were vested, and of those, 10,920,900 options were exercisable.

d) During the second quarter of 2010, a total grant of 40,000 (2009 – 40,000) Deferred Share Units (DSUs) was issued to directors. In addition, certain directors have chosen to receive their directors' fees in DSUs in lieu of cash. At June 30, 2010, there were 380,325 director DSUs outstanding (December 31, 2009 – 369,019). In the first six months of 2010, there were 38,705 DSUs redeemed at a total cash cost of approximately $1, all of which was in the first quarter of 2010.

Certain members of Onex management have chosen to apply a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time. At June 30, 2010, there were 393,519 Management DSUs outstanding (December 31, 2009 – 272,880). In January 2010, 119,967 DSUs were issued to certain members of Onex management in lieu of a portion of cash compensation for the 2009 fiscal year. The Company has entered into forward agreements with a counterparty financial institution to hedge the Company's exposure to changes in the market value of Onex' Subordinate Voting Shares associated with the Management DSUs, as described in note 1 to the December 31, 2009 audited annual consolidated financial statements.

5. EARNINGS (LOSS) FROM EQUITY-ACCOUNTED INVESTMENTS

	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Allison Transmission	**$ 1**	$ (138)	**$ 8**	$ (178)
Hawker Beechcraft	**(28)**	79	**(60)**	122
Other	**6**	3	**8**	10
	$ (21)	$ (56)	**$ (44)**	$ (46)

6. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Celestica	**$ 25**	$ 24	**$ 33**	$ 32
Carestream Health	**9**	10	**17**	24
Husky	**4**	7	**8**	25
Sitel Worldwide	**3**	7	**9**	9
Other	**5**	4	**10**	6
	$ 46	$ 52	**$ 77**	$ 96

Acquisition, restructuring and other expenses are typically to provide for the costs of facility consolidations, workforce reductions and transition costs incurred at the operating companies.

The table below provides a summary of acquisition, restructuring and other expenses undertaken by the operating companies detailing the components of the charges and movement in accrued liabilities. This summary is presented by the year in which the restructuring activities were first initiated.

Years prior to 2009	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 867	$ 211	$ 114	$ 415	$ 1,607[a]
Cumulative costs expensed to date	$ 848	$ 206	$ 107	$ 418	$ 1,579[b]
Expense for the period ended June 30, 2010	$ 27	$ 6	$ 15	$ –	$ 48
Reconciliation of accrued liability					
Closing balance – December 31, 2009	$ 41	$ 29	$ 3		$ 73
Cash payments	(42)	(12)	(17)		(71)
Charges	27	6	15		48
Other adjustments	(2)	–	2		–
Closing balance – June 30, 2010	$ 24	$ 23	$ 3		$ 50

(a) Includes Celestica $1,515.
(b) Includes Celestica $1,488.

Initiated in 2009	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 10	$ 6	$ 18	$ 1	$ 35[a]
Cumulative costs expensed to date	$ 10	$ 6	$ 18	$ 1	$ 35[b]
Expense for the period ended June 30, 2010	$ (1)	$ 1	$ 6	$ –	$ 6
Reconciliation of accrued liability					
Closing balance – December 31, 2009	$ 11	$ 4	$ 5		$ 20
Cash payments	(8)	(1)	(8)		(17)
Charges	(1)	1	6		6
Other adjustments	1	1	(1)		1
Closing balance – June 30, 2010	$ 3	$ 5	$ 2		$ 10

(a) Includes Sitel Worldwide $15 and Husky $10.
(b) Includes Sitel Worldwide $15 and Husky $10.

Initiated in 2010	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 23	$ 8	$ 12	$ –	$ 43[a]
Cumulative costs expensed to date	$ 13	$ 1	$ 9	$ –	$ 23[b]
Expense for the period ended June 30, 2010	$ 13	$ 1	$ 9	$ –	$ 23
Reconciliation of accrued liability					
Cash payments	$ (8)	$ (1)	$ (8)		$ (17)
Charges	13	1	9		23
Closing balance – June 30, 2010	$ 5	$ –	$ 1		$ 6

(a) Includes Sitel Worldwide $29 and Carestream Health $6.
(b) Includes Sitel Worldwide $9 and Carestream Health $6.

Total	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	$ 900	$ 225	$ 144	$ 416	$ 1,685
Cumulative costs expensed to date	$ 871	$ 213	$ 134	$ 419	$ 1,637
Expense for the period ended June 30, 2010	$ 39	$ 8	$ 30	$ –	$ 77
Reconciliation of accrued liability					
Closing balance – December 31, 2009	$ 52	$ 33	$ 8		$ 93
Cash payments	(58)	(14)	(33)		(105)
Charges	39	8	30		77
Other adjustments	(1)	1	1		1
Closing balance – June 30, 2010	$ 32	$ 28	$ 6		$ 66

7. 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	
	2010	2009	**2010**	2009
Weighted average number of shares outstanding *(in millions)*				
Basic	**120**	122	**120**	122
Diluted	**120**	122	**120**	122

8. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Interest	**$ 58**	$ 107	**$ 194**	$ 296
Taxes	**$ 125**	$ 149	**$ 128**	$ 177

9. PENSION

The following expense (income) 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	
	2010	2009	**2010**	2009
Defined benefit expense (income)	**$ (1)**	$ 1	**$ (1)**	$ 8

10. RELATED PARTY TRANSACTIONS

a) In April 2010, Onex entered into a sale of an entity, whose sole assets were certain tax losses, to a public company controlled by Mr. Gerald W. Schwartz, who is also Onex' controlling shareholder. Onex received $8 in cash for tax losses of $70. The entire $8 was recorded as a gain and was included in other income in the consolidated statement of earnings in the second quarter of 2010. Onex has significant Canadian non-capital and capital losses available and valuation allowances have been established against the benefit of all of these losses in the consolidated financial statements. As such, Onex does not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. In connection with this transaction, Onex obtained a tax ruling from the Canada Revenue Agency and Deloitte & Touche LLP, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee, provided an opinion that the value received by Onex for the tax losses was fair. The Audit and Corporate Governance Committee, all the members of which are independent directors, unanimously approved the transaction.

11. SUBSEQUENT EVENTS

Certain operating companies have entered into agreements to acquire or make investments in other businesses. These transactions are subject to a number of conditions, many of which are beyond the control of Onex or the operating companies. The effect of these planned transactions, if completed, on the consolidated financial position of Onex is not known at this time.

a) Sport Supply Group

In March 2010, Oncap II offered to acquire the issued and outstanding common shares of Sport Supply Group, Inc. ("Sport Supply Group") in a transaction valued at approximately US$200. Under the agreement, Sport Supply Group shareholders and certain members of management holding 19.6% of the issued and outstanding shares, on a fully diluted basis, have agreed to roll over their shares and certain stock options into equity or options to purchase equity of the new entity. On August 5, 2010, the transaction was completed following the approval by the common shareholders of Sport Supply Group. Onex and Oncap II invested US$56, of which Onex' portion was US$29.

b) Tomkins plc

In July 2010, Onex entered into an arrangement with the Canada Pension Plan Investment Board ("CPPIB") to acquire all of the share capital of Tomkins plc ("Tomkins"), a publicly traded global engineering and manufacturing group that manufactures a variety of products for the industrial, automotive and building products markets across North America, Europe, Asia and the rest of the world. The total value of the transaction is approximately £2,890, or 325 pence per share. The expected equity investment of approximately US$2,200 will be provided in equal shares by Onex and CPPIB, with the Onex portion to be funded from Onex Partners III and Onex. The proposed transaction is subject to shareholder and court approvals and other conditions, including regulatory approvals, and is currently expected to close in late September.

c) Skilled Healthcare Group

On July 7, 2010, Skilled Healthcare Group announced that a jury had returned a verdict against the company in a California state court related to a complaint filed more than four years ago. In the complaint, the plaintiffs alleged, among other matters, that certain California-based facilities operated by Skilled Healthcare Group's wholly-owned operating companies failed to provide the prescribed number of qualified personnel to care for their residents. In the first phase of deliberations, the jury awarded the plaintiffs US$618 in statutory damages and US$58 in restitutionary damages. The California state court has not yet rendered a judgment in this matter. Skilled Healthcare Group subsequently announced that it and the other various parties to the complaint had agreed to pursue mediation. The final outcome cannot be predicted with certainty, and therefore there can be no assurance that the resolution will not have an adverse effect on Onex' interest in Skilled Healthcare Group, which has a carrying value of $30 in the unaudited interim consolidated financial statements at June 30, 2010.

12. INFORMATION BY INDUSTRY SEGMENT

(Unaudited) *(in millions of dollars)* **Three months ended June 30, 2010**	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 1,636	$ 1,073	$ 1,570	$ 295	$ 326	$ 645	$ 496	$ 6,041
Cost of sales	(1,501)	(892)	(1,152)	(147)	(214)	(594)	(306)	(4,806)
Selling, general and administrative expenses	(56)	(44)	(168)	(102)	(92)	(16)	(140)	(618)
Earnings before the undernoted items	79	137	250	46	20	35	50	617
Amortization of property, plant and equipment	(20)	(28)	(38)	(3)	(9)	(12)	(19)	(129)
Amortization of intangible assets and deferred charges	(4)	(1)	(53)	(5)	(5)	(3)	(11)	(82)
Interest expense of operating companies	(1)	(14)	(60)	–	(24)	(10)	(12)	(121)
Interest income	–	–	1	–	–	–	4	5
Earnings (loss) from equity-accounted investments	–	–	4	–	–	–	(25)	(21)
Foreign exchange gains (loss)	1	2	(5)	(1)	(8)	–	41	30
Stock-based compensation recovery (expense)	(11)	(19)	(2)	–	–	–	42	10
Other income	–	1	–	13	–	–	8	22
Acquisition, restructuring and other expenses	(25)	(2)	(9)	(1)	(3)	–	(6)	(46)
Writedown of goodwill, intangible assets and long-lived assets	–	–	–	–	–	–	(2)	(2)
Earnings (loss) before income taxes and non-controlling interests	19	76	88	49	(29)	10	70	283
Provision for income taxes	(25)	(24)	(32)	(19)	(6)	(4)	(7)	(117)
Non-controlling interests	6	(48)	(43)	(22)	–	(4)	25	(86)
Net earnings (loss)	$ –	$ 4	$ 13	$ 8	$ (35)	$ 2	$ 88	$ 80

(a) Includes Allison Transmission, Hawker Beechcraft, Husky, RSI, ONCAP II, Onex Real Estate, Tropicana Las Vegas and the parent company.

(Unaudited) *(in millions of dollars)* Three months ended June 30, 2009	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 1,621	$ 1,240	$ 1,694	$ 342	$ 453	$ 276	$ 505	$ 6,131
Cost of sales	(1,480)	(1,156)	(1,229)	(170)	(292)	(244)	(315)	(4,886)
Selling, general and administrative expenses	(66)	(50)	(194)	(125)	(122)	(9)	(127)	(693)
Earnings before the undernoted items	75	34	271	47	39	23	63	552
Amortization of property, plant and equipment	(22)	(35)	(48)	(4)	(14)	(18)	(19)	(160)
Amortization of intangible assets and deferred charges	(6)	(1)	(58)	(6)	(6)	(4)	(13)	(94)
Interest expense of operating companies	(12)	(12)	(63)	(1)	(21)	(11)	(11)	(131)
Interest income	1	3	1	–	–	–	14	19
Earnings (loss) from equity-accounted investments	–	–	6	–	–	–	(62)	(56)
Foreign exchange gains (loss)	1	4	4	–	(5)	–	(39)	(35)
Stock-based compensation expense	(10)	(3)	(2)	–	–	–	(48)	(63)
Other income	–	1	6	–	2	–	76	85
Gains on dispositions of operating companies	–	–	–	–	–	–	184	184
Acquisition, restructuring and other expenses	(24)	(1)	(10)	–	(7)	–	(10)	(52)
Writedown of goodwill, intangible assets and long-lived assets	–	–	–	–	(52)	(62)	–	(114)
Earnings (loss) before income taxes and non-controlling interests	3	(10)	107	36	(64)	(72)	135	135
Recovery of (provision for) income taxes	2	4	(30)	(3)	(2)	2	(5)	(32)
Non-controlling interests	(4)	6	(53)	(23)	–	46	8	(20)
Net earnings (loss)	$ 1	$ –	$ 24	$ 10	$ (66)	$ (24)	$ 138	$ 83

(a) Includes Allison Transmission, Hawker Beechcraft, Husky, RSI, ONCAP II, Onex Real Estate and the parent company.

12. INFORMATION BY INDUSTRY SEGMENT (cont'd)

(Unaudited) *(in millions of dollars)* **Six months ended June 30, 2010**	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 3,216	$ 2,159	$ 3,060	$ 619	$ 699	$ 1,135	$ 953	$ 11,841
Cost of sales	(2,949)	(1,801)	(2,256)	(295)	(453)	(1,045)	(576)	(9,375)
Selling, general and administrative expenses	(109)	(86)	(342)	(229)	(194)	(28)	(280)	(1,268)
Earnings before the undernoted items	158	272	462	95	52	62	97	1,198
Amortization of property, plant and equipment	(39)	(55)	(79)	(6)	(19)	(26)	(36)	(260)
Amortization of intangible assets and deferred charges	(8)	(2)	(107)	(9)	(10)	(6)	(24)	(166)
Interest expense of operating companies	(14)	(29)	(96)	(1)	(42)	(22)	(21)	(225)
Interest income	–	–	2	–	–	–	10	12
Earnings (loss) from equity-accounted investments	–	–	3	–	–	–	(47)	(44)
Foreign exchange gains (loss)	(1)	(5)	(8)	(1)	(6)	–	12	(9)
Stock-based compensation expense	(20)	(22)	(4)	–	–	–	(26)	(72)
Other income (expense)	–	2	–	16	(3)	–	9	24
Acquisition, restructuring and other expenses	(33)	(2)	(17)	(1)	(9)	–	(15)	(77)
Writedown of goodwill, intangible assets and long-lived assets	–	–	–	–	–	–	(2)	(2)
Earnings (loss) before income taxes and non-controlling interests	43	159	156	93	(37)	8	(43)	379
Provision for income taxes	(22)	(46)	(58)	(36)	(9)	(5)	(23)	(199)
Non-controlling interests	(19)	(105)	(81)	(41)	–	(2)	64	(184)
Net earnings (loss)	$ 2	$ 8	$ 17	$ 16	$ (46)	$ 1	$ (2)	$ (4)
Total assets	$ 2,965	$ 4,814	$ 5,644	$ 5,168	$ 718	$ 946	$ 5,485	$ 25,740
Long-term debt[b]	$ –	$ 916	$ 2,766	$ 204	$ 700	$ 417	$ 1,216	$ 6,219

(a) Includes Allison Transmission, Hawker Beechcraft, Husky, RSI, ONCAP II, Onex Real Estate, Tropicana Las Vegas and the parent company.

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

(Unaudited) *(in millions of dollars)* Six months ended June 30, 2009	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 3,451	$ 2,345	$ 3,361	$ 707	$ 948	$ 659	$ 1,129	$ 12,600
Cost of sales	(3,145)	(2,042)	(2,450)	(349)	(607)	(590)	(724)	(9,907)
Selling, general and administrative expenses	(141)	(110)	(395)	(266)	(256)	(24)	(271)	(1,463)
Earnings before the undernoted items	165	193	516	92	85	45	134	1,230
Amortization of property, plant and equipment	(46)	(67)	(102)	(7)	(30)	(36)	(42)	(330)
Amortization of intangible assets and deferred charges	(13)	(2)	(122)	(12)	(12)	(8)	(27)	(196)
Interest expense of operating companies	(33)	(23)	(130)	(2)	(44)	(24)	(28)	(284)
Interest income	1	6	3	–	1	–	23	34
Earnings (loss) from equity-accounted investments	–	–	11	–	–	–	(57)	(46)
Foreign exchange gains (loss)	(2)	5	(4)	–	(6)	1	(24)	(30)
Stock-based compensation expense	(18)	(7)	(4)	–	–	–	(28)	(57)
Other income (expense)	–	2	(9)	(1)	1	–	75	68
Gains on dispositions of operating companies	–	–	–	–	–	–	184	184
Acquisition, restructuring and other expenses	(32)	(1)	(24)	–	(9)	–	(30)	(96)
Writedown of goodwill, intangible assets and long-lived assets	–	–	–	–	(52)	(62)	–	(114)
Earnings (loss) before income taxes and non-controlling interests	22	106	135	70	(66)	(84)	180	363
Recovery of (provision for) income taxes	7	(36)	(42)	(16)	(6)	5	97	9
Non-controlling interests	(25)	(65)	(71)	(38)	–	52	27	(120)
Net earnings (loss)	$ 4	$ 5	$ 22	$ 16	$ (72)	$ (27)	$ 304	$ 252
Total assets at December 31, 2009[b]	$ 3,265	$ 4,685	$ 5,616	$ 5,206	$ 745	$ 891	$ 4,937	$ 25,345
Long-term debt at December 31, 2009[c]	$ 234	$ 902	$ 2,792	$ 203	$ 660	$ 401	$ 738	$ 5,930

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

(b) Total assets for the other segment at December 31, 2009 includes the assets of Tropicana Las Vegas, acquired in July 2009.

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

SHAREHOLDER INFORMATION

Second Quarter Dividend
A dividend of $0.0275 per Subordinate Voting Share was paid on July 30, 2010 to shareholders of record as of July 9, 2010.

Shares
Subordinate Voting Shares of the Company are listed and traded on the Toronto Stock Exchange.

Share Symbol
OCX

Shareholder Dividend Reinvestment Plan
The Dividend Reinvestment Plan provides shareholders of record who are resident in Canada a means to reinvest cash dividends in new Subordinate Voting Shares of Onex Corporation at a market-related price and without payment of brokerage commissions. To participate, registered shareholders should contact Onex' share registrar, CIBC Mellon Trust Company. Non-registered shareholders who wish to participate should contact their investment dealer or broker.

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
www.cibcmellon.ca
or inquiries@cibcmellon.ca (e-mail)

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

Electronic Communication with Shareholders
We encourage individuals to receive Onex' shareholder communications electronically. You can submit your request online by visiting CIBC Mellon Trust Company's website www.cibcmellon.com/electronicdelivery or contacting them at 1-800-387-0825.

Investor Relations Contact
Requests for copies of this report, other quarterly reports, annual reports or other corporate communications should be directed to:
Investor Relations
Onex Corporation
161 Bay Street
P.O. Box 700
Toronto, Ontario M5J 2S1
(416) 362-7711

E-mail
info@onex.com

Website
www.onex.com

Duplicate Communication
Registered holders of Onex Corporation shares may receive more than one copy of shareholder mailings. Every effort is made to avoid duplication, but when shares are registered under different names and/or addresses, multiple mailings result. Shareholders who receive but do not require more than one mailing for the same ownership are requested to write to the Registrar and Transfer Agent and arrangements will be made to combine the accounts for mailing purposes.

Shares Held in Nominee Name
To ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis, a direct mailing list is maintained by the Company. If you would like your name added to this list, please forward your request to Investor Relations at Onex.

ONEX

ONEX PARTNERS

ONCAP

ONEX REAL ESTATE PARTNERS

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SPIRIT AEROSYSTEMS

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HUSKY

Tropicana LAS VEGAS

RSI