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# Onex Corporation Report on the First Quarter Ended March 31, 2003

Onex Corporation is a diversified company with 2002 annual revenues of \$23 billion, assets of \$18 billion and 98,000 employees worldwide.

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

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

# To Our Shareholders

Onex' website, [www.onex.com](http://www.onex.com), continues to be our primary way to communicate with our shareholders and investors. As printed reports naturally become outdated fairly quickly, we encourage you to visit our website for the most current information on Onex and its operating companies.

The economic environment in the first quarter of 2003 continued to challenge many of Onex' operating companies. In particular, Celestica and Radian continued to experience difficult industry conditions, and this led to significantly lower results for those companies. The impact of this performance was partially offset by the inclusion in 2003 of our theatre exhibition companies – Loews Cineplex, Cinemex and Star Theatres – which added to Onex' revenues and operating earnings.

Our automotive sector companies showed modest growth in the first quarter of 2003 as original equipment manufacturers' retail incentive programs pushed production volumes up slightly in North America. This was not the case in heavy truck production.

Onex continues to search for the right growth opportunities, both in new industries and as add-on acquisitions to our existing companies. At quarter-end, Onex, the parent company, continued to be in a very strong financial position with over \$1 billion in cash to fund new acquisitions. In March 2003, Onex announced that it was evaluating the establishment of a US\$1.5 billion co-investment fund that would provide committed capital for future acquisitions.

The information that follows includes Onex' unaudited interim consolidated financial statements and notes for the three months ended March 31, 2003, together with management's discussion and analysis of those results.

# Significant Events

This section provides a summary of significant activities at Onex and its operating companies during the first quarter ended March 31, 2003. The December 31, 2002 report and the Onex website, [www.onex.com](http://www.onex.com), provide a listing of the Onex operating companies and Onex' ownership interest in each.

*Revenues and operating earnings in the following discussion have been presented in each operating company's reporting currency since currency translations in the quarter may otherwise distort the operating company's results.*

## **Electronics manufacturing services**

Ongoing weakness in Celestica's main communications and information technology markets, as well as seasonal fluctuations in demand, resulted in first quarter revenues of US\$1.6 billion; revenues were down 26 percent from US\$2.2 billion in the first quarter of 2002. Lower revenues from products of higher complexity combined with pricing pressure also affected operating earnings, which were US\$18 million in the first quarter of 2003 compared to US\$79 million in the same quarter last year.

Despite the weak business environment, working capital performance remained strong. Celestica's cash cycle improved to a company record of two days, and cash flow from operations was US\$85 million during the quarter. Celestica's balance sheet remains the strongest among the largest EMS companies, with a debt-to-capitalization ratio of 18 percent and cash on hand of US\$1.8 billion at March 31, 2003. This healthy financial position enabled the company to repurchase US\$157 million of its convertible debt and subordinate voting shares in the first three months of 2003. Celestica continues to be the only EMS company repurchasing both debt and shares. The company amended the terms of its normal course issuer bid to increase the number of subordinate voting shares that it may repurchase from 9.6 million shares to 18.6 million shares. This represents an increase from approximately 5 percent to 10 percent of Celestica's issued and outstanding subordinate voting shares.

Despite limited visibility of customer demand and ongoing economic uncertainty, Celestica continues to win new outsourcing business in all of its key end-markets. Though timing and volumes from these wins are difficult to predict in the current environment, the company is cautiously optimistic about its revenue prospects as the year progresses. Celestica is implementing its previously announced restructuring plans and expects improved operating performance in the second half of the year as the restructuring activities accelerate and cost reduction benefits are realized.

## **Customer management services**

ClientLogic's revenues increased 11 percent to US\$105 million for the quarter ended March 31, 2003 compared to the same quarter last year. Revenues from North American customer contact

management were up 6 percent, offset by lower revenues from item processing and warehouse management services. European revenue grew by 22 percent due to increased business with British Telecom, new business in the financial services sector in the Netherlands and favourable currency translation. Partially offsetting the benefit of the European revenue growth was pricing pressure in the United Kingdom. The company reported an operating loss of US\$2 million in the first quarter of 2003 compared to the operating loss of US\$1 million in the first quarter last year, primarily attributable to the aforementioned price reductions in the United Kingdom. ClientLogic's Best-in-Class initiatives mitigated part of the decline in operating earnings in the quarter.

During the quarter, ClientLogic won new business with SBC Communications and Franklin Mint, valued at US\$26 million annually. While there were some business losses, most of these were low-margin contracts on which ClientLogic was seeking to improve profitability.

### **Theatre exhibition**

The theatre exhibition segment, which includes Loews Cineplex, Star Theatres, Cinemex and Galaxy Entertainment, reported revenues of US\$278 million and operating earnings of US\$24 million in the first quarter of 2003 compared to US\$6 million and US\$1 million, respectively, for the three months ended March 31, 2002. The growth in reported revenue and operating earnings over the first quarter of 2002 was due almost entirely to the inclusion of a full quarter of revenues and operating earnings of Loews Cineplex, acquired at the end of March 2002; Star Theatres, purchased in April 2002; and Cinemex, acquired in June 2002. The revenues and operating earnings reported in the first quarter of 2002 in the theatre exhibition segment were those of Galaxy Entertainment.

North American industry attendance was down approximately 9 percent and box office revenue was off by approximately 4 percent in the first quarter of 2003 compared to the same quarter last year, due to fewer films that were highly successful and to extreme weather conditions in the eastern half of the United States and Canada. First-quarter 2003 major films geared towards older audiences, such as *The Hours*, *Gangs of New York*, and *About Schmidt*, did not achieve as much box office and concessions success for Loews Cineplex as films exhibited during the same quarter last year. Included in the 2002 first-quarter film releases were predominately "family" movies, such as *Ice Age* and *Snow Dogs*, which generate higher concession revenue. In 2002 the Easter holiday weekend fell in March and therefore added to revenues in the first quarter, whereas in 2003 the Easter holiday weekend falls in April and should increase revenues in the second quarter. In addition most international markets, except where domestically produced films were particularly strong, suffered even greater attendance declines.

Liquidity in the theatre exhibition segment continued to be strong in the first quarter of 2003 and the new theatres that opened in 2001 and 2002 continued to ramp up and perform well. Loews Cineplex also launched new marketing and promotional initiatives that the company expects will increase patronage during the next year.

## **Automotive products**

North American car and light truck production increased approximately 4 percent during the first quarter of 2003 from the same quarter in 2002, as North American original equipment manufacturers continued their aggressive retail incentive programs. Higher North American production volumes and the strengthening of the euro versus the U.S. dollar contributed to revenue growth at Dura Automotive, which reported first-quarter revenues of US\$593 million, up 2 percent over the US\$584 million recorded in the first quarter of 2002. Lower operating earnings of US\$38 million at Dura Automotive in the first quarter of 2003 compared to US\$46 million in the same quarter last year were due to the phase-out of Dura Automotive's window regulator business and the mix of products produced.

In late February, Dura Automotive announced that it had been awarded a significant contract with General Motors to provide rear sliding windows for General Motors' current North American line of full-size pickup trucks. This contract will add revenues beginning in the third quarter of 2003. Dura Automotive completed the divestiture of its European Mechanical Assemblies business in early March. The divestiture was part of a strategic repositioning at Dura Automotive that is intended to focus the company on businesses that meet its growth and profitability objectives.

Revenues at J.L. French increased 7 percent to US\$144 million in the first quarter of 2003 due to higher production volumes by North American customers. Operating earnings also grew to US\$15 million, up 14 percent from the first quarter of 2002 due to the cost-reduction initiatives implemented during 2002. In the first quarter of 2003, DaimlerChrysler awarded J.L. French a new and significant program to produce aluminum engine blocks. This program is expected to generate annual revenues of over US\$60 million when fully ramped up in 2005.

Performance Logistics Group ("PLG") reported revenues of US\$48 million in the first quarter of 2003, a slight decrease from revenues for the three months ended March 31, 2002. Lower revenues resulted from a 3 percent decline in the number of units delivered by PLG. These lower revenues, combined with increased workers' compensation and other insurance costs, resulted in a decline in operating earnings to US\$2 million in the first quarter of 2003 compared to US\$4 million in the first quarter of 2002.

Heavy truck production in the first quarter of 2003 declined slightly from 2002 levels. The commercial vehicle sector companies – Bostrom Holdings and Trim Systems – reported combined first-quarter revenues of US\$66 million compared to US\$69 million in the first quarter of 2002. This revenue decline resulted in lower operating earnings of US\$4 million in the first quarter of 2003 compared to US\$6 million for the first quarter of 2002. Partially offsetting the impact of lower revenues were benefits from continued cost-reduction initiatives implemented by Bostrom Holdings and Trim Systems. In the first quarter of 2003, Commercial Vehicle Systems merged with Bostrom Holdings and the companies now operate as Bostrom Holdings. The merger eliminates redundant corporate functions and improves the financial leverage of the combined companies.

## **Engineered building products**

MAGNATRAX continued to experience depressed volumes and prices in tough industry conditions. Non-residential construction markets in which the company participates declined 17 percent in the first two months of 2003 from the same period last year. As a result, MAGNATRAX reported revenues of US\$135 million in the first quarter of 2003 compared to US\$139 million for the first three months of 2002. Tariffs on steel imported to the United States continued to elevate raw material costs, which resulted in an operating loss in the first quarter of 2003 of US\$12 million compared to an operating loss of US\$1 million in the first three months of last year. MAGNATRAX remains out of compliance with its lending agreements, and discussions are continuing with its lending groups to reach a solution. As previously disclosed, this could result in Onex ceasing to control MAGNATRAX and having Onex' ownership interest significantly reduced or eliminated.

## **Other businesses**

**Communications infrastructure** Radian's markets remained highly competitive as customers continued to delay their network expansion spending during the first quarter of 2003. As a result, Radian reported revenues of \$22 million compared to \$29 million in the first three months of 2002. Despite lower revenues and increased margin pressure, the first-quarter operating loss was \$4 million in 2003, equal to the loss reported in the same quarter last year. Also during the quarter, Radian was awarded a large contract in the United States with a Tier 1 telecommunications carrier; this is the first full turnkey project that Radian has been awarded directly in the United States. The company is encouraged by the progress that it is currently making in developing its service offering in the United States.

**Small-cap fund** ONCAP's operating companies – CMC Electronics and Armtec – provided \$112 million in total revenues and \$17 million in combined operating earnings in the first quarter of 2003; this compares to revenues of \$122 million and \$15 million in operating earnings for the first quarter of 2002. ONCAP's lower revenues in the first quarter of 2003 were due to lower revenues at CMC Electronics following the sale of the company's Northstar Technologies subsidiary in the fourth quarter of 2002. CMC Electronics continues to perform very well and generated essentially all of the first-quarter operating earnings. Armtec continues to be adversely affected by slow demand for its products; however, there was an improvement in operating earnings.

In late March, ONCAP completed the acquisition of Western Inventory Service Ltd. ("WIS") in a transaction valued at \$74 million. ONCAP invested \$30 million in the equity and debt of the business in partnership with the company's senior management team. WIS is a leading North American provider of data collection and inventory counting services. The business represents an attractive opportunity for growth due to the company's industry-leading position in Canada, the opportunity for further expansion into complementary services, and opportunities for

growing the company's market share in the United States. Annual revenues of the business are approximately \$56 million.

**Sugar refining and marketing** The combined Lantic Sugar/Rogers Sugar operations reported 2003 first-quarter revenues of \$96 million and \$5 million in operating earnings. In the first quarter of 2002, reported revenues and operating earnings were \$68 million and \$3 million, respectively. The growth in revenues was due primarily to the inclusion of a full quarter of Rogers Sugar's operations in the first quarter of 2003; this compares to only one month's revenues of Rogers Sugar included in 2002, following its acquisition in early March 2002. In the first quarter of 2003, Lantic Sugar's revenues in the industrial segment continued to benefit from strong growth. In addition, Rogers Sugar increased volume in its consumer segment.

In late February, Rogers Sugar Income Fund ("RSIF") completed a public offering of 11.4 million additional trust units at a price of \$4.40 per trust unit for net proceeds of \$48 million. The proceeds were used to reduce the outstanding indebtedness of Lantic Sugar. As a result of this transaction Onex' ownership percentage in RSIF was reduced, with Onex recording a \$12 million accounting dilution gain. Onex did not sell any trust units as part of this offering. Onex retains voting control of Lantic Sugar and Rogers Sugar.

### **Normal Course Issuer Bid**

In early April, Onex announced that it had renewed its Normal Course Issuer Bid (the "Bid"), which permits the Company to purchase for cancellation up to 10 percent of its public float of Subordinate Voting Shares; 10 percent represents approximately 11.9 million shares. Under the prior Bid, which expired on April 9, 2003, Onex repurchased and cancelled 8,148,100 Subordinate Voting Shares at an average cost of \$14.43 per share. Onex is of the view that it is advantageous for the Company and its shareholders to continue to purchase its Subordinate Voting Shares for cancellation when the shares are trading at prices that reflect a significant discount to their intrinsic value.

### **Onex evaluating the creation of a co-investment fund**

In early March, Onex announced that it was evaluating the establishment of a US\$1.5 billion co-investment fund that would provide committed capital for future Onex acquisitions. This fund is intended to simplify Onex' co-investment practices and would provide committed capital for new acquisitions not related to Onex' existing operating companies. Onex would commit an initial US\$300 million to the fund and may increase its commitment annually subject to certain limitations. Onex would control and manage the fund. In the past, Onex raised co-investment capital on a transaction-by-transaction basis for most of its operating company acquisitions. This has been an inefficient and time-consuming process as new ownership structures, differing ownership interests and specific legal documents had to be created for each acquisition. The existence of the fund with committed participants would eliminate much of this inefficiency.



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

## Forward-Looking/Safe Harbour and Fair Disclosure Statement

*This discussion and analysis may contain, without limitation, certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. Onex is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.*

**Management's Discussion and Analysis and the Onex Corporation consolidated financial statements have been prepared to provide information on Onex Corporation on a consolidated basis and should not be considered to provide sufficient information to make an investment decision in regard to any particular Onex operating company.**

The following discussion of the consolidated financial condition and results of operations should be read in conjunction with the unaudited interim consolidated financial statements for the period ended March 31, 2003 and with the 2002 audited annual consolidated financial statements. All amounts are in Canadian dollars unless otherwise indicated.

## Financial Highlights

- Revenues were **\$4.7 billion** compared to \$5.4 billion in the first quarter of 2002.
- Operating earnings, as defined on page 9, were **\$144 million**, down from \$271 million for the same quarter last year.
- Net loss was **\$35 million (\$0.22 per share)** compared to net earnings of \$22 million (\$0.14 per share) in the 2002 first quarter.
- Cash flow from operations, excluding changes in working capital, was **\$118 million**, down from \$310 million for the first quarter of 2002.
- At March 31, 2003, assets totalled **\$18.2 billion** and shareholders' equity was **\$841 million**.

## Financial Review

This section compares the unaudited interim consolidated financial results for the three months ended March 31, 2003 to those ended March 31, 2002. The discussion analyzes significant changes in the unaudited interim consolidated statements of earnings, unaudited consolidated balance sheet and unaudited consolidated statements of cash flows.

### **Accounting policies and estimates**

Onex prepares its financial statements in accordance with Canadian generally accepted accounting principles.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the interim financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant accounting policies and methods used in preparation of the financial statements are described in note 1 to the unaudited interim consolidated financial statements and in note 1 to the December 31, 2002 audited annual consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Significant estimates are used in determining the allowance for doubtful accounts, inventory valuation, income tax valuation allowances, the fair value of reporting units for purposes of goodwill impairment tests, the useful lives and valuation of intangible assets, and restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

### **New accounting policies in 2003**

#### **Guarantees**

Effective January 1, 2003, Onex and its operating companies adopted the new *CICA Handbook* Accounting Guideline "Disclosure of Guarantees". This guideline requires additional disclosure of guarantees as follows: (1) the nature of the guarantee, including how it arose and the events and circumstances that would require the guarantor to perform under the guarantee, (2) the maximum amount of future payments the guarantor would be required to make, (3) the nature of any recourse provisions and the nature of assets held, either collateral or by third parties, and (4) the approximate extent to which the proceeds from collateral would be expected to cover the maximum potential for loss under the guarantee. The adoption of this new accounting guideline for Onex' and its operating companies' guarantees as at March 31, 2003 is described in note 11 to the unaudited interim consolidated financial statements.

**Disposal of long-lived assets and discontinued operations**

In the first quarter of 2003, Onex adopted *CICA Handbook* Section 3063, "Impairment or Disposal of Long-lived Assets", which establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. An impairment would be recognized when the carrying amount of an asset to be held and used exceeds the projected future cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value. In addition, the Company also adopted *CICA Handbook* Section 3475, "Disposal of Long-lived Assets and Discontinued Operations", which provides specific criteria for, and requires separate classification of, assets held for sale, and requires that these assets be measured at the lower of their carrying amounts or fair values, less costs to sell. This new requirement also broadens the definition of discontinued operations to include all distinguishable components of an entity that are planned to be eliminated from operations.

**CONSOLIDATED RESULTS**

This section should be read in conjunction with the unaudited interim consolidated statements of earnings and the December 31, 2002 audited annual consolidated financial statements.

**Consolidated revenues**

Consolidated revenues were \$4.7 billion in the first quarter of 2003 compared to \$5.4 billion in the same quarter last year. The decline in revenues was due primarily to lower revenues at Celestica, which were attributable to ongoing weakness in information technology and communications end-markets. Difficult market conditions for MAGNATRAX and Radian also contributed to lower revenues in the first quarter of 2003. In addition, reported 2003 first-quarter revenues were lower due to the impact of foreign currency changes. The strengthening of the value of the Canadian dollar relative to the U.S. dollar results in lower reported results for U.S.-based operating companies. Partially offsetting these factors was the inclusion of a full quarter of revenues from Loews Cineplex, acquired in March 2002; the 50 percent interest in Star Theatres that Loews Cineplex did not own, acquired in April 2002; and Cinemex, acquired in June 2002. Higher revenues at ClientLogic in the first quarter of 2003 also contributed to the increase. A detailed breakdown of revenues by industry segment is provided in note 13 to the unaudited interim consolidated financial statements.

**Operating earnings**

We define operating earnings as EBIAT, or earnings before interest expense, amortization of intangibles and deferred charges, acquisition and restructuring expenses and income taxes. The table on the following page provides a reconciliation of the reported amounts to arrive at operating earnings.

## Operating Earnings Reconciliation

Amounts as shown in unaudited interim consolidated statements of earnings

Three months ended March 31 <i>(in millions of dollars)</i>	2003	2002
Earnings before the undernoted items	265	410
Amortization of property, plant and equipment	(180)	(177)
Interest and other income	27	25
Stock-based compensation	32	13
Operating earnings	144	271

Onex uses EBIAT to evaluate each operating company's performance because it eliminates interest charges, which are a function of the particular financing structure, and any unusual charges. Onex' method of determining operating earnings may differ from other companies' methods and, accordingly, EBIAT may not be comparable to measures used by other companies. EBIAT is not a performance measure under Canadian GAAP and should not be considered in isolation or as a substitute for net earnings (loss) prepared in accordance with Canadian GAAP.

Consolidated operating earnings were \$144 million in the first quarter of 2003 compared to \$271 million for the same period last year. Lower results at Celestica and MAGNATRAX were responsible for \$115 million of the total decline in operating earnings in the first quarter of 2003. Despite improved revenues at Dura Automotive, the company's operating earnings were \$58 million in the first quarter this year compared to \$75 million in the comparable quarter of 2002, due primarily to the company's phase-out of its window regulator business and the mix of products manufactured. However, the inclusion of a full quarter of operating earnings from Loews Cineplex, Star Theatres and Cinemex added \$34 million to consolidated operating earnings in the first quarter of 2003. Note 13 to the unaudited interim consolidated financial statements provides a detailed breakdown of operating earnings by industry segment.

### Stock-based compensation

It is Onex' policy to record the change in the value of its stock-based compensation at the parent company through the statements of earnings. The effect of the change in the value of Onex' options is recorded in its unaudited interim statements of earnings. As a result, recorded earnings may increase or decrease depending upon changes in the market value of the shares underlying the stock-based compensation. During the first quarter of 2003, the revaluation of Onex' stock-based compensation liability to market value resulted in a \$32 million improvement in earnings due to the decrease in value of Onex stock options and investment rights from their value as at December 31, 2002. During the three months ended March 31, 2002, Onex recorded a \$13 million benefit to operating earnings as a result of the revaluation of the stock-based compensation liability to market value from December 31, 2001.

**Interest expense of operating companies**

Consolidated interest expense increased to \$117 million in the first quarter of 2003 from \$104 million in the first three months of 2002, primarily due to the inclusion of interest costs associated with the theatre exhibition companies acquired since the first quarter of 2002. Increased interest expense at J.L. French associated with its December 2002 refinancing, and higher borrowing costs at MAGNATRAX related to non-compliance with existing bank covenants, also contributed to the increase in consolidated interest expense.

**Accounting gains on shares of operating companies, net**

During the first quarter of 2003, Onex recorded \$31 million in gains on shares of operating companies; this compared to \$3 million of gains in the first quarter of 2002. Included in the 2003 first-quarter gains on shares of operating companies was a \$12 million accounting dilution gain from the Rogers Sugar Income Fund's (RSIF) issuance of 11.4 million trust units. While Onex did not sell any trust units of RSIF in this offering, Onex recorded this accounting dilution gain as a result of the increase in book value of Onex' portion of the net asset value of RSIF arising from this offering. In addition, Vencap recorded a \$16 million gain from the company's sale of its remaining operating company. Note 5 to the unaudited interim consolidated financial statements provides additional details on the gains on shares of operating companies.

**Effect of exchange rate changes on earnings**

The value of the U.S. dollar relative to the Canadian dollar declined in the first quarter of 2003 from 1.5776 to 1.4678, or approximately 11 cents. As Onex holds a significant portion of its cash in U.S. dollars, this exchange rate change during the quarter resulted in Onex, the parent company, recording a \$48 million reduction in the value of U.S. cash held, which was charged against earnings. This compares to a \$10 million exchange gain on U.S. cash held at the parent company in the first quarter last year.

**Income taxes**

During the first quarter of 2003, Onex recorded a net \$10 million reduction in the future income tax liability on the balance sheet, with an associated credit to the tax provision on the statement of earnings. This adjustment is required to record the decrease in the future tax liability resulting primarily from the legislated reduction in income tax rates that would apply to past gains recorded by the parent company.

### **Non-controlling interests in earnings of operating companies**

On the unaudited interim consolidated statements of earnings, the non-controlling interests amount of \$27 million in the first quarter of 2003 represents the interests of shareholders other than Onex in the net earnings and losses of the operating companies. There were \$83 million of non-controlling interests charges in the first quarter of 2002. The change in the non-controlling interests amount was due primarily to lower net earnings at Celestica and Dura Automotive in the first quarter of 2003 compared to those in the first three months of 2002.

### **Consolidated net earnings (loss)**

Consolidated net loss for the first quarter of 2003 was \$35 million (\$0.22 per share) compared to net earnings of \$22 million (\$0.14 per share) for the first quarter of 2002. Note 13 to the unaudited interim consolidated financial statements provides a detailed breakdown of revenues, operating earnings, and earnings before taxes and non-controlling interests by industry segment for the quarters ended March 31, 2003 and 2002.

In the first quarter of 2003, Onex was required for accounting purposes to recognize 100 percent of the losses of ClientLogic, InsLogic, J.L. French, Trim Systems and MAGNATRAX even though Onex does not own 100 percent of these businesses. Prior losses at these companies have eliminated the value contributed by other shareholders in these companies. Thus, for accounting purposes, the other shareholders' portion of these companies' current losses is required to be included in determining Onex' net earnings (loss). For consolidation accounting purposes, the cumulative interests of other shareholders in those companies cannot be recorded at a negative value. These losses of other shareholders totalled \$16 million in the first quarter of 2003 compared to \$7 million in the first quarter of last year. In the future, when these companies begin to record earnings, Onex will include 100 percent of any profits in these companies until Onex has recovered the value of the losses of non-controlling shareholders that were previously booked.

## **CONSOLIDATED FINANCIAL POSITION**

This section should be read in conjunction with the unaudited interim consolidated balance sheet as at March 31, 2003 and the audited annual consolidated balance sheet as at December 31, 2002.

### **Consolidated assets**

Consolidated assets were \$18.2 billion at March 31, 2003, down from \$19.9 billion at December 31, 2002. A breakdown of assets by industry segment is provided in note 13 to the unaudited interim consolidated financial statements. The total value of Onex' consolidated assets fluctuates with the U.S. dollar to Canadian dollar exchange rate since most of Onex' operating companies are

based in the United States. In the first quarter of 2003, most of the decline in consolidated assets was due to the strengthening of the Canadian dollar relative to the U.S. dollar. The exchange rate change in the quarter was 11 cents, or a 7 percent increase in the value of the Canadian dollar relative to the U.S. dollar. There was one acquisition completed in the first quarter of 2003 that added \$83 million to consolidated assets. That acquisition is described in note 3 to the unaudited interim consolidated financial statements.

### **Long-term debt**

Onex, the parent company, has no debt, with the exception of debentures that are exchangeable into shares of Celestica. It has been Onex' policy to preserve a financially strong parent company. We strictly adhere to this policy, which means that all debt financing remains within our operating companies and each company is required to support its own debt. There are no guarantees of debt by Onex or cross-guarantees between the operating companies. As a result, there can be no calls on Onex or an operating company for the debt of another operating company.

Total long-term debt (consisting of the current portion of long-term debt and long-term debt) was \$4.9 billion at March 31, 2003 compared to \$5.2 billion at December 31, 2002. The change in long-term debt resulted primarily from the decrease in the value of the U.S. dollar relative to the Canadian dollar in the first quarter of 2003, compared to its value at December 31, 2002 and the translation of U.S. dollar denominated debt.

In the first quarter of 2003, MAGNATRAX' debt of \$450 million continued to be classified as current as negotiations continued with its lenders to financially restructure the company. At March 31, 2003, MAGNATRAX continued to be out of compliance with the requirements under its lending agreements due to poor financial performance resulting from the severe cyclical decline of the metal building products industry in which MAGNATRAX operates.

### **Non-controlling interests**

The non-controlling interests amount on Onex' unaudited interim consolidated balance sheet as at March 31, 2003 represents the ownership interests of shareholders other than Onex in Onex' operating companies. At March 31, 2003, the non-controlling interests balance totalled \$6.3 billion, compared to \$6.9 billion as at December 31, 2002. The change in the non-controlling interests balance from December 31, 2002 was due to Celestica's repurchase of 6.8 million shares under its normal course issuer bid and that company's repurchase of a portion of its outstanding Liquid Yield Option Notes, which together provided a reduction of \$230 million. The balance of the change was primarily due to the change in foreign currency translation rates in the first quarter of 2003.

### **Shareholders' equity**

Shareholders' equity was \$0.8 billion at March 31, 2003 compared to \$1.0 billion at December 31, 2002. The decrease in shareholders' equity was due to repurchases of Subordinate Voting Shares by Onex and the movement in foreign exchange rates in the first quarter of 2003. The unaudited interim consolidated statements of shareholders' equity on page 18 show the changes to the components of shareholders' equity for the first quarters of 2003 and 2002.

Onex had a Normal Course Issuer Bid (the "Bid") in place in the first quarter of 2003, which enabled it to repurchase up to 10 percent of its public float of Subordinate Voting Shares. Onex repurchased 5,491,100 Subordinate Voting Shares in the first quarter of 2003 under the Bid at a total cost of \$77 million. Under this Bid, including this quarter's repurchases, Onex has repurchased a total of 8,148,100 Subordinate Voting Shares at a total cost of \$118 million. In the first quarter of 2002, Onex did not repurchase any Subordinate Voting Shares under a similar bid.

Onex' Dividend Reinvestment Plan (the "Plan") enables Canadian shareholders to reinvest cash dividends to acquire new Subordinate Voting Shares of Onex at a 5 percent discount to a market-related price at the time of reinvestment. In the first quarter of 2003, Onex issued 66,500 Subordinate Voting Shares under the Plan at an average cost of \$15.27 per share, resulting in cash savings of approximately \$1 million. In the first quarter of 2002, 53,725 Subordinate Voting Shares were issued under the Plan at an average cost of \$21.81 per share, creating cash savings of approximately \$1 million.

In February 2003, Onex issued 710,000 options at an exercise price of \$14.90 per share, which was the market value of Onex shares at the time of issuance of the options. These options vest over five years and are not exercisable unless the market price is at least 25 percent above the option exercise price.

The currency translation adjustment component of shareholders' equity represents the cumulative unrealized increase in the value of Onex' ownership in U.S.-based operating companies since the date of their respective acquisitions due to changes in the U.S. dollar to Canadian dollar exchange rate. There was a decrease of \$89 million recorded to shareholders' equity in the first quarter of 2003 due to the decline in value of the U.S. dollar relative to the Canadian dollar during the period.



## CONSOLIDATED CASH FLOW

This section should be read in conjunction with the unaudited interim consolidated statements of cash flows.

### **Operating activities**

Cash flow from operations, excluding changes in working capital, totalled \$118 million in the first quarter of 2003 compared to \$310 million reported for the first three months of 2002. The decline in cash generated from operations was due to lower operating results during the first quarter of 2003 at many of Onex' operating companies.

### **Financing activities**

Cash flow used in financing activities was \$274 million in the first quarter of 2003 compared to cash generated from financing activities of \$90 million in the comparative quarter last year. Onex' repurchase of shares under its Normal Course Issuer Bid used \$77 million of cash in the first quarter. Celestica's repurchase of its subordinate voting shares and the repurchase of its Liquid Yield Option Notes combined accounted for an additional \$230 million of cash used in financing activities during the first quarter of 2003.

### **Investing activities**

Cash flow used in investing activities totalled \$109 million for the first three months of 2003 compared to \$238 million in the first quarter of 2002. In the first quarter of 2003, cash used for acquisitions was \$68 million compared to \$69 million of cash used in the first three months of 2002. In addition, the cash used for the purchase of property, plant and equipment was \$100 million in the quarter, up from \$95 million of cash used in the first quarter of 2002. Partially offsetting these expenditures was \$35 million of cash received from other investing activities in the first quarter of 2003, due to the sale of certain non-controlled investments, compared to \$79 million of cash used in other investing activities in the same quarter last year.

### **Consolidated cash resources**

At March 31, 2003, consolidated cash was \$4.2 billion, compared to \$4.6 billion as at December 31, 2002. Onex, the parent company, had over \$1 billion of cash, and Celestica had more than \$2.6 billion of cash on hand. In the first quarter of 2003, changes in foreign currency rates reduced the value of consolidated cash by \$286 million.

# Consolidated Balance Sheets

<i>(in millions of dollars)</i>	<i>(Unaudited)</i> As at March 31 <b>2003</b>	<i>(Audited)</i> As at December 31 2002
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments	<b>\$ 4,150</b>	\$ 4,642
Accounts receivable	<b>1,947</b>	2,315
Inventories	<b>1,684</b>	1,760
Other current assets	<b>549</b>	595
	<b>8,330</b>	9,312
Property, plant and equipment	<b>4,073</b>	4,420
Investments and other assets	<b>1,117</b>	1,213
Goodwill	<b>3,973</b>	4,173
Intangible assets	<b>692</b>	772
	<b>\$ 18,185</b>	\$ 19,890
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Bank indebtedness, without recourse to Onex	<b>\$ 28</b>	\$ 40
Accounts payable and accrued liabilities	<b>3,854</b>	4,260
Current portion of long-term debt and obligations under capital leases of operating companies, without recourse to Onex (note 4)	<b>661</b>	719
	<b>4,543</b>	5,019
Long-term debt of operating companies, without recourse to Onex (note 4)	<b>4,248</b>	4,526
Obligations under capital leases, without recourse to Onex	<b>66</b>	73
Exchangeable debentures	<b>154</b>	203
Future income taxes	<b>879</b>	924
Other liabilities	<b>1,164</b>	1,169
	<b>11,054</b>	11,914
Non-controlling interests	<b>6,290</b>	6,932
<b>Shareholders' equity</b>	<b>841</b>	1,044
	<b>\$ 18,185</b>	\$ 19,890

See accompanying notes to unaudited interim consolidated financial statements.

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

# Consolidated Statements of Earnings

*(Unaudited) Three months ended March 31  
(in millions of dollars, except per share data)*

	2003	2002
<b>Revenues</b>	<b>\$ 4,697</b>	<b>\$ 5,428</b>
<b>Earnings Before the Undernoted Items</b>	<b>\$ 265</b>	<b>\$ 410</b>
Amortization of property, plant and equipment	(180)	(177)
Amortization of intangible assets and deferred charges	(29)	(39)
Interest expense of operating companies	(117)	(104)
Interest and other income	27	25
Stock-based compensation (note 9)	32	13
Gains on shares of operating companies, net (note 5)	31	3
Acquisition, restructuring and other expenses (note 6)	(4)	(7)
Debt prepayment costs	(10)	-
Writedown of long-lived assets	(6)	-
<b>Earnings before income taxes and non-controlling interests</b>	<b>9</b>	<b>124</b>
Provision for income taxes	(17)	(19)
Non-controlling interests of operating companies	(27)	(83)
<b>Net Earnings (Loss) for the Period</b>	<b>\$ (35)</b>	<b>\$ 22</b>
<b>Net Earnings (Loss) per Subordinate Voting Share</b> (note 7)		
Basic	<b>\$ (0.22)</b>	<b>\$ 0.14</b>
Diluted	<b>\$ (0.22)</b>	<b>\$ 0.13</b>

See accompanying notes to unaudited interim consolidated financial statements.

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

# Consolidated Statements of Shareholders' Equity

<i>(Unaudited)</i> Three months ended March 31 <i>(in millions of dollars, except per share data)</i>	Share Capital (note 8)	Retained Earnings	Cumulative Translation Adjustment	Total Shareholders' Equity
<b>Balance – December 31, 2001</b>	\$ 659	\$ 1,440	\$ 120	\$ 2,219
Change in accounting policy <sup>(a)</sup>	-	(978)	-	(978)
Dividends declared	-	(4)	-	(4)
Issue of shares – dividend reinvestment plan and exercise of options	2	-	-	2
Currency translation adjustment	-	-	9	9
Net earnings for the period	-	22	-	22
<b>Balance – March 31, 2002</b>	\$ 661	\$ 480	\$ 129	\$ 1,270
<b>Balance – December 31, 2002</b>	<b>\$ 658</b>	<b>\$ 279</b>	<b>\$ 107</b>	<b>\$ 1,044</b>
Dividends declared	-	(4)	-	(4)
Issue of shares – dividend reinvestment plan and exercise of options	2	-	-	2
Purchase and cancellation of shares	(22)	(55)	-	(77)
Currency translation adjustment	-	-	(89)	(89)
Net loss for the period	-	(35)	-	(35)
<b>Balance – March 31, 2003</b>	<b>\$ 638</b>	<b>\$ 185</b>	<b>\$ 18</b>	<b>\$ 841</b>

(a) Adoption of *CICA Handbook* Section 3870, "Stock-based Compensation and Other Stock-based Payments" and *CICA Handbook* Section 3062, "Goodwill and Other Intangible Assets", which were effective January 1, 2002.

Dividends declared per Subordinate Voting Share for the first quarter of 2003 were \$0.0275 (2002 – \$0.0275).

See accompanying notes to unaudited interim consolidated financial statements.

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

# Consolidated Statements of Cash Flows

(Unaudited) Three months ended March 31  
(in millions of dollars)

	2003	2002
<b>Operating Activities</b>		
Net earnings (loss) for the period	\$ (35)	\$ 22
Items not affecting cash:		
Amortization of property, plant and equipment	180	177
Amortization of intangible assets and deferred charges	29	39
Writedown of long-lived assets	6	-
Non-controlling interests in results of operating companies	27	83
Future income taxes	(5)	(8)
Stock-based compensation (note 9)	(32)	(13)
Gains on shares of operating companies, net (note 5)	(31)	(3)
Other	(21)	13
	118	310
Increase (decrease) in other liabilities	10	(2)
Changes in non-cash working capital items:		
Accounts receivable	233	(26)
Inventories	(34)	260
Other current assets	3	(83)
Accounts payable and accrued liabilities	(153)	35
Decrease in non-cash net working capital related to operations	49	186
	177	494
<b>Financing Activities</b>		
Issuance of long-term debt	266	342
Repayment of long-term debt	(273)	(271)
Repurchase of share capital	(77)	-
Issuance of share capital by operating companies	24	41
Repurchase of share capital by operating companies	(230)	-
Increase (decrease) in other financing activities	16	(22)
	(274)	90
<b>Investing Activities</b>		
Acquisition of operating companies, net of cash in acquired companies of \$6 (2002 - \$150) (note 3)	(68)	(69)
Purchase of property, plant and equipment	(100)	(95)
Proceeds from sales of shares of operating companies	24	5
Net decrease (increase) in investments and other investing activities	35	(79)
	(109)	(238)
Cash from discontinued operations (note 2)	-	2
<b>Increase (Decrease) in Cash and Short-term Investments for the Period</b>	<b>(206)</b>	<b>348</b>
Increase (decrease) in cash and short-term investments due to changes in foreign exchange rates	(286)	4
Cash and short-term investments - beginning of the period	4,642	3,780
<b>Cash and Short-term Investments - End of the Period</b>	<b>\$ 4,150</b>	<b>\$ 4,132</b>

See accompanying notes to unaudited interim consolidated financial statements.

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

# Notes to Interim Consolidated Financial Statements

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

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

## 1. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles. 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, 2002.

The unaudited interim consolidated financial statements are based on accounting principles consistent with those used and described in the audited annual consolidated financial statements except as disclosed below in regard to the new accounting requirements for impairment or disposal of long-lived assets.

In the first quarter of 2003, the Company adopted Section 3063 of the *Canadian Institute of Chartered Accountants ("CICA") Handbook*, "Impairment or Disposal of Long-lived Assets" and Section 3475, "Disposal of Long-lived Assets and Discontinued Operations".

Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the projected future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value. Section 3475 provides specific criteria for, and requires separate classification of, assets held for sale, and that these assets be measured at the lower of their carrying amounts or fair values, less costs to sell. Section 3475 also broadens the definition of discontinued operations to include all distinguishable components of an entity that are planned to be eliminated from operations.

## 2. EARNINGS FROM DISCONTINUED OPERATIONS

During the quarter, certain operations in the automotive sector were sold. The results of these operations have been reclassified in the statements of earnings and statements of cash flows for the three months ended March 31, 2003 and 2002. Onex' share of the net earnings of these discontinued operations was not significant in these periods and thus was not disclosed as a separate line item on the consolidated statements of earnings. The revenue from these operations amounted to \$23 and \$52 for the three months ended March 31, 2003 and 2002, respectively.

The amounts for discontinued operations included in the December 31, 2002 consolidated balance sheet are as follows:

	December 31, 2002
Other assets	\$ 51
Accounts payable and accrued liabilities	(51)
Net assets of discontinued operations	\$ -

Cash from discontinued operations sold, which is included in the unaudited interim consolidated statements of cash flows, is as follows:

	March 31, 2003	March 31, 2002
Operating activities	\$ -	\$ 2
Financing activities	-	-
Investing activities	-	-
Cash from discontinued operations	\$ -	\$ 2

### 3. CORPORATE INVESTMENTS

During the first three months of 2003 the following acquisition, which was accounted for as a purchase, was completed through a subsidiary of Onex. Any third-party borrowings in respect of the acquisition are without recourse to Onex.

a) In March 2003 ONCAP completed the acquisition of Western Inventory Service Ltd. ("WIS"). WIS is a leading North American provider of data collection and inventory counting services headquartered in Ontario, Canada. The total purchase price of \$74 was financed with \$61 of borrowings, without recourse to Onex, and \$13 of equity. ONCAP invested \$18 in the debt and \$12 in the equity of WIS, of which Onex' share was \$4 and \$3, respectively. Onex has indirect voting control of WIS.

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

Details of the 2003 acquisition, which was accounted for as a purchase, are as follows:

	ONCAP
Cash	\$ 6
Current assets	6
Goodwill	63
Property, plant and equipment and other long-term assets	8
	83
Current liabilities	(9)
Acquisition financing	(61)
	13
Non-controlling interests in net assets	(10)
Interest in net assets acquired	\$ 3

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

The following describes the significant changes to Onex' consolidated long-term debt from the information provided in the December 31, 2002 audited annual consolidated financial statements.

In March 2003, Bostrom Holdings, Inc. ("Bostrom") and CVS Holdings, Inc. ("CVS") entered into an agreement and plan of merger whereby Bostrom and CVS were merged. The holders of the outstanding shares of CVS received, in exchange, shares of Bostrom on a one-for-one basis.

In connection with this merger, Bostrom entered into an amended and restated credit agreement. The credit agreement is a multi-currency facility that provides for revolving credit facilities of US\$35 and total term loan facilities of US\$56. As at March 31, 2003, the outstanding borrowings under the revolving and term loan facilities were US\$20 and US\$40, respectively. Borrowings under the credit facility bear interest at various rates plus a margin based on certain financial ratios of the company. The credit agreement matures in January, 2006 and requires quarterly repayments. The credit agreement contains various restrictive financial covenants and is secured by substantially all of the assets of the merged entity.

### 5. GAINS ON SHARES OF OPERATING COMPANIES, NET

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

Three months ended March 31	2003	2002
Gain on:		
Issue of trust units by Rogers Sugar Income Fund <sup>(a)</sup>	\$ 12	\$ -
Vencap sale of operating company <sup>(b)</sup>	16	-
Other, net	3	3
	\$ 31	\$ 3

## Notes to Interim Consolidated Financial Statements

a) In February 2003, Rogers Sugar Income Fund ("RSIF") completed an issue of 11.4 million trust units for net proceeds of \$48. While Onex did not sell any trust units of RSIF in this offering, Onex recorded an accounting dilution gain of \$12 as a result of the increase in book value of Onex' portion of the net asset value of RSIF. Onex' ownership of RSIF was diluted from 28% to 25% as a result of the additional trust units issued. Onex retained voting control of Lantic Sugar Limited and Rogers Sugar Ltd.

b) During the quarter, Vencap received proceeds of \$20 on the disposition of its remaining interest in an operating company.

### 6. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Three months ended March 31	2003	2002
Celestica	\$ -	\$ 6
Other	4	1
	\$ 4	\$ 7

Acquisition costs incurred relate to the implementation of business processes, infrastructure and information systems for operations acquired.

Restructuring charges are typically to provide for costs of facility consolidations and workforce reductions.

### 7. EARNINGS PER SHARE

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

Three months ended March 31	2003	2002
Weighted average number of shares outstanding		
Basic	157,602,900	160,648,000
Diluted	157,602,900	160,648,000

### 8. SHARE CAPITAL

As at March 31, 2003, Onex' issued and outstanding share capital consisted of 153,859,201 (2002 – 160,670,345) Subordinate Voting Shares, 100,000 Multiple Voting Shares and 176,078 Series 1 Senior Preferred Shares.

During the first three months of 2003, under the Dividend Reinvestment Plan, the Company issued 66,500 (2002 – 53,725) Subordinate Voting Shares at a total value of \$1 (2002 – \$1). As well, 55,000 Subordinate Voting Shares were issued upon the exercise of stock options of the Company at a value of \$1.

The Company repurchased and cancelled under a Normal Course Issuer Bid during the first three months of 2003 5,491,100 (2002 – nil) of its Subordinate Voting Shares at a cost of \$77 (2002 – nil).

During the quarter, 710,000 options to acquire Subordinate Voting Shares were issued under the Company's Stock Option Plan with an exercise price of \$14.90, which was the market price of the shares at the time of the issuance of the options.

### 9. STOCK-BASED COMPENSATION

Included in the unaudited interim consolidated statements of earnings for the three-month period ended March 31, 2003 is a stock-based compensation recovery of \$32 (2002 – \$13) as a result of the market value of the shares underlying the options and investment rights decreasing in value.

For the operating companies that do not record the effect of stock options through the statement of earnings, the table below shows pro forma net earnings and earnings per share adjusted for the effect of stock option plans at the operating companies.

	Three months ended March 31, 2003	Three months ended March 31, 2002
Pro forma after the effect of operating companies' stock option plans		
Pro forma net earnings (loss)	\$ (42)	\$ 22
Basic earnings (loss) per share	\$ (0.27)	\$ 0.14
Diluted earnings (loss) per share	\$ (0.27)	\$ 0.13



**10. SUPPLEMENTAL CASH FLOW INFORMATION**

Paid (recovered) during the period:

Three months ended March 31	2003	2002
Interest	\$ 67	\$ 70
Taxes	\$ (8)	\$ 15

**11. COMMITMENTS AND GUARANTEES**

Effective January 1, 2003, the Company adopted the new disclosure requirements of Accounting Guideline 14 of the *CICA Handbook* in respect of guarantees. This new disclosure should be read in conjunction with the disclosures provided in the audited annual consolidated financial statements.

Contingent liabilities in the form of letters of credit, letters of guarantee, surety and performance bonds are provided by certain operating companies to various third parties and include certain bank guarantees. At March 31, 2003 the amounts payable in respect of these guarantees amounted to \$377. In addition, certain operating companies have also made guarantees with respect to the liabilities of joint ventures, which amounted to \$137 at March 31, 2003. These guarantees are without recourse to Onex.

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

The Company and its operating companies continue to have commitments in respect of real estate leases, which are disclosed in the audited annual consolidated financial statements. A real estate lease of an operating company, which expires in 2004, provides that in certain circumstances the operating company may be required to guarantee minimum proceeds of US\$31.5 to the lessor on the sale of the underlying real estate. Onex' operating companies have an aggregate capital commitment of \$191 as at March 31, 2003.

A subsidiary of Onex may be required to purchase from Oaktree Capital its approximate 40% interest in Loews Cineplex on or about the first, third or fifth anniversary date of the acquisition of Loews Cineplex. Loews Cineplex was acquired in March 2002. The cost of such purchase on the first anniversary would be the original cost to Oaktree Capital of approximately \$150, and on the third or fifth anniversary date would be based on a defined calculation referenced to operating earnings of Loews Cineplex with no minimum purchase price commitment.

**12. SUBSEQUENT EVENTS**

Onex renewed its Normal Course Issuer Bid in April 2003 for one year, permitting the Company to purchase on The Toronto Stock Exchange up to 10 percent of the public float of its Subordinate Voting Shares. The 10 percent limit represents approximately 11.9 million shares.

**13. INFORMATION BY INDUSTRY SEGMENT**

<i>(Unaudited)</i> <i>(in millions of dollars)</i>	Revenues		Operating Earnings (Loss) <sup>(1)</sup>		Earnings (Loss) before Income Taxes and Non-controlling Interests		Total Assets	
	2003	2002	2003	2002	2003	2002	<i>(Unaudited)</i> As at Mar. 31 2003	<i>(Audited)</i> As at Dec. 31 2002
Three months ended March 31 <i>(except as otherwise noted)</i>								
Electronics manufacturing services	\$ 2,396	\$ 3,434	\$ 27	\$ 126	\$ 6	\$ 76	\$ 8,216	\$ 9,161
Customer management services	159	151	(3)	(2)	(11)	(11)	289	338
Theatre exhibition	420	10	35	2	15	1	2,290	2,539
Automotive products	1,284	1,332	92	114	7	47	4,234	4,487
Engineered building products	204	222	(18)	(2)	(32)	(15)	445	529
Parent company and other	234	279	11	33	24	26	2,711	2,836
Total	\$ 4,697	\$ 5,428	\$ 144	\$ 271	\$ 9	\$ 124	\$ 18,185	\$ 19,890

(1) Operating Earnings (Loss) represents Earnings Before the Undernoted Items (as shown in the unaudited interim consolidated statements of earnings) less amortization of property, plant and equipment plus interest and other income and stock-based compensation.

# Shareholder Information

## First Quarter Dividend

A dividend of \$0.0275 per Subordinate Voting Share was paid on April 30, 2003 to shareholders of record as of April 10, 2003.

## Dividend Reinvestment Plan

Onex has a Dividend Reinvestment Plan that provides a means for resident Canadian holders of Onex' Subordinate Voting Shares to reinvest cash dividends into new Subordinate Voting Shares issued by Onex at a 5 percent discount to a market-related value and without payment of brokerage commissions. To participate, registered shareholders should contact Onex' share registrar, CIBC Mellon Trust Company, at the address below. Non-registered shareholders should contact their investment dealer or broker to indicate their desire to participate.

## Stock Listing

The Toronto Stock Exchange  
Symbol: OCX

## Registrar and Transfer Agent

CIBC Mellon Trust Company  
P.O. Box 7010  
Adelaide Street Postal Station  
Toronto, Ontario M5C 2W9  
(416) 643-5500  
or call toll free throughout  
Canada and the United States  
1-800-387-0825  
[www.cibcmellon.ca](http://www.cibcmellon.ca)  
or [inquiries@cibcmellon.ca](mailto:inquiries@cibcmellon.ca) (e-mail)

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

## Offices

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