UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2008.

Commission File Number: 333-139791

MASONITE INTERNATIONAL INC.

(Name of registrant)

1820 Matheson Blvd., Unit B4
Mississauga, Ontario L4W 0B3 Canada
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

☒ Form 20-F ☐ Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

☐ Yes ☒ No

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MASONITE INTERNATIONAL INC.

Date: August 28, 2008

By: /s/ Anthony (Tony) DiLucente
Name: Anthony (Tony) DiLucente
Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description of Exhibit
99.1	Second Quarter Unaudited Interim Consolidated Financial Statements
99.2	Management’s Discussion & Analysis of Financial Results
99.3	Quantitative and Qualitative Disclosures about Market Risk
99.4	Other Information

EXHIBIT 99.1

Unaudited Interim Consolidated Financial Statements
(In thousands of U.S. dollars)

MASONITE INTERNATIONAL INC.

As at June 30, 2008 and December 31, 2007 and
for the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007

MASONITE INTERNATIONAL INC.
Unaudited Consolidated Statements of Operations
(In thousands of U.S. dollars)
For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007

	Note	Three Month Period Ended April 1, 2008 - June 30, 2008	Three Month Period Ended April 1, 2007 - June 30, 2007	Six Month Period Ended January 1, 2008 - June 30, 2008	Six Month Period Ended January 1, 2007 - June 30, 2007
Sales		**$ 507,752**	$ 588,937	**$ 972,148**	$ 1,158,308
Cost of sales	**5**	**417,007**	447,054	**790,968**	889,468
		90,745	141,883	**181,180**	268,840
Selling, general and administration expenses	**4,19**	**44,628**	53,249	**88,364**	106,662
Depreciation		**21,050**	23,959	**43,138**	46,615
Amortization of intangible assets	**3**	**7,077**	8,897	**14,156**	17,792
Impairment of goodwill and intangible assets	**3**	**630,331**	—	**630,331**	—
Interest		**99,202**	44,995	**142,267**	89,815
Other expense, net	**15**	**11,392**	10,480	**17,823**	12,323
(Loss) income before income taxes and non-controlling interest		**(722,935)**	303	**(754,899)**	(4,367)
Income taxes (recovery)	**16**	**(35,277)**	(7,264)	**(40,585)**	(10,031)
Non-controlling interest		**902**	2,128	**1,891**	3,253
Net (loss) income		**$ (688,560)**	$ 5,439	**$ (716,205)**	$ 2,411

Basis of presentation (note 2)
See accompanying notes to consolidated financial statements.

MASONITE INTERNATIONAL INC.
Unaudited Consolidated Balance Sheets
(In thousands of U.S. dollars)
As at June 30, 2008 and December 31, 2007

	Note	June 30, 2008	December 31, 2007 (Audited)
Assets			
Current assets:			
Cash and cash equivalents		$ **241,397**	$ 41,754
Accounts receivable	**4**	**348,248**	264,931
Inventories	**5**	**296,470**	295,831
Prepaid expenses		**20,745**	15,153
Assets held for sale	**6**	**5,333**	1,849
Income taxes recoverable		**1,776**	1,784
Current future income taxes		**36,002**	39,388
		949,971	660,690
Property, plant and equipment		**786,187**	812,475
Goodwill		**309,052**	768,430
Intangible assets		**215,343**	377,997
Other assets	**7**	**19,287**	20,501
Long-term future income taxes		**19,053**	19,959
		$ 2,298,893	$ 2,660,052
Liabilities and Shareholder's Equity			
Current liabilities:			
Bank indebtedness	**8**	$ **355,342**	$ 17,615
Accounts payable and accrued expenses	**9, 10, 15**	**337,556**	325,123
Income taxes payable		**16,144**	15,056
Current future income taxes		**2,012**	2,093
Debt due on demand	**9**	**1,909,606**	—
Current portion of debt	**9**	**9,737**	20,777
		2,630,397	380,664
Debt	**9**	**1,839**	1,852,646
Long-term future income taxes		**98,315**	147,541
Other long-term liabilities	**11**	**36,033**	38,946
		2,766,584	2,419,797
Non-controlling interest		**28,188**	42,654
Shareholder's equity:			
Share capital	**13**	**567,177**	567,177
Common shares, unlimited shares authorized, 113,435,362 shares issued and outstanding at June 30, 2008 and December 31, 2007		**7,682**	6,780
Contributed surplus			
Deficit		**(1,123,230)**	(407,025)
Accumulated other comprehensive income		**52,492**	30,669
		(495,879)	197,601
		$ 2,298,893	$ 2,660,052

Commitments and contingencies (note 14)
Related party transactions (notes 7 and 19)
Basis of presentation (notes 1 and 2)
See accompanying notes to consolidated financial statements.

MASONITE INTERNATIONAL INC.

Unaudited Consolidated Statements of Changes in Shareholder's Equity and Comprehensive Income
(In thousands of U.S. dollars)
For the Six Month Periods Ended June 30, 2008 and June 30, 2007

	Common Shares Number	Common Shares Value	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Deficit and Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2008	**113,435,362**	**$ 567,177**	**$ 6,780**	**$ (407,025)**	**$ 30,669**	**$ (376,356)**	**$ 197,601**
Net loss	**—**	**—**	**—**	**(716,205)**	**—**	**(716,205)**	**(716,205)**
Other comprehensive income (loss), net of tax:							
Foreign exchange gain on self-sustaining operations	**—**	**—**	**—**	**—**	**24,463**	**24,463**	**24,463**
Change in fair value of cash flow hedges, net of tax of $1,301	**—**	**—**	**—**	**—**	**(2,640)**	**(2,640)**	**(2,640)**
Comprehensive loss							**(694,382)**
Share based awards	**—**	**—**	**902**	**—**	**—**	**—**	**902**
Balance, June 30, 2008	**113,435,362**	**$ 567,177**	**$ 7,682**	**$ (1,123,230)**	**$ 52,492**	**$ (1,070,738)**	**$ (495,879)**
Balance, January 1, 2007	113,435,362	$ 567,177	$ 4,987	$ (104,134)	$ 29,298	$ (74,836)	497,328
Net income	—	—	—	2,411	—	2,411	2,411
Other comprehensive income (loss), net of tax:							
Foreign exchange gain on self-sustaining operations	—	—	—	—	1,200	1,200	1,200
Change in fair value of cash flow hedges, net of tax of $(2,532)	—	—	—	—	(2,763)	(2,763)	(2,763)
Comprehensive income							848
Share based awards	—	—	1,272	—	—	—	1,272
Balance, June 30, 2007	113,435,362	$ 567,177	$ 6,259	$ (101,723)	$ 27,735	$ (73,988)	$ 499,448

Basis of presentation (notes 1 and 2)
See accompanying notes to consolidated financial statements.

MASONITE INTERNATIONAL INC.
Unaudited Consolidated Statements of Comprehensive Income (loss)
(In thousands of U.S. dollars)
For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007

	Three Month Period Ended		Six Month Period Ended	
	April 1, 2008 - June 30, 2008	**April 1, 2007 - June 30, 2007**	**January 1, 2008 - June 30, 2008**	**January 1, 2007 - June 30, 2007**
Net (loss) income	**$ (688,560)**	$ 5,439	**$ (716,205)**	$ 2,411
Foreign exchange gain on self-sustaining operations	**5,089**	194	**24,463**	1,200
Change in fair value of cash flow hedges, net of tax (1)	**6,638**	739	**(2,640)**	(2,763)
Other comprehensive income (loss)	**11,727**	933	**21,823**	(1,563)
Comprehensive (loss) income	**$ (676,833)**	$ 6,372	**$ (694,382)**	$ 848

(1) Net of income tax expense (recovery) for the three month period ended June 30, 2008 of $3,432 (2007 - $3,418), and net of income tax expense (recovery) for the six month period ended June 30, 2008 of $(1,301) (2007 - $2,532)

MASONITE INTERNATIONAL INC.
Unaudited Consolidated Statements of Cash Flows
(In thousands of U.S. dollars)
For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007

	Three Month Period Ended		Six Month Period Ended	
	April 1, 2008 - June 30, 2008	**April 1, 2007 - June 30, 2007**	**January 1, 2008 - June 30, 2008**	**January 1, 2007 - June 30, 2007**
Cash provided by (used in):				
Operating activities:				
Net (loss) income	**$ (688,560)**	$ 5,439	**$ (716,205)**	$ 2,411
Items not involving cash:				
Depreciation	**21,050**	23,959	**43,138**	46,615
Amortization of intangible assets	**7,077**	8,897	**14,156**	17,792
Non-cash interest expense	**58,543**	2,526	**61,118**	5,040
Loss on sale of property, plant and equipment	**(1,383)**	228	**(1,332)**	950
Impairment of property, plant and equipment	**5,098**	2,620	**5,920**	2,620
Impairment of goodwill and intangible assets	**630,331**	—	**630,331**	—
Share based awards	**485**	488	**902**	1,272
Future income taxes	**(38,132)**	(10,927)	**(45,577)**	(16,457)
Pension and post-retirement expense and funding, net	**(144)**	327	**(198)**	602
Unrealized foreign exchange losses	**236**	(3,161)	**262**	(2,970)
Non-controlling interest	**902**	2,128	**1,891**	3,253
Change in non-cash operating working capital:				
Accounts receivable	**(66,374)**	(3,103)	**(74,050)**	(32,006)
Inventories	**(3,523)**	10,701	**4,873**	26,479
Income taxes recoverable	**(237)**	—	**8**	—
Income taxes payable	**1,850**	(579)	**2,556**	664
Prepaid expenses	**(2,219)**	627	**(5,233)**	(3,134)
Accounts payable and accrued expenses	**(6,018)**	(22,611)	**5,601**	(362)
	(81,018)	17,559	**(71,839)**	52,769
Financing activities				
Change in bank indebtedness	**235,831**	29,299	**336,042**	6,801
Repayment of long-term debt	**(3,366)**	(4,493)	**(13,831)**	(8,728)
	232,465	24,806	**322,211**	(1,927)
Investing activities				
Proceeds from sale of property, plant and equipment	**3,882**	106	**3,939**	191
Additions to property, plant and equipment	**(6,195)**	(7,327)	**(13,495)**	(16,226)
Acquisitions	**(16,792)**	(3,733)	**(30,507)**	(3,733)
Distributions to non-controlling interests	**(2,475)**	(1,555)	**(8,460)**	(1,555)
Other investing activities	**306**	1,391	**(96)**	(1,656)
	(21,274)	(11,118)	**(48,619)**	(22,979)
Net foreign currency translation adjustment	**630**	2,657	**(2,110)**	1,800
Increase (decrease) in cash and cash equivalents	**130,803**	33,904	**199,643**	29,663
Cash and cash equivalents, beginning of period	**110,594**	43,182	**41,754**	47,423
Cash and cash equivalents, end of period	**$ 241,397**	$ 77,086	**$ 241,397**	$ 77,086

Basis of presentation (note 2)
Supplemental cash flow information (note 17)
See accompanying notes to consolidated financial statements.

NOTE 1: GOING CONCERN

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. There is uncertainty about the appropriateness of the use of the going concern assumption because the Company is currently not in compliance with the financial covenants contained in the Senior Secured Credit Facilities ("Credit Agreement") with a principal amount of $1,139,750 and a revolving credit facility with a principal amount outstanding of $336,000, both as of June 30, 2008. This non-compliance constitutes an Event of Default as defined in the Credit Agreement. The covenant violations provide the lenders the right to demand repayment of the full amount of the term loan and revolving credit facility. As of the date of issuance of these financial statements the lenders have not demanded repayment. Should the lenders under the Credit Agreement demand full repayment, the holders of the Company's Senior Subordinated Notes due 2015 ("Notes") would then also be entitled to demand full repayment. The Notes have a principal amount of $769,856 as of June 30, 2008. Accordingly, the Company has reclassified the balance outstanding under the Credit Agreement and the Notes as current liabilities. Management has been engaged in negotiations with the lenders party to the Credit Agreement regarding an amendment to the agreement including a waiver of such non-compliance. To date, no agreement has been reached and there can be no guarantee that an agreement will be reached on terms acceptable to the Company or its lenders. The Company's ability to continue as a going concern is dependent upon its ability to complete a successful renegotiation of its Credit Agreement terms. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of the liabilities that may be necessary should the Company be unable to continue as a going concern.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). These unaudited interim consolidated financial statements include the accounts of Masonite International Inc. (the "Company" or "Masonite") as at June 30, 2008 and December 31, 2007 and for the three and six month periods ended June 30, 2008 and June 30, 2007. The financial statements were prepared using accounting principles applicable to a going concern, which assumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations.

These unaudited interim consolidated financial statements do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2007. In the opinion of management, these unaudited interim consolidated financial statements reflect all adjustments which are necessary for a fair presentation of the operating results and financial condition of the Company for such periods and as of such dates. These unaudited interim consolidated financial statements are prepared using the same accounting policies and methods of application as the annual audited consolidated financial statements except as described below in Recently Adopted Accounting Standards. Operating results for the interim periods included herein are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

The Company's fiscal year is the 52 or 53-week period ending on the Sunday closest to December 31. In a 52 week year, each fiscal quarter consists of 13 weeks. The three month periods ended June 30, 2008 and June 30, 2007 consist of 13 weeks. For presentation purposes, the financial statements and notes refer to June 30 as the Company's quarter-end.

Principles of Consolidation

The unaudited interim financial statements include the accounts of the Company and its subsidiaries, the accounts of any variable interest entities ("VIE") for which the Company is the primary beneficiary and its proportionate share of assets, liabilities, revenues and expenses from joint ventures. Intercompany accounts and transactions have been eliminated on consolidation. The results of subsidiaries acquired during the periods presented are consolidated from their respective dates of acquisition using the purchase method. Joint ventures are proportionately consolidated from the date of formation.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the valuation of the allowance for doubtful accounts, the net realizable value of inventories, the determination of the fair value of derivative instruments, the determination of obligations under employee future benefit plans, the determination of share based awards, the valuation of acquired assets, the determination of the fair value of financial instruments, the fair value of goodwill, intangible assets, property, plant and equipment, the useful lives of long-lived assets, as well as determination of impairment thereon, and the recoverability of future income tax assets. Actual results could differ from those estimates.

Recently Adopted Accounting Standards:

(a) Change in accounting policies

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

(i) Inventory

CICA Section 3031, *Inventories*, replaces Section 3030, *Inventories*, and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards (IFRS). This section provides more extensive guidance on the determination of cost, narrows the permitted cost formulas, requires impairment testing and expands the disclosure requirements to increase transparency. There was no impact on the financial results of the Company from the adoption of Section 3031.

(ii) Capital disclosures

CICA Section 1535, *Capital Disclosures*, establishes guidelines for the disclosure of information on an entity's capital and how it is managed. This enhanced disclosure enables users to evaluate the entity's objectives, policies and processes for managing capital. This new requirement is for disclosure purposes only and upon adoption did not impact the financial results of the Company. See Note 21 Capital Management, for further disclosure.

(iii) Financial instruments – disclosure and presentation

CICA Section 3862, *Financial Instruments – Disclosure*, and Section 3863, *Financial Instruments – Presentation*, replace the existing Section 3861, *Financial Instruments – Disclosure and Presentation*. Section 3862 requires enhanced disclosure on the nature and extent of financial instrument risks and how an entity manages those risks. Section 3863 carries forward the existing presentation requirements and provides additional guidance for the classification of financial instruments. This new requirement is for disclosure purposes only and upon adoption did not impact the financial results of the Company. See Note 20 Financial Instruments and Risk Management, for further disclosure.

(In thousands of U.S. dollars, except share and option information)

(b) Future accounting policies

Goodwill and Intangible Assets

CICA Section 3064, *Goodwill and Intangible Assets* replaces the existing Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of intangible assets. Standards relating to goodwill are unchanged from those included in Section 3062. This section comes into effect on January 1, 2009.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board (AcSB) announced its decision to replace Canadian GAAP with IFRS for all Canadian Publicly Accountable Enterprises (PAE). On February 13, 2008, the AcSB confirmed January 1, 2011 as the official changeover date for PAEs to commence reporting under IFRS. Although IFRS is principles-based and uses a conceptual framework similar to Canadian GAAP, there are significant differences and choices in accounting policies, as well as increased disclosure requirements under IFRS. The Company is currently in the process of assessing the impact of IFRS on its financial statements.

NOTE 3: ACQUISITIONS, GOODWILL AND INTANGIBLES

In the first quarter of 2008, the Company purchased the remaining 25% ownership interest of the Company's operations located in the Czech Republic and Poland. The consideration was approximately $18,600 consisting of approximately $13,700 paid for the shares and the balance as repayment of advances made by the minority interest shareholder. The excess purchase price over the fair value of net identifiable assets acquired of $6,620 was allocated to customer list intangible assets in the amount of $5,430 and goodwill in the amount of $1,190. In the second quarter of 2008, the holder of one-half of the minority interest ownership position in a North American manufacturing facility exercised their right requiring the Company, pursuant to the terms in the shareholder agreement, to purchase their ownership interest for approximately $16,800. The excess purchase price over the fair value of net identifiable assets acquired of $10,572 was allocated to goodwill.

Goodwill is not amortized but instead is tested for impairment annually on December 31, or more frequently if events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment is tested at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. Fair values of reporting units are estimated using an income approach. If the carrying amount exceeds fair value, there is impairment in goodwill. Any impairment in goodwill is measured by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and comparing the notional goodwill from the fair value allocation to the carrying value of goodwill. Due to the continued decline of the U.S. housing market, the Company has completed an additional impairment test for its North American reporting unit as at June 30, 2008. This test concluded that there was impairment in the goodwill in the North American segment in the amount of $471,350. Further, the impairment test also concluded that the North American customer relationship intangible was impaired in the amount of $153,300.

For the six months ended June 30, 2008 and for the twelve months ended December 31, 2007, the changes in the carrying amount of goodwill were as follows:

2008	**North America**	**Europe and Other**	**Total**
Goodwill, December 31, 2007	**$ 707,390**	**$ 61,040**	**$ 768,430**
Impairments	**(471,350)**	**(5,013)**	**(476,363)**
Acquisitions	**10,572**	**1,190**	**11,762**
Translation adjustment	**—**	**5,223**	**5,223**
Goodwill, June 30, 2008	**$ 246,612**	**$ 62,440**	**$ 309,052**

(In thousands of U.S. dollars, except share and option information)

2007	North America	Europe and Other	Total
Goodwill, December 31, 2006	$915,790	$53,690	$969,480
Impairments	(208,400)	—	(208,400)
Acquisitions	—	4,374	4,374
Translation adjustment	—	2,976	2,976
Goodwill, December 31, 2007	$707,390	$61,040	$768,430

The carrying amount of intangibles at June 30, 2008 and December 31, 2007 was as follows:

2008	Cost	Accumulated Amortization	Net Book Value
Amortizable intangible assets			
Customer relationships	**$ 99,244**	**$ 81,314**	**$ 17,930**
Order backlogs	**4,105**	**4,105**	**—**
Patents	**92,005**	**29,592**	**62,413**
	195,354	**115,011**	**80,343**
Indefinite life intangible assets			
Trademarks and tradenames	**135,000**	**—**	**135,000**
	$ 330,354	**$ 115,011**	**$ 215,343**

2007	Cost	Accumulated Amortization	Net Book Value
Amortizable intangible assets			
Customer relationships	$ 247,954	$ 71,947	$ 176,007
Order backlogs	4,105	4,105	—
Patents	92,023	25,033	66,990
	344,082	101,085	242,997
Indefinite life intangible assets			
Trademarks and tradenames	135,000	—	135,000
	$ 479,082	$ 101,085	$ 377,997

The estimated amortization for existing intangible assets over the next five years ending June 30 is as follows:

2009	**$ 11,374**
2010	**11,374**
2011	**11,374**
2012	**11,374**
2013	**11,374**
	$ 56,870

(In thousands of U.S. dollars, except share and option information)

NOTE 4: ACCOUNTS RECEIVABLE

The Company had an agreement (the "Facilities Agreement") to sell up to $135,000 of non-interest bearing trade accounts receivable. The charges incurred under the Facilities Agreement were calculated based on the receivables sold and the prevailing LIBOR interest rate plus a spread of 1.25% (December 31, 2007 – 1.25%).

On April 18, 2008, the Company was notified by the counterparty to the Facilities Agreement of termination of the program effective June 17, 2008.

The Company also had an additional agreement (the "Acquired Facilities Agreement") which was terminated in March of 2007.

Information regarding balances sold and charges incurred, which are included in selling, general and administration expenses, on the Facilities Agreement, is included in the table below:

	June 30, 2008	December 31, 2007
Receivables sold at period end		
Facilities Agreement	**$ —**	$ 52,150

	April 1, 2008 – June 30, 2008	April 1, 2007 – June 30, 2007
Charges incurred in the period		
Facilities Agreement	**$ 161**	$ 1,733
Acquired Facilities Agreement	**—**	2
	$ 161	$ 1,735

	January 1, 2008 – June 30, 2008	January 1, 2007 – June 30, 2007
Charges incurred in the period		
Facilities Agreement	**$ 753**	$ 3,103
Acquired Facilities Agreement	**—**	280
	$ 753	$ 3,383

NOTE 5: INVENTORIES

	June 30, 2008	December 31, 2007
Raw materials	**$ 174,267**	$ 185,146
Finished goods	**122,203**	110,685
	$ 296,470	$ 295,831

The Company recognized an inventory write-down of $4,056 in the three month period ended June 30, 2008 (three month period ended June 30, 2007 - $1,400) and $4,456 in the six month period ended June 30, 2008 (six month period ended June 30, 2007 - $1,400).

NOTE 6: ASSETS HELD FOR SALE

Due to the closure of manufacturing facilities in the U.K. and Canada, land and buildings have been held for sale, and as a result, the carrying value of $5,333 has been reclassified from property, plant and equipment to assets held for sale. The carrying value of the assets held for sale in the North American segment is $1,816 and in the Europe and Other segment is

(In thousands of U.S. dollars, except share and option information)

$3,517. Subsequent to June 30, 2008, the assets held for sale in the Europe and Other segment were disposed of for proceeds of approximately $4,500. The remainder of assets held for sale are expected to be sold during the next twelve months.

During the three month period ended June 30, 2008, $1,895 of assets previously held for sale were disposed of for proceeds of $3,639.

NOTE 7: OTHER ASSETS

	June 30, 2008	December 31, 2007
Receivable from parent	$ **18,898**	$ 18,408
Long-term receivables and other	**389**	2,093
	$ **19,287**	$ 20,501

Included in long-term receivables and other at June 30, 2008 is $nil (December 31, 2007 - $1,690) in receivables due over the next four years pursuant to a royalty agreement. The $18,898 (December 31, 2007 - $18,408) due from Masonite Holding Corporation ("Holdings"), the Company's parent, represents share purchase and redemption transactions of the Parent's shares that were funded by a subsidiary of the Company. The amount receivable from Holdings is non-interest bearing, unsecured, and has no set terms of repayment.

NOTE 8: BANK INDEBTEDNESS

	June 30, 2008	December 31, 2007
Revolving credit facility	$ **336,000**	$ —
Other borrowings and overdrafts	**19,342**	17,615
	$ **355,342**	$ 17,615

The Company has a $350,000 revolving credit facility as part of its Credit Agreement. Interest on the revolving credit facility is subject to a pricing grid ranging from LIBOR plus 1.75% to LIBOR plus 2.50%, and is secured by fixed and floating charges over substantially all of Masonite's assets. As of June 30, 2008, the revolving credit facility interest rate was LIBOR plus 2.50% (December 31, 2007 – LIBOR plus 2.50%). As a result of the Event of Default described in Note 1 Going Concern, the Administrative Agent or a majority of the lenders may elect to prohibit the Company from continuing the interest basis of loans that are LIBOR loans at the end of the relevant interest period and convert the loans to ABR/Prime rate loans. Borrowings are not permitted under the revolving credit facility during an Event of Default.

The revolving credit facility also provides for payment to the lenders of a commitment fee on the average daily undrawn commitments at a rate ranging from 0.375% to 0.5% per annum, a fronting fee of 0.125%, and a letter of credit fee ranging from 1.75% to 2.5% (less the 0.125% fronting fee).

Interest on the revolving credit facility for the three month period ended June 30, 2008 was $3,659 (three month period ended June 30, 2007 - $1,018). Interest on the revolving credit facility for the six month period ended June 30, 2008 was $3,829 (six month period ended June 30, 2007 - $1,918).

(In thousands of U.S. dollars, except share and option information)

NOTE 9: DEBT

	June 30, 2008	December 31, 2007
Senior Secured Credit Facilities, bearing interest at LIBOR plus 2.00% due April 6, 2013, net of deferred financing fees of $nil (2007 - $29,199)	**$ 1,139,750**	$ 1,116,426
Senior Subordinated Notes, bearing interest at 11%, due October 6, 2015, net of deferred financing fees of $nil (2007 - $31,841)	**769,856**	738,015
Bank term loan bearing interest at LIBOR plus 1.50%, due November 27, 2009	**—**	2,100
Bank term loan bearing interest at LIBOR plus 0.50% (2007 – 0.49%) due January 17, 2009	**2,500**	7,500
Bank term loan bearing interest at LIBOR plus 0.49% (2007 – 0.49%) due January 2, 2009	**5,000**	5,000
Other loans, at various interest dates and maturities	**4,076**	4,382
	1,921,182	1,873,423
Current portion of debt	**9,737**	20,777
Debt due on demand	**1,909,606**	—
Debt	**$ 1,839**	$ 1,852,646

The aggregate amount of principal repayments in the twelve month periods ending June 30 in each of the next five years and thereafter is as follows:

2009	$ 1,919,343
2010	1,024
2011	815
2012	—
2013	—
Thereafter	—
	$ 1,921,182

The Company's Credit Agreement includes an eight year $1,175,000 term loan that bears interest at LIBOR plus 2.00% and amortizes at 1% per year. This agreement requires the Company to meet a minimum interest coverage ratio starting at 1.5 times and increasing over time to 2.2 times adjusted earnings before interest, taxes, depreciation and amortization, as defined in the Credit Agreement ("Adjusted EBITDA"), and a maximum leverage ratio, which is defined generally as total indebtedness including outstanding letters of credit less cash on hand, starting at 7.9 times, and decreasing over time to 4.75 times, Adjusted EBITDA. The fair market value of the term loan obligation as represented by its June 30, 2008 trading value is estimated to be $1,031,474. The prevailing 3-month LIBOR rate at June 30, 2008 was 2.78%.

At June 30, 2008, the Company was required to have met a minimum interest coverage ratio of 1.65 times Adjusted EBITDA, and a maximum leverage ratio of 7.0 times Adjusted EBITDA. In addition, the Credit Agreement limits, among other things, the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, prepayments of other indebtedness, liens and other encumbrances, additional payments based on excess cash flows, and other matters customarily restricted in such agreements. This facility also contains certain customary events of default, subject to grace periods, as appropriate. The Credit Agreement is secured by a fixed and floating charge over the assets of the Company and the guarantor subsidiaries, as defined in the Credit Agreement. At June 30, 2008, the Company was not in compliance with either of these ratios. The non-compliance with these ratios constitutes an Event of Default and permits the lenders party to the Credit Agreement to demand immediate repayment of the senior secured credit facility. The Company is currently in negotiations with the lenders party to the Credit Agreement regarding an amendment to the Credit Agreement and a waiver of the Company's non-compliance. There can be no guarantee that an agreement will be reached among the parties on terms that are acceptable to the Company and its lenders. As a result of the non-compliance, deferred financing fees of $55,988 relating to the Credit Agreement and the Notes were charged to interest expense. During an Event of Default, the Administrative Agent or a majority of the lenders may elect to prohibit the Company from continuing the interest basis of loans that are LIBOR loans at the end of the relevant interest period and convert the loans to ABR/Prime rate loans. In addition to the above consequences, during an Event of Default various limitations on actions apply in respect of sale of assets, investments, dividends, debt payments and amendments.

The Company's Notes of $769,856 bear interest at 11% and are due October 6, 2015. The indentures relating to the Notes limit the Company's ability to incur additional indebtedness or issue certain preferred shares; pay dividends on or make other distributions or repurchase its capital stock or make other restricted payments; make certain investments; sell certain assets; create liens on certain assets to secure debt; consolidate, merge, sell or otherwise dispose of all or substantially all of their assets; enter into certain transactions with affiliates; and designate subsidiaries as unrestricted subsidiaries. Subject to certain exceptions, the indentures relating to the Notes permit the Company and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness. The fair market value of the Notes as represented by their June 30, 2008 trading values is estimated to be $492,708. If the lenders party to the Credit Agreement were to demand immediate repayment, the holders of the Notes would be permitted to demand immediate repayment. As a result the Notes have been reclassified as current liabilities.

The Company's weighted average interest rate at June 30, 2008 was 7.3% (December 31, 2007 – 8.2%).

Interest on debt for the three month period ended June 30, 2008 was $96,510 (three month period ended June 30, 2007 - $43,120). Interest on debt for the six month period ended June 30, 2008 was $138,263 (six month period ended June 30, 2007 - $85,970). Included in interest on debt for the three month period ended June 30, 2008 is $58,520 (three month period ended June 30, 2007 - $2,527) of deferred financing fees. Included in interest on debt for the six month period ended June 30, 2008 is $61,040 (six month period ended June 30, 2007 - $5,040) of deferred financing fees.

On April 26, 2005, Masonite entered into an interest rate swap agreement to convert $1,150,000 of floating rate debt into fixed rate debt. These swaps amortize over a five year period and mature in 2010. On April 26, 2006 and April 26, 2007, $100,000 and $150,000 respectively, of the interest rate swaps amortized, leaving $900,000 at a fixed rate as of December 31, 2007. On April 26, 2008, 2009 and 2010, respectively, $300,000 of notional principal amortizes. At June 30, 2008, a total of $600,000 of floating rate debt remained converted into fixed rate debt, at an interest rate of 4.22% plus a credit spread of 2.00%. At June 30, 2008, the fair value of these agreements represented a liability of $7,165 and is included in Note 10 Accounts Payable and Accrued Expenses. The income tax benefit associated with the recognition of this loss is $2,390. During the second quarter of 2008, $3,001 of expense related to the interest rate swaps was moved from accumulated other comprehensive income to net income as this interest was realized during the period. The floating reference rate is the 3-month LIBOR rate. The interest rate swaps were valued utilizing the forward swap rates as derived from the swap curve as at period end and is sensitive to changes in forward rates. The effective interest rate method was utilized to discount the liability. The swaps are considered to be debt for purposes of our Credit Agreement. The swaps settle on a quarterly basis. The Company has established a hedging relationship with formal documentation between the interest rate swap and the long-term debt. As a result of the non-compliance with the covenants in the Credit Agreement, which is the hedged item in the designated hedging relationship on the swap, the swap ceased to be an effective hedge at June 30, 2008.

(In thousands of U.S. dollars, except share and option information)

NOTE 10: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	June 30, 2008	December 31, 2007
Trade payables	**$ 161,179**	$ 135,049
Interest	**33,950**	35,752
Customer incentives	**32,014**	46,417
Payroll and related remittances	**42,395**	41,041
Restructuring liability	**9,383**	14,368
Interest rate swaps	**7,165**	3,225
Other	**51,469**	49,271
	$ 337,556	$ 325,123

NOTE 11: OTHER LONG-TERM LIABILITIES

	June 30, 2008	December 31, 2007
U.S. defined benefit plan	**$ 13,873**	$ 13,577
Advances from minority interest shareholders	**4,076**	9,425
United Kingdom defined benefit plan	**8,008**	8,488
Severances payable and restructuring liability	**5,207**	3,302
Other post employment benefits and other	**4,869**	4,154
	$ 36,033	$ 38,946

NOTE 12: NON-CONTROLLING INTEREST

	June 30, 2008	December 31, 2007
Balance, beginning of period	**$ 42,654**	$ 36,841
Share of results	**1,891**	8,147
Impact of:		
Acquisitions	**(14,507)**	(1,271)
Distributions to minority shareholders	**(2,475)**	(1,065)
Foreign exchange and other	**625**	2
Balance, end of period	**$ 28,188**	$ 42,654

(In thousands of U.S. dollars, except share and option information)

NOTE 13: SHAREHOLDER'S EQUITY

Masonite is a wholly owned subsidiary of Holdings. As at June 30, 2008, management owns a 4.6% interest in Holdings (December 31, 2007 – 4.7%). Holdings provides a stock option plan to allow management and key employees of Masonite to purchase shares of Holdings. Information with respect to Masonite's participation in Holdings' stock option plan is included below.

April 1, 2008 - June 30, 2008	**Time Based Options**	**Performance Based Options**	**Cumulative Performance Options**	**Immediate Vesting**	**Total Number of Options**	**Weighted Average Exercise Price**
Number of options:						
Outstanding, beginning of period	**5,983,750**	**5,983,750**	**400,000**	**300,000**	**12,667,500**	**5.00**
Granted	—	—	—	—	—	**5.00**
Exercised	—	—	—	—	—	—
Cancelled	**(974,625)**	**(1,385,625)**	**(200,000)**	—	**(2,560,250)**	**5.00**
Outstanding, end of period	**5,009,125**	**4,598,125**	**200,000**	**300,000**	**10,107,250**	**5.00**
Average Remaining Contractual Life (years)	7.22	7.26	6.77	7.35		
Number of options exercisable	2,692,500	—	—	300,000	2,992,500	

April 1, 2007 - June 30, 2007	**Time Based Options**	**Performance Based Options**	**Cumulative Performance Options**	**Immediate Vesting**	**Total Number of Options**	**Weighted Average Exercise Price**
Number of options:						
Outstanding, beginning of period	6,665,625	6,665,625	400,000	300,000	14,031,250	5.00
Granted	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Cancelled	(111,250)	(111,250)	—	—	(222,500)	5.00
Outstanding, end of period	6,554,375	6,554,375	400,000	300,000	13,808,750	5.00

January 1, 2008 - June 30, 2008	**Time Based Options**	**Performance Based Options**	**Cumulative Performance Options**	**Immediate Vesting**	**Total Number of Options**	**Weighted Average Exercise Price**
Number of options:						
Outstanding, beginning of period	**6,075,625**	**6,075,625**	**400,000**	**300,000**	**12,851,250**	**5.00**
Granted	**5,625**	**5,625**	—	—	**11,250**	**5.00**
Exercised	—	—	—	—	—	—
Cancelled	**(1,072,125)**	**(1,483,125)**	**(200,000)**	—	**(2,755,250)**	**5.00**
Outstanding, end of period	**5,009,125**	**4,598,125**	**200,000**	**300,000**	**10,107,250**	**5.00**
Average Remaining Contractual Life (years)	7.22	7.26	6.77	7.35		
Number of options exercisable	2,692,500	—	—	300,000	2,992,500	

(In thousands of U.S. dollars, except share and option information)

January 1, 2007 - June 30, 2007	Time Based Options	Performance Based Options	Cumulative Performance Options	Immediate Vesting	Total Number of Options	Weighted Average Exercise Price
Number of options:						
Outstanding, beginning of period	7,200,625	7,856,625	400,000	300,000	15,757,250	5.00
Granted	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Cancelled	(646,250)	(1,302,250)	—	—	(1,948,500)	5.00
Outstanding, end of period	6,554,375	6,554,375	400,000	300,000	13,808,750	5.00

Although 2,692,500 time-based and 300,000 immediate vesting options have vested and are exercisable, the Option Agreement restricts option holders from exercising, selling or transferring their options until December 31, 2009 unless certain conditions occur.

The Company has determined that the total stock-based awards expense for awards granted to employees, using the Black-Scholes method for the 2006 Options and 2007 Options, was $485 in the three month period ended June 30, 2008 (three month period ended June 30, 2007 - $488) and $902 in the six month period ended June 30, 2008 (six month period ended June 30, 2007 - $1,272). The determination of total stock-based awards was adjusted for options that have been cancelled and/or are not expected to vest.

NOTE 14: COMMITMENTS AND CONTINGENCIES

For lease agreements that provide for escalating rent payments or rent-free occupancy periods, the Company recognizes rent expense on a straight line basis over the non-cancellable lease term and any option renewal period where failure to exercise such option would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. The lease term commences on the date when all conditions precedent to the Company's obligation to pay rent are satisfied. The leases generally contain provisions for one to three renewal options of five years each. Future minimum payments, in the twelve month periods ending June 30, under non-cancellable operating leases with initial or remaining terms of one year or more consisted of the following:

2009	$ 26,531
2010	19,788
2011	15,292
2012	10,686
2013	9,131
Thereafter	23,749
	$ 105,177

Masonite has provided standard indemnifications to its landlords under certain property lease agreements for claims by third parties in connection with its use of the premises. The maximum amount of these indemnifications cannot be reasonably estimated due to their nature. Historically, the Company has not made any significant payments relating to such indemnifications.

(In thousands of U.S. dollars, except share and option information)

In addition to the above indemnifications, Masonite has also provided routine indemnifications, whose terms range in duration and often are not explicitly defined. These may include indemnifications against adverse effects to changes in tax laws and patent infringements by third parties. The maximum amounts from these indemnifications cannot be reasonably estimated. In some cases, Masonite has recourse against other parties to mitigate its risk of loss from these indemnifications. Historically, the Company has not made significant payments relating to these types of indemnifications.

Operations in the United States are subject to regulations enacted by the US Environmental Protection Agency ("EPA") related to Maximum Achievable Control Technology ("MACT"). MACT regulations govern the manner in which the company measures and controls the emissions from manufacturing facilities into the air. As a result of a June 2007 decision by the US Court of Appeals, the EPA has eliminated certain compliance options which were based on low health risk determinations in relation to compliance with MACT regulations for wood products. The Company anticipates the cost of complying with the amended rules would require the Company to spend between $37,000 and $45,000 in addition to the $8,700 already spent.

The Company is involved in various claims and legal actions. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or liquidity.

NOTE 15: OTHER EXPENSE, NET

	April 1, 2008 – June 30, 2008	April 1, 2007 – June 30, 2007
Restructuring and severance (a)	**$ 6,872**	$ 10,679
Impairment of property, plant and equipment (b)	**5,098**	2,620
(Gain) loss on disposal of property, plant and equipment (c)	**(1,384)**	228
Other (d)	**806**	(3,047)
	$ 11,392	$ 10,480

	January 1, 2008 – June 30, 2008	January 1, 2007 – June 30, 2007
Restructuring and severance (a)	**$ 12,394**	$ 11,609
Impairment of property, plant and equipment (b)	**5,920**	2,620
(Gain) loss on disposal of property, plant and equipment (c)	**(1,332)**	950
Other (d)	**841**	(2,856)
	$ 17,823	$ 12,323

(a) Restructuring and severance expenses:

The restructuring and severance expense for the three and six month periods ended June 30, 2008 relates to costs incurred in connection with the closure and consolidation of manufacturing sites as well as reductions in salaried workforce. During the six month period ended June 30, 2008, the Company permanently closed two manufacturing sites and consolidated manufacturing activities from three sites into other existing sites. The restructuring and severance expense for the three month and six month periods ended June 30, 2007 relates principally to closures announced by the Company as a result of a customer transferring significant business to a competitor. During the six month period ended June 30, 2007, the Company announced the closure of four manufacturing facilities in the United States, significantly curtailed activities at two additional manufacturing facilities in the United States, one of which was subsequently disposed of. In addition, the Company closed an interior door manufacturing facility in Canada and reduced the workforce at manufacturing sites in the United States and Ireland. Also included are severance benefits for certain former senior executives of the Company.

(In thousands of U.S. dollars, except share and option information)

The following tables detail the activity in the accrued restructuring liability for the six month period ended June 30, 2008 and June 30, 2007:

	Provision December 31, 2007	Provision	Payments	Provision June 30, 2008
Reduction in staff levels 2006	**$ 1,048**	**$ (190)**	**$ 456**	**$ 402**
Executive and management compensation	**3,096**	**67**	**1,996**	**1,167**
Facility closures and reductions as a result of lost business	**5,861**	**2,369**	**2,447**	**5,783**
Capacity rationalization due to housing market slowdown	**5,383**	**4,598**	**5,498**	**4,483**
Woodbridge, Ontario plant closure	**34**	**—**	**34**	**—**
Reduction in staff levels 2007	**2,248**	**132**	**1,669**	**711**
Reduction in staff levels 2008	**—**	**5,510**	**3,464**	**2,045**
	$ 17,669	**$ 12,486**	**$ 15,565**	**$ 14,590**

	Provision December 31, 2007	Provision	Payments	Provision June 30, 2008
North America	**$ 14,901**	**$ 11,007**	**$ 12,631**	**$ 13,277**
Europe and Other	**2,768**	**1,479**	**2,934**	**1,313**
	$ 17,669	**$ 12,486**	**$ 15,565**	**$ 14,590**

	Provision December 31, 2006	Provision	Payments	Provision June 30, 2007
Reduction in staff levels 2006	$ 4,899	$ 71	$ 2,630	$ 2,340
Executive and management compensation	6,679	2,358	3,913	5,124
Facility closures and reductions as a result of lost business	—	9,478	3,177	6,301
Woodbridge, Ontario plant closure	130	—	44	86
	$ 11,708	$ 11,907	$ 9,764	$ 13,851

	Provision December 31, 2006	Provision	Payments	Provision June 30, 2007
North America	$ 11,708	$ 11,037	$ 9,764	$ 12,981
Europe and Other	—	870	—	870
	$ 11,708	$ 11,907	$ 9,764	$ 13,851

Included in the provision column in the table above for the six month period ended June 30, 2008 is $92 in charges related to the accretion of a previously discounted severance liability. The current portion of the accrued restructuring liability is included in accounts payable and accrued expenses on the balance sheet, with the long-term portion recorded in other long-term liabilities.

(In thousands of U.S. dollars, except share and option information)

(b) Impairment of property, plant and equipment:

As a result of the decision to close and consolidate certain facilities, the Company tested related property, plant and equipment for impairment. After determining that the undiscounted cash flows were lower than the carrying value for these fixed assets, the Company used a discounted cash flow approach to determine the impairment charge required to reduce the carrying value of these fixed assets to their net realizable value.

(c) Loss on disposal of property, plant and equipment:

For the three month period ended June 30, 2008, the Company disposed of assets held for sale, idle property, plant and equipment, as well as other machinery and equipment for cash consideration of $3,882 (three month period ended June 30, 2007 - $106). The disposal of these assets resulted in a net gain of $1,384 (three month period ended June 30, 2007 - $228), which is included in other expense, net. For the six month period ended June 30, 2008, the Company disposed of assets held for sale, idle property, plant and equipment, as well as other machinery and equipment for cash consideration of $3,939 (six month period ended June 30, 2007 - $191). The disposal of these assets resulted in a net gain of $1,332 (six month period ended June 30, 2007 - $950), which is included in other expense, net

(d) Other:

These costs are related to foreign exchange translation gains and losses on working capital and long-term liabilities denominated in currencies other than the United States dollar as well as professional fees related to ongoing negotiations regarding an amendment to the Credit Agreement.

NOTE 16: INCOME TAXES

	April 1, 2008 – June 30, 2008	April 1, 2007 – June 30, 2007
Current	**$ 2,855**	$ 3,663
Future	**(38,132)**	(10,927)
	$ (35,277)	$ (7,264)

	January 1, 2008 – June 30, 2008	January 1, 2007 – June 30, 2007
Current	**$ 4,992**	$ 6,426
Future	**(45,577)**	(16,457)
	$ (40,585)	$ (10,031)

The Company currently has future tax assets in certain jurisdictions resulting from net operating losses and other deductible temporary differences, which will reduce taxable income in these jurisdictions in future periods. The Company has determined that a valuation allowance of $112,518 is required in respect of its future income tax assets as at June 30, 2008 (December 31, 2007 - $50,994). The Company has provided valuation allowances for future tax benefits resulting from net operating loss carry forwards and other carry forward attributes arising in Canada, the U.S., and certain countries in South America, Eastern Europe and Asia. The Company expects to record valuation allowances on future tax assets arising in these jurisdictions until a sustained level of taxable income is reached.

(In thousands of U.S. dollars, except share and option information)

NOTE 17: SUPPLEMENTAL CASH FLOW INFORMATION

	April 1, 2008 – June 30, 2008	April 1, 2007 – June 30, 2007
Transactions involving cash:		
Interest paid	**$ 62,982**	$ 68,983
Interest received	**1,998**	3,324
Income taxes paid	**2,162**	4,652
Income tax refunds	**1,079**	1,862

	January 1, 2008 – June 30, 2008	January 1, 2007 – June 30, 2007
Transactions involving cash:		
Interest paid	**$ 85,384**	$ 94,648
Interest received	**2,342**	6,848
Income taxes paid	**4,514**	6,424
Income tax refunds	**1,103**	2,823

NOTE 18: SEGMENTED INFORMATION

The senior management team has established the practice of reviewing performance measurement of each geographic segment based on the measures of sales and operating EBITDA. Operating EBITDA is defined as net income (loss) plus depreciation, amortization, interest, income taxes, other expense and non-controlling interest. Senior management feels that operating EBITDA, from an operations standpoint, provides a better way to measure and assess performance as it is more comprehensive and inclusive. Operating EBITDA generally provides a lower absolute measure of performance as compared to Adjusted EBITDA. Adjusted EBITDA is a financial measure defined by Masonite's Credit Agreement and allows for certain expenses incurred to be added back for the purpose of the measure.

Intersegment transfers are negotiated as if the transactions were to third parties, at market prices. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Certain information with respect to geographic segments is as follows:

	April 1, 2008 – June 30, 2008	April 1, 2007 – June 30, 2007
Geographic segment data		
Sales:		
North America	**$ 328,541**	$ 424,697
Europe and Other	**188,177**	178,834
Intersegment	**(8,966)**	(14,594)
	507,752	588,937
Operating EBITDA:		
North America	**29,589**	62,599
Europe and Other	**16,528**	26,034
	46,117	88,634
Depreciation	**21,050**	23,959
Amortization of intangible assets	**7,077**	8,897
Interest	**99,202**	44,995
Impairment of goodwill and intangible assets	**630,331**	—
Other expense, net	**11,392**	10,480
Income taxes (recovery)	**(35,277)**	(7,264)
Non-controlling interest	**902**	2,128
	734,677	83,195
Net (loss) income	**$ (688,560)**	$ 5,439

(In thousands of U.S. dollars, except share and option information)

	January 1, 2008 – June 30, 2008	January 1, 2007 – June 30, 2007
Geographic segment data		
Sales:		
North America	**$ 626,986**	$ 836,537
Europe and Other	**365,491**	349,404
Intersegment	**(20,328)**	(27,633)
	972,148	1,158,308
Operating EBITDA:		
North America	**55,570**	113,038
Europe and Other	**37,246**	49,140
	92,816	162,178
Depreciation	**43,138**	46,615
Amortization of intangible assets	**14,156**	17,792
Interest	**142,267**	89,815
Impairment of goodwill and intangible assets	**630,331**	—
Other expense, net	**17,823**	12,323
Income taxes (recovery)	**(40,585)**	(10,031)
Non-controlling interest	**1,891**	3,253
	809,021	159,767
Net (loss) income	**$ (716,205)**	$ 2,411

	June 30, 2008	December 31, 2007
Identifiable assets:		
North America	**$ 1,391,647**	$ 1,921,318
Europe and Other	**626,765**	595,558
Corporate assets, including cash	**280,481**	143,176
	$ 2,298,893	$ 2,660,052

The Company derives revenue from two major product lines, interior and exterior products as follows:

	April 1, 2008 – June 30, 2008	April 1, 2007 – June 30, 2007
Sales:		
Interior products	**$ 354,980**	$ 404,266
Exterior products	**152,772**	184,671
	$ 507,752	$ 588,937

	January 1, 2008 – June 30, 2008	January 1, 2007 – June 30, 2007
Sales:		
Interior products	**$ 698,157**	$ 805,049
Exterior products	**273,991**	353,259
	$ 972,148	$ 1,158,308

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008 and December 31, 2007 and for the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars, except share and option information)

The Company does not review or analyze its two major product lines below sales other than with respect to sales information.

Information about geographic areas, exceeding 10% of consolidated sales, is as follows:

	April 1, 2008 – June 30, 2008	April 1, 2007 – June 30, 2007
Sales to all external customers from facilities in:		
Canada	**$ 81,308**	$ 94,271
United States	**230,918**	314,748
United Kingdom	**44,876**	56,163
France	**57,422**	45,353

	January 1, 2008 – June 30, 2008	January 1, 2007 – June 30, 2007
Sales to all external customers from facilities in:		
Canada	**$ 150,158**	$ 171,258
United States	**443,482**	627,501
United Kingdom	**95,024**	111,828
France	**110,515**	90,650

Additional segmented information regarding long-lived assets, exceeding 10% of consolidated property, plant and equipment, and goodwill, is as follows:

	June 30, 2008	December 31, 2007
Property, plant and equipment:		
Canada	**$ 81,170**	$ 86,838
United States	**347,654**	359,763
Other	**11,534**	11,629
North America	**$ 440,358**	$ 458,230
Ireland	**$ 134,082**	$ 129,531
Other	**211,747**	224,714
Europe and Other	**345,829**	354,245
	$ 786,187	$ 812,475
Goodwill:		
Canada	**$ 156,362**	$ 145,790
United States	**90,250**	561,600
North America	**$ 246,612**	$ 707,390
Europe and Other	**62,440**	61,040
	$ 309,052	$ 768,430

Total sales to one customer within the North American segment for the three month period ending June 30, 2008 was $76,395 (three month period ended June 30, 2007 - $131,292). Total sales to this customer within the North American segment for the six month period ending June 30, 2008 was $148,366 (six month period ended June 30, 2007 - $271,325). Included in accounts receivable are balances owing from this customer of $57,464, at June 30, 2008 (December 31, 2007 - $21,336).

(In thousands of U.S. dollars, except share and option information)

NOTE 19: RELATED PARTY TRANSACTIONS

The Company has an agreement to pay Kohlberg Kravis Roberts & Co. L.P. ("KKR") annual management fees of $2,000 for services provided, which are payable quarterly in advance and may be increased up to 5% each year. For the three month period ended June 30, 2008, the Company paid KKR fees of $584 (three month period ended June 30, 2007 - $488) and for the six month period ended June 30, 2008, the Company paid KKR fees of $1,163 (six month period ended June 30, 2007 - $1,053) in accordance with the management fee agreement.

In addition, the Company has engaged KKR Capstone ("Capstone") on a per-diem basis for management consulting services. For the three month period ended June 30, 2008, the Company paid Capstone fees of $171 (three month period ended June 30, 2007 - $800) and for the six month period ended June 30, 2008, the Company paid Capstone fees of $560 (six month period ended June 30, 2007 - $1,366) for management consulting services. Although neither KKR nor any entity affiliated with KKR owns any of the equity of Capstone, prior to January 1, 2007, KKR had provided financing to Capstone.

These costs are reflected as part of selling, general and administration expense on the unaudited interim consolidated financial statements.

NOTE 20: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value of financial assets and liabilities

The Company's financial assets and liabilities consist primarily of cash and cash equivalents, accounts receivable, interest rate swaps, accounts payable and accrued expenses and long-term debt. The following table sets out the Company's classification based on the measurement categories set out in the CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, and the carrying amount for each of its financial assets and liabilities as at June 30, 2008.

	Held for trading	Loans and Receivables	Other financial liabilities	Total carrying amount
Asset (liability)				
Cash and cash equivalents	$ 241,397	$ —	$ —	$ 241,397
Accounts receivable	—	348,248	—	348,248
Interest rate swaps (i)	(7,165)	—	—	(7,165)
Accounts payable and accrued expenses (ii)	—	—	(330,391)	(330,391)
Bank indebtedness	—	—	(355,342)	(355,342)
Debt due on demand (iii)	—	—	(1,909,606)	(1,909,606)
Debt (iv)	—	—	(11,576)	(11,576)
	$ 234,232	$ 348,248	$ (2,606,915)	$ (2,024,435)

(i) Interest rate swaps included in Accounts payable and accrued expenses on the balance sheet.

(ii) Accounts payable and accrued expenses exclude the interest rate swaps for the purpose of this table.

(iii) Includes $1,139,750 of senior secured credit facilities and $769,856 of senior subordinated notes.

(iv) Includes current portion of debt of $9,737 and the long-term portion of $1,839.

(v) Excluded from the table above is a loan receivable from the Company's parent. Its carrying value is $18,898 at June 30, 2008. There is not an identifiable market for this asset.

(In thousands of U.S. dollars, except share and option information)

The fair values of financial assets and liabilities, together with carrying amounts, shown in the balance sheet as at June 30, 2008 and December 31, 2007, are as follows:

	June 30, 2008		December 31, 2007	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Asset (liability)				
Cash and cash equivalents (i)	**$ 241,397**	**$ 241,397**	$ 41,754	$ 41,754
Accounts receivable (i)	**348,248**	**348,248**	264,931	264,931
Interest rate swaps (ii)	**(7,165)**	**(7,165)**	(3,225)	(3,225)
Accounts payable and accrued expenses (iii)	**(330,391)**	**(330,391)**	(321,898)	(321,898)
Bank indebtedness	**(355,342)**	**(355,342)**	(17,615)	(17,615)
Debt due on demand (iv)	**(1,909,606)**	**(1,524,181)**	—	—
Debt (v)	**(11,576)**	**(11,576)**	(1,873,423)	(1,659,839)
	$ (2,024,435)	**$ (1,639,010)**	$ (1,909,476)	$ (1,695,892)

Due to the use of judgment and uncertainties in the determination of estimated fair values, these values should not be interpreted as being realizable in the immediate term.

The fair values of financial instruments are calculated on the basis of information available on the balance sheet date using the following methods:

(i) The fair value of cash and cash equivalents and accounts receivable approximates their carrying amounts due to the short-term nature of the instruments.

(ii) The fair value of the interest rate swaps is measured based on the difference between the contracted or fixed rate of 4.22% and the forward swap rates obtained from the counterparty at the balance sheet date. The value of the swap is implicitly discounted utilizing the forward swap rates. The forward swap rates utilize 3-month US LIBOR and range from 2.86% to 4.13% between the balance sheet date and January 26, 2010 (date of final rate adjustment prior to full amortization of the notional amount). The carrying value of the swaps are recorded within the Accounts payable and accrued expenses on the face of the balance sheet.

(iii) The fair value of accounts payable and accrued expenses approximates their carrying amounts due to the short-term nature of the instruments.

(iv) The fair value of the Company's Debt due on demand is determined by reference to the trading value established by the market.

(v) Includes current portion of debt of $9,737 and the long-term portion of $1,839. This debt principally consists of bank debt in foreign subsidiaries. Fair value approximates the face value due to the short term nature of these instruments and the lack of an identifiable market for these instruments.

(b) Risk Management

The Company is exposed to a number of risks as a result of holding financial instruments. These risks include credit risk, liquidity risk, interest rate risk and currency risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its contractual obligations. The Company does not believe it is subject to significant concentration of credit risk on its accounts receivable and cash and cash equivalents balances. The carrying amount of accounts receivable and cash and cash equivalent balances represents the maximum credit exposure.

(In thousands of U.S. dollars, except share and option information)

(i) Cash and cash equivalents include cash held through major U.S. and International financial institutions and short-term investments. As at June 30, 2008, the Company had a total principal amount invested of $206,572 in U.S. dollar short term investments with a maturity of 90 days or less and a credit rating of “AAA”. The Company’s Credit Agreement defines these types of investments as acceptable. The Company does not expect the counterparties to fail to meet their obligations.

(ii) Accounts receivable

Credit risk arises from the potential default of a customer in meeting its financial obligations to the Company. The Company had credit evaluation, approval and monitoring processes, including credit insurance, intended to mitigate potential credit risk. The Company evaluates the collectability of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management believes will be collected. The allowance for doubtful accounts as at June 30, 2008 was $4,767 (December 31, 2007 - $5,010). The total percentage of past due accounts at June 30, 2008 was 10.8%. As at June 30, 2008, 84% of the past due balances were less than 120 days past due.

Analysis of trade accounts receivable aging

	June 30, 2008
Current	$ **302,315**
1-29 Days	**18,956**
30-59 Days	**7,221**
60-89 Days	**2,719**
90-119 Days	**2,121**
120 + Days	**5,727**
Total	$ **339,059**

Credit loss detail

	June 30, 2008
Balance, beginning of period	$ **5,010**
Foreign exchange impact	**339**
Provision for credit losses	**983**
Recoveries	**(66)**
Write-offs	**(1,499)**
Balance, end of period	$ **4,767**

(iii) There is no immediate credit risk related to the interest rate swaps liability of $7,165 recorded in Note 10 Accounts Payable and Accrued Expenses. However, in the future, should the swaps become an asset to the Company, there is a risk that the counterparty to the swaps will not be able to fulfill its side of the agreement. The Company monitors the creditworthiness of the counterparty on a quarterly basis to determine whether or not they will be able to fulfill its obligation. At June 30, 2008, the Company reviewed the creditworthiness of the counterparty, and determined that there was no credit risk on the counterparty fulfilling its obligation under the interest rate swap agreement.

(In thousands of U.S. dollars, except share and option information)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Inherent in a highly leveraged company is the requirement to pay substantial interest costs on an on-going basis. The Company manages liquidity risk through regular cash-flow forecasting in conjunction with an adequate revolving credit facility.

As at June 30, 2008, the Company has accounts payable and accrued expenses of $330,391 (excluding the interest rate swap liability) which fall due for payment within one year of the balance sheet date and current debt obligations of $1,909,606 which are due on demand. Refer to Note 8 Bank Indebtedness and Note 9 Debt for further detail.

	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter	Total
Accounts payable and accrued expenses	$ 330,391	$ —	$ —	$ —	$ —	$ —	$ 330,391
Bank indebtedness	355,342						355,342
Debt due on demand	1,909,606						1,909,606
Debt	9,737	1,024	815				11,576
Interest rate swaps	6,287	878					7,165
	$ 2,611,363	$ 1,902	$ 815	$ —	$ —	$ —	$ 2,614,080

Interest Rate Risk

Interest rate risk is the risk that earnings will fluctuate as a result of changes in market interest rates.

i) Bank indebtedness and Debt

The variable nature (interest rate) of approximately 60% of the Company's long-term debt exposes the Company to significant uncertainty regarding interest costs. However, the Company utilizes certain financial instruments, principally interest rate swap contracts to manage the risk associated with fluctuations in interest rates. As at the balance sheet date, $600,000 of notional debt was covered by a fixed for floating interest rate swap agreement. The non-hedged portion of variable rate long-term debt of $539,750 (June 30, 2007 – $248,563) exposes the Company to interest rate risk. Specifically, had 3-month U.S. LIBOR differed by 50 basis points during the second quarter of 2008, interest expense for the 3 months ended June 30, 2008 would have differed by $918. The remaining 40% of the Company's debt bears interest at a fixed rate. Additionally, as the Company is not currently in compliance with two of the affirmative covenants contained within the Credit Agreement, the lenders could potentially charge a Prime Rate of interest rather than LIBOR. The current spread between the U.S. Prime Rate and Masonite's average contractually set LIBOR rate is 2.2%. This equates to additional interest charges of approximately $4,400 per quarter.

ii) Cash and cash equivalents

The Company is exposed to interest rate fluctuations on its cash and cash equivalents balance, which at June 30, 2008 totalled $241,397, (December 31, 2007 – $41,754). A change of 50 basis points in the market interest rate would have had an approximate impact on interest income of $243 for the three months ended June 30, 2008.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value of recognized assets and liabilities or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company utilizes certain financial instruments, principally forward currency exchange contracts to manage the risk associated with fluctuations in currency exchange rates. Forward currency exchange contracts are used to reduce the impact of fluctuating exchange rates on the Company's purchases of materials and sale of goods in foreign currencies.

(In thousands of U.S. dollars, except share and option information)

The Company has exposure to movements in foreign currency rates when transactions are undertaken by foreign subsidiaries in currencies other than their functional currency. These transactions could be sales, purchases of materials or services or financing transactions. Realized and unrealized gains and losses on these transactions are recorded in the statement of operations. As at June 30, 2008, there were no forward currency exchange contracts representing a material liability or asset outstanding. The existing foreign currency forward contracts are not currently designated as hedging instruments for accounting purposes.

The following table summarizes the Company's derivative financial instruments relating to commitments to buy and sell foreign currencies through forward foreign exchange contracts as at June 30, 2008:

	Average Rate (1)	Notional Amount (USD) (2)	Fair Value	Year of Settlement
Forwards (Sell/ Purchase)				
GBP/EUR	0.7901	$ 21,791	$ 37	2008
ZAR/USD	8.1633	154	(0)	2008
USD/ZAR	0.1239	3,323	(20)	2008
GBP/ZAR	0.0636	114	(2)	2008
ZAR/EUR	12.615	3,137	33	2008
EUR/ZAR	0.0810	70	(2)	2008
Total		$ 28,589	$ 46	

(1) Rates are expressed as the number of units of the currency sold for one unit of currency bought.
(2) Exchange rates as at June 30, 2008 were used to translate amounts in foreign currencies.

The following outlines the exchange rates applied at the end of the reporting period:

	June 30, 2008 Rate
GBP TO USD	1.9700
ZAR TO USD	0.1267
EUR TO USD	1.5600

The following table shows the company's exposure to exchange risk and the pre-tax effects on income and other comprehensive income ("OCI") of reasonably possible changes in the relevant foreign currency (relative to the US dollar). The analysis assumes all other variables remain constant.

	Foreign Exchange Risk			
	5% increase in $US		5% decrease in $US	
	Income	OCI	Income	OCI
Held for Trading investments				
Trade Receivables	$ (1,861)	$ (8,079)	$ 1,861	$ 8,079
Trade Payables	810	2,708	(810)	(2,708)
Derivative Instruments				
Forward currency contracts	(1,260)		1,260	
Total	$ (2,311)	$ (5,371)	$ 2,311	$ 5,371

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008 and December 31, 2007 and for the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars, except share and option information)

NOTE 21: CAPITAL MANAGEMENT

The Company's objectives when managing capital are to provide for (a) an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets, and (b) a prudent capital structure for raising capital at a reasonable cost for the funding of ongoing operations, capital expenditures and new growth initiatives. The Company defines its capital as the aggregate of net debt and shareholder's equity. Net debt consists of interest-bearing debt less cash and cash equivalents and excludes any unamortized deferred financing costs.

The Company manages capital principally by monitoring the leverage ratio contained in the Company's Credit Agreement. This ratio is described in Note 9 Debt. The Company regularly monitors current and forecasted debt levels and debt covenant compliance. Generally, the most significant financing restrictions relate to the maintenance of certain financial ratios. These financial ratios are primarily linked to trailing Adjusted EBITDA. The Company must maintain a ratio below 7.00x of net debt to Adjusted EBITDA from January 1, 2008 to June 30, 2008, 6.80x for July 1, 2008 to September 30, 2008, and 6.50x for October 1, 2008 to December 31, 2008. The Company must also maintain a ratio above 1.65x of Adjusted EBITDA to interest expense as defined in the Credit Agreement for January 1, 2008 to September 30, 2008 and 1.75x for October 1, 2008 to December 31, 2008. Failure to meet the terms of one or more of the covenants contained in the Company's Credit Agreement may constitute a default, potentially resulting in accelerating the repayment of the debt obligation. As at June 30, 2008, the Company was not in compliance with the required ratios.

	June 30, 2008	**December 31, 2007**
Bank indebtedness	**$ 354,492**	$ 16,987
Debt due on demand	**1,909,606**	—
Debt, including the current portion	**11,576**	1,934,463
Plus:		
Value of Interest rate swaps	**7,165**	3,225
Other debt	**1,469**	1,483
Less:		
Cash and cash equivalents	**239,434**	41,201
Net Debt	**$ 2,044,874**	$ 1,914,958

	July 1, 2007 – June 30, 2008	**January 1, 2007 – December 31, 2007**
Net Loss	**$ (1,021,507)**	$ (302,891)
Plus:		
Interest	**230,671**	178,219
Incomes taxes	**(102,783)**	(72,229)
Depreciation	**88,363**	91,840
Amortization of intangible assets	**31,944**	35,580
Non-controlling interest	**6,785**	8,147
Impairment of goodwill and intangibles	**934,131**	303,800
Defined adjustments under our Credit Agreement	**80,259**	76,893
Adjusted EBITDA	**$ 247,863**	$ 319,359

(In thousands of U.S. dollars, except share and option information)

	July 1, 2007 – June 30, 2008	January 1, 2007 – December 31, 2007
Total Net Debt	**$ 2,044,874**	$ 1,914,958
Adjusted EBITDA	**247,863**	319,359
Net Debt : Adjusted EBITDA	**8.25x**	6.00x

	July 1, 2007 – June 30, 2008	January 1, 2007 – December 31, 2007
Adjusted EBITDA	**$ 247,863**	$ 319,359
Cash interest expense	**163,895**	167,487
Adjusted EBITDA : Interest expense	**1.51x**	1.91x

The following table provides a reconciliation of total interest expense to cash interest expense.

	July 1, 2007 – June 30, 2008	January 1, 2007 – December 31, 2007
Total Interest expense	**$ 230,671**	$ 178,219
Deferred financing fees	**(66,593)**	(10,136)
Interest accretion and other	**(183)**	(596)
Cash interest expense	**$ 163,895**	$ 167,487

NOTE 22: CONSOLIDATING FINANCIAL INFORMATION

Masonite International Inc. (formerly known as Stile Consolidated, “Parent”) through its subsidiaries, Masonite International Corporation (formerly known as Stile Acquisition, “Canadian Issuer”) and Masonite Corporation (formerly known as Masonite US Corporation, formerly known as Stile US Acquisition, “US Issuer”), entered into a Senior Secured Credit Facility agreement and a Senior Subordinated Loan agreement. The Senior Secured Credit Facility and the Senior Subordinated Loan, which was replaced with the Senior Subordinated Term Loan and subsequently the Senior Subordinated Notes (the “Guaranteed Debt”) are fully and unconditionally guaranteed on a joint and several basis by Masonite and certain of its 100% owned subsidiaries (“Guarantor Subsidiaries”). The Guaranteed Debt is not guaranteed by the Company’s less than 100% owned subsidiaries and certain other subsidiaries of the Company (collectively, the “Non-Guarantor Subsidiaries”).

The consolidating financial information below for the three month periods ended June 30, 2008 and June 30, 2007 is presented consistent with Article 3-10(d) of Regulation S-X.

The consolidating financial information reflects the investments of the Parent Company in the Issuers, and of the Issuer in their respective Guarantor and Non-Guarantor subsidiaries using the equity method.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Statement of Operations
For the three month period ended June 30, 2008

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Sales	$ —	$ 96,812	$ 238,818	$ 99,612	$ (45,587)	$ 389,655	$ 138,744	$ (20,647)	$ 507,752
Cost of sales	—	80,717	201,581	89,721	(45,587)	326,432	111,222	(20,647)	417,007
	—	16,095	37,237	9,891	—	63,223	27,522	—	90,745
Selling, general and administration expenses	—	4,701	23,481	4,240	—	32,422	12,206	—	44,628
Depreciation and amortization	—	3,043	14,513	4,748	—	22,304	5,823	—	28,127
Impairment of goodwill and intangible assets	—	48,296	576,360	—	—	624,656	5,675	—	630,331
Interest	—	48,360	58,152	(763)	—	105,749	(6,547)	—	99,202
Loss (income) from equity investments	688,560	1,540	(2,646)	—	(688,384)	(930)	—	930	—
Other expense, net	—	1,437	3,247	710	—	5,394	5,998	—	11,392
(Loss) income before income taxes and non-controlling interest	(688,560)	(91,282)	(635,870)	956	688,384	(726,372)	4,367	(930)	(722,935)
Income taxes (recovery)	—	(1,052)	(36,367)	(393)	—	(37,812)	2,535	—	(35,277)
Non controlling interest	—	—	—	—	—	—	—	902	902
Net (loss) income	$ (688,560)	$ (90,230)	$ (599,503)	$ 1,349	$ 688,384	$ (688,560)	$ 1,832	$ (1,832)	$ (688,560)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008 and December 31, 2007 and for the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Statement of Operations
For the three month period ended June 30, 2007

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Sales	$ —	$ 122,313	$ 320,054	$ 119,173	$ (62,915)	$ 498,625	$ 116,794	$ (26,482)	$ 588,937
Cost of sales	—	96,222	254,048	97,999	(62,915)	385,354	88,182	(26,482)	447,054
	—	26,091	66,006	21,174	—	113,271	28,612	—	141,883
Selling, general and administration expenses	—	6,765	30,689	4,785	—	42,239	11,010	—	53,249
Depreciation and amortization	—	3,602	19,651	4,826	—	28,079	4,621	156	32,856
Interest	—	21,158	29,634	(232)	—	50,560	(5,565)	—	44,995
(Income) loss from equity investments	(5,439)	(19,111)	(2,591)	—	14,092	(13,049)	—	13,049	—
Other expense	—	3,494	6,636	922	—	11,052	(572)	—	10,480
Income (loss) before income taxes and non-controlling interest	5,439	10,183	(18,013)	10,873	(14,092)	(5,610)	19,118	(13,205)	303
Income taxes	—	(6,559)	(6,478)	1,988	—	(11,049)	3,824	(39)	(7,264)
Non controlling interest	—	—	—	—	—	—	—	2,128	2,128
Net income (loss)	$ 5,439	$ 16,742	$ (11,535)	$ 8,885	$ (14,092)	$ 5,439	$ 15,294	$ (15,294)	$ 5,439

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Statement of Operations

For the six month period ended June 30, 2008

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Sales	$ —	$ 181,570	$ 457,037	$ 201,134	$ (86,767)	$ 752,974	$ 259,732	$ (40,558)	$ 972,148
Cost of sales	—	154,567	379,895	176,998	(86,767)	624,693	206,833	(40,558)	790,968
	—	27,003	77,142	24,136	—	128,281	52,899	—	181,180
Selling, general and administration expenses	—	9,700	47,328	8,163	—	65,191	23,173	—	88,364
Depreciation and amortization	—	6,634	29,653	9,471	—	45,758	11,536	—	57,294
Impairment of goodwill and intangible assets	—	48,296	576,360	—	—	624,656	5,675	—	630,331
Interest	—	69,804	86,475	(1,274)	—	155,005	(12,738)	—	142,267
Loss (income) from equity investments	716,205	(15,362)	(4,388)	—	(710,185)	(13,730)	—	13,730	—
Other expense, net	—	3,381	7,240	1,590	—	12,211	5,612	—	17,823
(Loss) income before income taxes and non-controlling interest	(716,205)	(95,450)	(665,526)	6,186	710,185	(760,810)	19,641	(13,730)	(754,899)
Income taxes (recovery)	—	1,697	(46,546)	244	—	(44,605)	4,020	—	(40,585)
Non controlling interest	—	—	—	—	—	—	—	1,891	1,891
Net (loss) income	$ (716,205)	$ (97,147)	$ (618,980)	$ 5,942	$ 710,185	$ (716,205)	$ 15,621	$ (15,621)	$ (716,205)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008 and December 31, 2007 and for the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Statement of Operations
For the six month period ended June 30, 2007

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Sales	$ —	$ 232,280	$ 642,457	$ 238,451	$ (129,695)	$ 983,493	$ 224,633	$ (49,818)	$ 1,158,308
Cost of sales	—	189,967	510,675	197,298	(129,695)	768,245	171,041	(49,818)	889,468
	—	42,313	131,782	41,153	—	215,248	53,592	—	268,840
Selling, general and administration expenses	—	13,021	62,435	9,616	—	85,072	21,590	—	106,662
Depreciation and amortization	—	7,152	36,761	9,563	—	53,476	10,618	313	64,407
Interest	—	43,031	59,132	(428)	—	101,735	(11,920)	—	89,815
(Income) loss from equity investments	(2,411)	(36,492)	(5,022)	—	19,149	(24,776)	—	24,776	—
Other expense	—	3,602	8,166	954	—	12,722	(399)	—	12,323
Income (loss) before income taxes and non-controlling interest	2,411	11,999	(29,690)	21,448	(19,149)	(12,981)	33,703	(25,089)	(4,367)
Income taxes	—	(9,100)	(10,777)	4,485	—	(15,392)	5,591	(230)	(10,031)
Non controlling interest	—	—	—	—	—	—	—	3,253	3,253
Net income (loss)	$ 2,411	$ 21,099	$ (18,913)	$ 16,963	$ (19,149)	$ 2,411	$ 28,112	$ (28,112)	$ 2,411

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Balance Sheet

June 30, 2008

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Assets									
Current assets:									
Cash and cash equivalents	$ —	$ 162,196	$ 49,479	$ 4,524	$ —	$ 216,199	$ 25,198	$ —	$ 241,397
Accounts receivable	—	51,198	119,570	61,970	—	232,738	115,510	—	348,248
Intercompany receivable	—	7,120	19,463	22,228	(39,940)	8,871	12,360	(21,231)	—
Inventories	—	45,647	117,054	59,173	—	221,874	74,596	—	296,470
Income tax recoverable	—	—	—	1,726	—	1,726	50	—	1,776
Prepaid expenses	—	4,161	6,611	5,399	—	16,171	4,574	—	20,745
Assets held for sale	—	1,816	—	3,517	—	5,333	—	—	5,333
Current future income taxes	—	2,532	22,934	543	—	26,009	9,993	—	36,002
	—	274,670	335,111	159,080	(39,940)	728,921	242,281	(21,231)	949,971
Property, plant and equipment	—	46,561	331,262	205,521	—	583,344	202,843	—	786,187
Goodwill	—	135,358	90,617	24,740	—	250,715	47,769	10,568	309,052
Intangible assets	—	141,033	47,424	9,078	—	197,535	17,808	—	215,343
Investments and advances	(407,623)	819,243	152,708	208,148	(904)	771,572	162,815	(934,387)	—
Other assets	—	18,229	573	233	—	19,035	252	—	19,287
Long-term future income taxes	—	—	—	(129)	—	(129)	19,182	—	19,053
	$ (407,623)	$ 1,435,094	$ 957,695	$ 606,671	$ (40,844)	$ 2,550,993	$ 692,950	$ (945,050)	$ 2,298,893
Liabilities and Shareholder's Equity									
Current liabilities:									
Bank indebtedness	$ —	$ 250,000	$ 86,016	$ —	$ —	$ 336,016	$ 19,326	$ —	$ 355,342
Accounts payables and accrued expenses	—	66,904	137,048	46,147	—	250,099	87,457	—	337,556
Intercompany payable	—	12,509	20,159	19,639	(39,940)	12,367	8,864	(21,231)	—
Income taxes payable	—	2,841	8,928	859	—	12,628	3,516	—	16,144
Current future income taxes	—	—	384	418	—	802	1,210	—	2,012
Debt due on demand	—	927,762	981,844	—	—	1,909,606	—	—	1,909,606
Current portion of debt	—	768	80	61	—	909	8,828	—	9,737
	—	1,260,784	1,234,459	67,124	(39,940)	2,522,427	129,201	(21,231)	2,630,397
Debt	—	—	235,121	56,424	—	291,545	62,888	(352,594)	1,839
Long-term future income taxes	—	31,294	25,599	11,894	—	68,787	29,528	—	98,315
Other long-term liabilities	—	1,149	20,472	8,008	—	29,629	6,404	—	36,033
	—	1,293,227	1,515,651	143,450	(39,940)	2,912,388	228,021	(373,825)	2,766,584
Non-controlling interest	—	—	—	—	—	—	—	28,188	28,188
Shareholders' equity	(407,623)	141,867	(557,956)	463,221	(904)	(361,395)	464,929	(599,413)	(495,879)
	$ (407,623)	$ 1,435,094	$ 957,695	$ 606,671	$ (40,844)	$ 2,550,993	$ 692,950	$ (945,050)	$ 2,298,893

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Balance Sheet
December 31, 2007

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Assets									
Current assets:									
Cash and cash equivalents	$ —	$ 4,814	$ 3,329	$ 7,549	$ —	$ 15,692	$ 26,062	$ —	$ 41,754
Accounts receivable	—	51,551	49,239	69,662	—	170,452	94,479	—	264,931
Intercompany receivable	—	37,416	22,854	26,514	(71,376)	15,408	11,355	(26,763)	—
Inventories	—	50,322	113,890	62,498	—	226,710	69,121	—	295,831
Income tax recoverable	—	395	—	477	—	872	912	—	1,784
Prepaid expenses	—	2,965	4,186	3,589	—	10,740	4,413	—	15,153
Assets held for sale	—	—	1,849	—	—	1,849	—	—	1,849
Current future income taxes	—	3,603	22,013	2,561	—	28,177	11,211	—	39,388
	—	151,066	217,360	172,850	(71,376)	469,900	217,553	(26,763)	660,690
Property, plant and equipment	—	51,576	342,454	207,168	—	601,198	211,277	—	812,475
Goodwill	—	135,354	561,967	24,836	—	722,157	26,548	19,725	768,430
Intangible assets	—	192,479	161,924	9,768	—	364,171	9,258	4,568	377,997
Investments and advances	197,601	774,970	109,843	186,241	(598,440)	670,215	241,170	(911,385)	—
Other assets	—	17,846	2,162	249	—	20,257	244	—	20,501
Long-term future income taxes	—	—	—	1,513	—	1,513	18,446	—	19,959
	$ 197,601	$ 1,323,291	$ 1,395,710	$ 602,625	$ (669,816)	$ 2,849,411	$ 724,496	$ (913,855)	$ 2,660,052
Liabilities and Shareholder's Equity									
Current liabilities:									
Bank indebtedness	$ —	$ —	$ —	$ —	$ —	$ —	$ 17,615	$ —	$ 17,615
Trade payable and accrued expenses	—	66,295	129,754	57,229	—	253,278	71,845	—	325,123
Intercompany payable	—	17,111	51,537	20,097	(71,376)	17,369	9,394	(26,763)	—
Income taxes payable	—	2,817	8,924	261	—	12,002	3,054	—	15,056
Current future income taxes	—	—	—	—	—	—	2,093	—	2,093
Current portion debt	—	6,293	5,956	61	—	12,310	8,467	—	20,777
	—	92,516	196,171	77,648	(71,376)	294,959	112,468	(26,763)	380,664
Debt	—	896,268	1,181,970	56,828	—	2,135,066	76,296	(358,716)	1,852,646
Long-term future income taxes	—	31,241	72,043	15,667	—	118,951	27,676	914	147,541
Long-term liabilities	—	260	18,581	8,488	—	27,329	11,617	—	38,946
	—	1,020,285	1,468,765	158,631	(71,376)	2,576,305	228,057	(384,565)	2,419,797
Non-controlling interest	—	—	—	—	—	—	—	42,654	42,654
Shareholders' equity	197,601	303,006	(73,055)	443,994	(598,440)	273,106	496,439	(571,944)	197,601
	$ 197,601	$ 1,323,291	$ 1,395,710	$ 602,625	$ (669,816)	$ 2,849,411	$ 724,496	$ (913,855)	$ 2,660,052

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Statement of Cash Flows

For the three month period ended June 30, 2008

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Cash provided by (used in):									
Operating activities:									
Net (loss) income	$ (688,560)	$ (90,230)	$ (599,503)	$ 1,349	$ 688,384	$ (688,560)	$ 1,832	$ (1,832)	$ (688,560)
Items not involving cash:	—	—	—	—	—	—	—		
Depreciation and amortization	—	3,043	14,513	4,748	—	22,304	5,823	—	28,127
Non-cash interest expense	—	27,836	30,707	—	—	58,543	—	—	58,543
Impairment of property, plant and equipment	—	—	—	—	—	—	5,098	—	5,098
Impairment of goodwill and intangible assets	—	48,294	576,360	—	—	624,654	5,677	—	630,331
Loss (gain) on sale of property, plant and equipment	—	197	(1,554)	(2)	—	(1,359)	(24)	—	(1,383)
Loss (income) from equity investments	688,560	1,540	(2,646)	—	(688,384)	(930)	—	930	—
Share based awards	—	—	485	—	—	485	—	—	485
Future income taxes	—	(1,060)	(36,252)	(419)	—	(37,731)	(401)	—	(38,132)
Pension and post retirement expense (income) and funding, net	—	—	80	(74)	—	6	(150)	—	(144)
Unrealized foreign exchange losses (gains)	—	440	(1)	(74)	—	365	(129)	—	236
Non-controlling interest	—	—	—	—	—	—	—	902	902
Change in non-cash operating working capital:									
Accounts receivable	—	(7,570)	(64,889)	8,850	—	(63,609)	(2,765)	—	(66,374)
Inventories	—	(224)	(3,429)	973	—	(2,680)	(843)	—	(3,523)
Income taxes recoverable	—	391	—	(1,245)	—	(854)	617	—	(237)
Income taxes payable	—	(13)	(214)	774	—	547	389	914	1,850
Prepaid expenses	—	(12)	(1,326)	(771)	—	(2,109)	(110)	—	(2,219)
Accounts payable and accrued expenses	—	(11,838)	3,138	(3,388)	—	(12,088)	6,070	—	(6,018)
Intercompany receivable	—	33,647	767	(1,456)	(31,928)	1,030	5,895	(6,925)	—
Intercompany payable	—	(448)	(38,735)	1,330	31,928	(5,925)	(1,000)	6,925	—
	—	3,993	(122,499)	10,595	—	(107,911)	25,979	914	(81,018)
Financing activities									
Change in bank and other indebtedness	—	213,000	23,220	(426)	—	235,794	37	—	235,831
Repayment of long-term debt	—	(1,470)	(1,476)	(863)	—	(3,809)	(2,420)	2,863	(3,366)
	—	211,530	21,744	(1,289)	—	231,985	(2,383)	2,863	232,465
Investing activities									
Proceeds from sale of property, plant and equipment	—	3,079	3,764	—	(3,050)	3,793	89	—	3,882
Additions to property, plant and equipment	—	(2,541)	(4,483)	(698)	3,050	(4,672)	(1,523)	—	(6,195)
Acquisitions	—	(16,792)	—	—	—	(16,792)	—	—	(16,792)
Distributions to non-controlling interests	—	—	—	—	—	—	(2,475)	—	(2,475)
Investments and advances	—	(70,507)	96,028	(7,284)	(1,694)	16,543	(39,011)	22,468	—
Other investing activities	—	180	(15)	6	—	171	24,428	(24,293)	306
	—	(86,581)	95,294	(7,976)	(1,694)	(957)	(18,492)	(1,825)	(21,274)
Net foreign currency translation adjustment	—	(502)	(25)	380	1,694	1,547	1,034	(1,952)	629
Increase (decrease) in cash and cash equivalents	—	128,440	(5,485)	1,710	—	124,665	6,138	—	130,803
Cash and cash equivalents, beginning of period	—	33,756	54,964	2,814	—	91,534	19,060	—	110,594
Cash and cash equivalents, end of period	$ —	$ 162,196	$ 49,479	$ 4,524	$ —	$ 216,199	$ 25,198	$ —	$ 241,397

(In thousands of U.S. dollars)

Consolidating Statement of Cash Flows

For the three month period ended June 30, 2007

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Cash provided by (used in):									
Operating activities:									
Net income (loss)	$ 5,439	$ 16,742	$ (11,535)	$ 8,885	$ (14,092)	$ 5,439	$ 15,294	$ (15,294)	$ 5,439
Items not involving cash:									
Depreciation and amortization	—	3,602	19,651	4,826	—	28,079	4,621	156	32,856
Non-cash interest expense	—	1,229	1,297	—	—	2,526	—	—	2,526
Impairment of property, plant and equipment	—	1,575	1,045	—	—	2,620	—	—	2,620
Loss (gain) on sale of property, plant and equipment	—	7	217	15	—	239	(11)	—	228
(Income) loss from equity investments	(5,439)	(19,111)	(2,591)	—	14,092	(13,049)	—	13,049	—
Share based awards	—	16	434	15	—	465	23	—	488
Future income taxes	—	(6,891)	(5,668)	(58)	—	(12,617)	1,729	(39)	(10,927)
Pension and post retirement expense (income) and funding, net	—	—	622	(295)	—	327	—	—	327
Unrealized foreign exchange (gains) losses	—	(2,635)	—	77	—	(2,558)	(603)	—	(3,161)
Non-controlling interest	—	—	—	—	—	—	—	2,128	2,128
Change in non-cash operating working capital:									
Accounts receivable	—	(4,025)	5,689	1,726	—	3,390	(6,493)	—	(3,103)
Inventories	—	1,909	14,260	(2,397)	—	13,772	(3,071)	—	10,701
Income taxes payable	—	(516)	(907)	2,021	—	597	(1,176)	—	(579)
Prepaid expenses	—	(504)	1,153	154	—	803	(176)	—	627
Accounts payable and accrued liabilities	5	(12,029)	(18,590)	2,755	—	(27,859)	5,248	—	(22,611)
Intercompany receivable	—	20,417	1,071	(3,512)	(19,385)	(1,409)	8,569	(7,160)	—
Intercompany payable	—	(3,799)	(23,351)	(706)	19,385	(8,471)	1,311	7,160	—
	5	(4,014)	(17,203)	13,506	—	(7,706)	25,265	—	17,559
Financing activities									
Change in bank and other indebtedness	—	—	29,998	—	—	29,998	(699)	—	29,299
Repayment of long-term debt	—	(1,488)	(1,496)	(14)	—	(2,998)	(4,859)	3,364	(4,493)
	—	(1,488)	28,502	(14)	—	27,000	(5,558)	3,364	24,806
Investing activities									
Proceeds from sale of property, plant and equipment	—	73	17	—	—	90	16	—	106
Additions to property, plant and equipment	—	(668)	(3,417)	(1,082)	—	(5,167)	(2,160)	—	(7,327)
Acquisitions	(3,733)	—	—	—	—	(3,733)	—	—	(3,733)
Distributions to non-controlling interests	—	—	—	—	—	—	(1,349)	(206)	(1,555)
Investments and advances	3,728	30,519	(10,028)	(7,208)	376	17,387	(14,229)	(3,158)	—
Other investing activities	—	(578)	1,549	16	—	987	404	—	1,391
	(5)	29,346	(11,879)	(8,274)	376	9,564	(17,318)	(3,364)	(11,118)
Net foreign currency translation adjustment	—	4,452	—	(392)	(376)	3,684	(1,027)	—	2,657
Increase (decrease) in cash and cash equivalents	—	28,296	(580)	4,826	—	32,542	1,362	—	33,904
Cash and cash equivalents, beginning of period	—	12,324	839	11,684	—	24,847	18,335	—	43,182
Cash and cash equivalents, end of period	$ —	$ 40,620	$ 259	$ 16,510	$ —	$ 57,389	$ 19,697	$ —	$ 77,086

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Statement of Cash Flows

For the six month period ended June 30, 2008

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Cash provided by (used in):									
Operating activities:									
Net (loss) income	$ (716,205)	$ (97,147)	$ (618,980)	$ 5,942	$ 710,185	$ (716,205)	$ 15,621	$ (15,621)	$ (716,205)
Items not involving cash:									
Depreciation and amortization	—	6,634	29,653	9,471	—	45,758	11,536	—	57,294
Non-cash interest expense	—	29,114	32,004	—	—	61,118	—	—	61,118
Impairment of property, plant and equipment	—	—	822	—	—	822	5,098	—	5,920
Impairment of goodwill and intangible assets	—	48,294	576,360	—	—	624,654	5,677	—	630,331
Loss (gain) on sale of property, plant and equipment	—	194	(1,495)	(2)	—	(1,303)	(29)	—	(1,332)
Loss (income) from equity investments	716,205	(15,362)	(4,388)	—	(710,185)	(13,730)	—	13,730	—
Share based awards	—	—	902	—	—	902	—	—	902
Future income taxes	—	1,688	(46,212)	(291)	—	(44,815)	(762)	—	(45,577)
Pension and post retirement expense (income) and funding, net	—	—	375	(423)	—	(48)	(150)	—	(198)
Unrealized foreign exchange losses (gains)	—	607	98	102	—	807	(545)	—	262
Non-controlling interest	—	—	—	—	—	—	—	1,891	1,891
Change in non-cash operating working capital:									
Accounts receivable	—	939	(68,641)	7,886	—	(59,816)	(14,234)	—	(74,050)
Inventories	—	6,135	(3,164)	3,363	—	6,334	(1,461)	—	4,873
Income taxes recoverable	—	395	—	(1,249)	—	(854)	862	—	8
Income taxes payable	—	195	(7)	1,795	—	1,983	573	—	2,556
Prepaid expenses	—	(1,163)	(2,425)	(1,808)	—	(5,396)	163	—	(5,233)
Accounts payable and accrued expenses	—	(1,176)	6,840	(11,213)	—	(5,549)	11,150	—	5,601
Intercompany receivable	—	33,289	3,391	4,286	(31,806)	9,160	(1,005)	(8,155)	—
Intercompany payable	—	(7,594)	(31,379)	(458)	31,806	(7,625)	(530)	8,155	—
	—	5,042	(126,246)	17,401	—	(103,803)	31,964	—	(71,839)
Financing activities									
Change in bank and other indebtedness	—	250,000	86,015	—	—	336,015	27	—	336,042
Repayment of long-term debt	—	(3,054)	(2,884)	(395)	—	(6,333)	(13,186)	5,688	(13,831)
	—	246,946	83,131	(395)	—	329,682	(13,159)	5,688	322,211
Investing activities									
Proceeds from sale of property, plant and equipment	—	3,079	3,821	—	(3,050)	3,850	89	—	3,939
Additions to property, plant and equipment	—	(3,019)	(10,271)	(1,060)	3,050	(11,300)	(2,195)	—	(13,495)
Acquisitions	—	(30,507)	—	—	—	(30,507)	—	—	(30,507)
Distributions to non-controlling interests	—	—	—	—	—	—	(8,460)	—	(8,460)
Investments and advances	—	(60,209)	95,942	(30,004)	1,863	7,592	(1,904)	(5,688)	—
Other investing activities	—	(416)	(100)	16	—	(500)	404	—	(96)
	—	(91,072)	89,392	(31,048)	1,863	(30,865)	(12,066)	(5,688)	(48,619)
Net foreign currency translation adjustment	—	(3,534)	(127)	11,017	(1,863)	5,493	(7,603)	—	(2,110)
Increase (decrease) in cash and cash equivalents	—	157,382	46,150	(3,025)	—	200,507	(864)	—	199,643
Cash and cash equivalents, beginning of period	—	4,814	3,329	7,549	—	15,692	26,062	—	41,754
Cash and cash equivalents, end of period	$ —	$ 162,196	$ 49,479	$ 4,524	$ —	$ 216,199	$ 25,198	$ —	$ 241,397

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008 and December 31, 2007 and for the Three and Six Month Periods Ended June 30, 2008 and June 30, 2007
(In thousands of U.S. dollars)

Consolidating Statement of Cash Flows
For the six month period ended June 30, 2007

	Parent	Canadian Issuer	US Issuer	Guarantor Subsidiaries	Guarantor Adjustments	Combined	Non-Guarantor Subsidiaries	Adjustments	Consolidated
Cash provided by (used in):									
Operating activities:									
Net income (loss)	$ 2,411	$ 21,099	$ (18,913)	$ 16,963	$ (19,149)	$ 2,411	$ 28,112	$ (28,112)	$ 2,411
Items not involving cash:									
Depreciation and amortization	—	7,152	36,761	9,563	—	53,476	10,618	313	64,407
Non-cash interest expense	—	2,449	2,591	—	—	5,040	—	—	5,040
Impairment of property, plant and equipment	—	1,575	1,045	—	—	2,620	—	—	2,620
Loss (gain) on sale of property, plant and equipment	—	115	816	27	—	958	(8)	—	950
(Income) loss from equity investments	(2,411)	(36,492)	(5,022)	—	19,149	(24,776)	—	24,776	—
Share based awards	—	42	1,126	42	—	1,210	62	—	1,272
Future income taxes	—	(9,432)	(9,205)	844	—	(17,793)	1,566	(230)	(16,457)
Pension and post retirement expense (income) and funding, net	—	—	899	(297)	—	602	—	—	602
Unrealized foreign exchange (gains) losses	—	(2,635)	—	57	—	(2,578)	(392)	—	(2,970)
Non-controlling interest	—	—	—	—	—	—	—	3,253	3,253
Change in non-cash operating working capital:									
Accounts receivable	—	(7,464)	(1,867)	(6,513)	—	(15,844)	(16,162)	—	(32,006)
Inventories	—	3,386	26,099	1,898	—	31,383	(4,904)	—	26,479
Income taxes payable	—	(1,194)	212	1,984	—	1,001	(337)	—	664
Prepaid expenses	—	(2,565)	1,727	(2,057)	—	(2,895)	(239)	—	(3,134)
Accounts payable and accrued liabilities	—	(2,898)	(16,233)	7,589	—	(11,542)	11,180	—	(362)
Intercompany receivable	—	25,119	909	(6,695)	(22,143)	(2,810)	(2,429)	5,239	—
Intercompany payable	—	2,343	(21,691)	(341)	22,143	2,454	2,785	(5,239)	—
	—	599	(746)	23,064	—	22,917	29,852	—	52,769
Financing activities						—			
Change in bank and other indebtedness	—	—	11,000	—	—	11,000	(4,199)	—	6,801
Repayment of long-term debt	—	(3,043)	(2,991)	(28)	—	(6,062)	(6,767)	4,101	(8,728)
	—	(3,043)	8,009	(28)	—	4,938	(10,966)	4,101	(1,927)
Investing activities									
Proceeds from sale of property, plant and equipment	—	73	102	—	—	175	16	—	191
Additions to property, plant and equipment	—	(1,265)	(7,927)	(3,017)	—	(12,209)	(4,017)	—	(16,226)
Acquisitions	(3,733)	—	—	—	—	(3,733)	—	—	(3,733)
Distributions to non-controlling interests	—	—	—	—	—	—	(1,349)	(206)	(1,555)
Investments and advances	3,733	27,304	(3,699)	(9,871)	—	17,467	(13,572)	(3,895)	—
Other investing activities	—	(3,669)	1,549	18	—	(2,102)	446	—	(1,656)
	—	22,443	(9,975)	(12,870)	—	(402)	(18,476)	(4,101)	(22,979)
Net foreign currency translation adjustment	—	2,424	—	983	—	3,407	(1,607)	—	1,800
Increase (decrease) in cash and cash equivalents	—	22,423	(2,712)	11,149	—	30,860	(1,197)	—	29,663
Cash and cash equivalents, beginning of period	—	18,197	2,971	5,361	—	26,529	20,894	—	47,423
Cash and cash equivalents, end of period	$ —	$ 40,620	$ 259	$ 16,510	$ —	$ 57,389	$ 19,697	$ —	$ 77,086

EXHIBIT 99.2

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

The following Management Discussion and Analysis ("MD&A") is a review of Masonite International Inc.'s financial condition and results of operations, is based upon Canadian Generally Accepted Accounting Principles ("GAAP") and covers the three and six month periods ended June 30, 2008 and June 30, 2007. In this MD&A, "Company", "we", "us" and "our" refer to Masonite International Inc. and our subsidiaries. All amounts are in millions of United States dollars unless specified otherwise.

This discussion should be read in conjunction with the 2007 annual audited consolidated financial statements and the 2008 unaudited interim financials statements. The following discussion also contains forward-looking statements that involve numerous risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements as a result of these risks and uncertainties.

Recent Developments

As of June 30, 2008, we were not in compliance with the financial covenants contained in our Senior Secured Credit Agreement. As a result of such non-compliance, the lenders party to the Senior Secured Credit Agreement have the right to demand immediate repayment of the obligation of $1,139.8 million, as well as the amount outstanding under the revolving credit facility in the amount of $336.0 million. To date, no demand for repayment has been made. If such demand is made, the holders of our Senior Subordinated Notes due 2015 (the "Notes") would be permitted to demand immediate repayment of the Notes in the amount of $769.9 million. We have been engaged in negotiations with the lenders party to the Senior Secured Credit Agreement regarding an amendment to the agreement including a waiver of such non-compliance. To date, no agreement has been reached and there can be no guarantee that an agreement will be reached on terms acceptable to us and our lenders. To the extent that no demands for repayment of our Senior Secured Credit Agreement and Senior Subordinated Notes due 2015 are made, we have adequate cash reserves to fund ongoing operations for the foreseeable future. Cash on hand as of June 30, 2008 was $241.4 million. Our ability to continue as a going concern is dependent upon our ability to reach agreement regarding a satisfactory amendment to our Senior Secured Credit facility. This MD&A was prepared based on financial statements prepared using accounting principles applicable to a going concern, which assumes that we will continue in operation for a reasonable period of time and will be able to realize our assets and discharge our liabilities in the normal course of operations. To the extent that the lenders under the senior secured credit facilities agree to an amendment of these covenants, such amendment may result in interest being payable on these facilities at higher interest rates.

In the first quarter of 2007, we were notified by our largest customer, The Home Depot, that they would be moving substantially all of their business with us in certain geographic regions to a competitor later in 2007. Sales to this customer in the regions affected were approximately $250 - $300 million on an annualized basis. Subsequent to this notification, we completed the permanent closure of five facilities dedicated to this customer and an interior door manufacturing facility. We further completed the consolidation of our manufacturing operations in Florida, completed the closure of our Bridgwater site in the UK and three additional sites in North America. Actions are underway to close three additional underperforming sites before the end of the year. In March of 2008 we completed the acquisition of the remaining 25% of our facilities in the Czech Republic and Poland pursuant to an option exercised by the minority interest shareholder for $18.6 million which consisted of $13.7 million paid for the shares and the balance as repayment of advances made by the minority interest shareholder. In the second quarter, we borrowed the remaining amount available on our revolving credit facility which resulted in a total amount outstanding under the revolving credit facility of $336.0 million. In June of 2008 we purchased an additional 25% of a door facing manufacturing facility pursuant to the terms contained in the shareholder agreement for total consideration of $19.3 million including a distribution to the previous owner of $2.5 million.

Due to the continued decline of the U.S. housing market, we completed an additional goodwill and intangibles impairment test for our reporting units as of June 30, 2008. As a result of this test, goodwill in the North American segment was determined to be impaired by $471.4 million. Further, the impairment test also determined that North American customer relationship intangibles were impaired by $153.3 million. Additionally, in connection with the anticipated closure of two sites in the Europe and Other segment, it was determined that goodwill and customer relationships in the amount of $5.0 million and $0.7 million respectively, were impaired.

Results of Operations for the three month period ended June 30, 2008 compared to the three month period ended June 30, 2007

A summary of the second quarter results is as follows:

	April 1, 2008 - June 30, 2008	April 1, 2007 - June 30, 2007
Sales	$ 507.8	$ 588.9
Cost of sales	417.0	447.1
Gross margin	90.8	141.9
Selling, general and administration expenses	44.6	53.2
Depreciation	21.0	24.0
Amortization of intangible assets	7.1	8.9
Interest	99.2	45.0
Other expense, net	11.4	10.5
Impairment of goodwill and intangibles	630.3	—
(Loss) income before income taxes and non-controlling interest	(722.9)	0.3
Income taxes (recovery)	(35.3)	(7.3)
Non-controlling interest	0.9	2.1
Net (loss) income	$ (688.6)	$ 5.4

Consolidated Sales
For the three month period ended June 30

	2008	2007	$ Change	% Change
Sales	$ 507.8	$ 588.9	$ (81.2)	(13.8)%

Consolidated sales for the three month period ended June 30, 2008 were $507.8 million compared to $588.9 million in the prior year period. Sales in the 2008 period were negatively impacted by lower North American sales due to continued soft demand from customers servicing both the wholesale and retail channels as well as weakness in the United Kingdom housing market as lower sales of door facings to the Middle Eastern markets due to the strength of the Euro. Sales in the second quarter of 2008 benefited by $19.8 million due to stronger foreign currency rates as compared to the prior year period. Approximately $51.9 million of the decline in sales is attributable to sales in geographic regions that The Home Depot moved to a competitor in the second half of 2007.

Sales and Percentage of Sales by Principal Geographic Region
For the three month period ended June 30

	2008	2007
North America	$ 328.5	$ 424.7
	65%	72%
Europe and Other	$ 188.2	$ 178.8
	37%	30%
Intersegment	$ (8.9)	$ (14.6)
	(2)%	(2)%

Sales to external customers from facilities in North America declined 23.2% to $326.3 million for the three month period ended June 30, 2008 as compared to $424.7 in the prior year period. Sales in North America were negatively impacted by continued soft demand from customers servicing both the wholesale and retail channels, and the business lost from The Home Depot. Sales in the North American segment contributed 65% of consolidated sales as compared to 72% in the prior year. The stronger Canadian dollar in 2008 increased sales in the second quarter of 2008 by approximately $5.4 million. Excluding the impact of currency and the lost business, sales declined 13.9% compared to the prior year period.

Sales to external customers from facilities outside of North America grew 10.5% to $181.5 million in 2008 as compared to the prior year period. European sales were positively impacted by the appreciation of European currencies versus the U.S. dollar in the amount of $14.4 million. Excluding the impact of exchange, sales in our Europe and Other segment increased by 1.8% from the prior year on an overall basis. Our sales in the United Kingdom, declined as a result of weakening housing market conditions, while sales in the Czech Republic, Poland and South Africa increased.

Intersegment sales, primarily the movement of door components from the Europe and Other segment into the North America segment, declined by 39.0% to $8.9 million due to continued soft market conditions in North America during the second quarter of 2008.

Sales and Percentage of Sales by Product Line
For the three month period ended June 30

		2008		2007
Interior	$	355.0	$	404.3
		70%		69%
Exterior	$	152.8	$	184.7
		30%		31%

The proportion of revenues from interior and exterior products was approximately 70% and 30%, respectively, for the three month period ended June 30, 2008. For the 2007 period, the proportion was 69% and 31%, respectively. Our sales of interior doors in 2008 grew as a percentage of sales due to the relative strength of our market position in the interior door market, in particular as our European businesses, which predominately consists of sales of interior doors, becomes a larger relative proportion of our overall business. In addition, we believe that weakening housing market conditions in North America affect exterior product sales earlier than interior product sales.

Cost of Sales
For the three month period ended June 30

		2008	Percentage of Sales		2007	Percentage of Sales
Cost of sales	$	417.0	82.1%	$	447.1	75.9%

The significant components of cost of sales are materials, direct labor, factory overheads and distribution costs. Cost of sales, expressed as a percentage of sales, was 82.1% for the 2008 period versus 75.9% for the 2007 period. Despite our ongoing efforts on global supply chain initiatives, facility rationalizations, rigorous cost management and product pricing adjustments, we were not able to fully offset the impact of the lower volumes in the second quarter coupled with significant inflationary cost pressures on raw materials and transportation. We continue to execute on our announced facility closures to adjust the size of our business to the current market conditions. In the second quarter of 2008, we recorded in cost of sales, non-cash inventory write downs of $2.7 million associated with a decision to dispose of certain aged inventories in order to exit additional leased warehouses, approximately $0.6 million associated with a customer transition program and $0.7 million associated with product that was previously provided by a facility that we closed. As part of the closure of that facility, we exited one of the product lines previously serviced by that site. We also recorded an additional $1.7 million charge associated with input taxes that are no longer considered recoverable due to political uncertainty in one of the jurisdictions in which we operate. Excluding these adjustments, cost of sales would have been 81.1% of sales. Rising fuel prices and raw material input costs had the most significant impact on our cost of sales in the second quarter of 2008.

Selling, General and Administration Expenses
For the three month period ended June 30

		2008	Percentage of Sales		2007	Percentage of Sales
Selling, general and administration expenses	$	44.6	8.8%	$	53.2	9.0%

Selling, general and administration expenses primarily includes personnel, marketing and advertising costs, sales commissions, information technology costs, receivables sales program costs, professional fees and management travel. SG&A costs declined $8.6 million as compared to the prior year period due to reductions in staffing levels, lower commissions, accounts receivable sales facility charges, professional fees including recruiting and relocation, and travel and entertainment spending.

Depreciation
For the three month period ended June 30

	2008	2007	$ Change	% Change
Depreciation	$ 21.0	$ 24.0	$ (3.0)	(12.5)%

Depreciation expense decreased to $21.0 million in the second quarter of 2008 as compared to $24.0 million in the second quarter of 2007. This reduced level of depreciation is a result of lower capital expenditures over the past two years, the 16 facility closures completed since 2005 and asset impairments recorded in the last two years. These actions have reduced the overall basis of depreciable assets. Also in 2007, the Company recorded accelerated depreciation on leased facilities that were closing in the second and third quarter of 2007.

Amortization of Intangible Assets
For the three month period ended June 30

	2008	2007	$ Change	% Change
Amortization of intangible assets	$ 7.1	$ 8.9	$ (1.8)	(20.2)%

Amortization of intangible assets for the 2008 period was $1.8 million lower than in the 2007 period due to the impairment of customer relationship intangibles recorded in December of 2007. As a result of the business lost from The Home Depot and the ongoing downturn in the North American housing market, we recorded an impairment charge of $65.4 million related to customer relationship intangibles in 2007. Due to the anticipated closure of two additional overseas sites and the continuing downturn in the North American housing market, the Company recorded additional impairment of customer relationship intangibles of $153.3 million in the second quarter of 2008. This will reduce amortization of intangible assets by approximately $17.0 million per year.

Other Expense
For the three month period ended June 30

	2008	2007
Restructuring and severance expense	$ 6.9	$ 10.7
Impairment of property, plant and equipment	5.1	2.6
(Gain) loss on disposal of property, plant and equipment	(1.4)	0.2
Other	0.8	(3.0)
Other expense	$ 11.4	$ 10.5

Other expense of $11.4 million in the second quarter of 2008 includes restructuring charges of $6.9 million related to the closure of three manufacturing sites in North America. Included in restructuring and severance expense is a charge of $4.8 million relating to the estimated lease obligations on sites that have been closed in the quarter as well as adjustments to previously recorded estimates of outstanding lease obligations on closed sites. We are proceeding with the closure of three additional overseas sites and as a result, we determined that the property plant and equipment of one of these sites was impaired by approximately $5.1 million. We completed the sale of our former Tampa manufacturing site in the quarter for proceeds of approximately $3.6 million which generated a gain on disposal of $1.7 million included in (Gain) loss on disposal above.

Other expense was $10.5 million in the 2007 period including restructuring and severance costs of $10.7 million related to the closure of six manufacturing facilities in North America and related restructuring actions. We also recorded a $2.6 million charge related to an impairment of property, plant and equipment at the facilities that were being closed.

Impairment of Goodwill and Intangible Assets
For the three month period ended June 30

	2008	2007
Impairment of goodwill and intangible assets	$ 630.3	$ —

Due to the continued decline of the U.S. housing market, we completed an additional goodwill and intangibles impairment test for our reporting units as of June 30, 2008. As a result of this test, goodwill in the North American segment was determined to be impaired by $471.4 million. Further, the impairment test also determined that North American customer relationship intangibles were impaired by $153.3 million. Additionally, in connection with the anticipated closure of two sites in the Europe and Other segment, it was determined that goodwill and customer relationships in the amount of $5.0 million and $0.7 million respectively, were impaired.

Interest Expense
For the three month period ended June 30

	2008	2007	$ Change	% Change
Interest	$ 99.2	$ 45.0	$ 54.2	120.4%

Interest expense of $99.2 million for the 2008 period was $54.2 million or 120.4% higher than the 2007 period. Included in the 2008 period are $56.0 million in deferred financing fees recognized as interest expense. As a result of the event of default on the senior secured credit facility, the balance due on that facility as well as the Notes were reclassified to current liabilities and accordingly, all previously unamortized deferred financing costs were recognized in interest expense. As well, since we may not be permitted to be continue to borrow under the senior secured credit facility on a LIBOR interest rate basis, it was determined that the interest rate swap ceased to be an effective hedge for accounting purposes. Lower interest costs of $1.8 million were attributable to lower LIBOR interest rates in the 2008 period. Amortization of deferred financing fees in the 2008 period prior to the recognition of the $56.0 million was unchanged at $2.5 million.

Income Tax Rates
For the three month period ended June 30

	2008	2007
Combined effective rate	Not meaningful	Not meaningful

Our effective income tax rate is primarily the weighted average of federal, state and provincial rates in various countries in which we have operations, including the United States, Canada, France, the United Kingdom and Ireland.

Our income tax rate is also affected by goodwill and intangible impairments, estimates of realizability of tax assets, changes in tax laws and the timing of the expected reversal of temporary differences. We have established a valuation allowance on a portion of tax losses and other carryforward attributes in Canada, the United States and other jurisdictions until the realization of these tax assets becomes more likely than not during the carryforward period.

Net Loss
For the three month period ended June 30

	2008	2007	$ Change	% Change
Net (loss) income	$ (688.6)	$ 5.4	$ (694.0)	Not meaningful

Our net loss of $688.6 million in the second quarter of 2008 increased by $694.0 million from the prior year period. This result reflects the factors discussed above including, goodwill and intangibles impairment, the recognition of previously unamortized deferred financing fees, as well as weakening housing market conditions in North America and the United Kingdom, and the business lost from The Home Depot, partially offset by aggressive global cost controls, and reduced selling, general and administration spending.

Segment Information
For the three month period ended June 30

	2008	Percentage of Sales	2007	Percentage of Sales
Operating EBITDA - North America	$ 29.6	9.0%	$ 62.6	14.7%
Operating EBITDA - Europe and Other	$ 16.5	8.8%	$ 26.0	14.5%

The performance measurement of each of our geographic segments is based on Operating EBITDA which is defined as net income (loss) plus non-controlling interest, interest, taxes, depreciation, amortization and other expense. Segment Operating EBITDA in North America was lower in 2008 as a result of the significantly lower volume and inflationary cost pressures not fully offset by headcount reduction actions and facility rationalization activities. Non-cash inventory write-downs of $3.3 million also negatively affected the North American segment. Segment Operating EBITDA in our Europe and Other segment was negatively impacted by foreign currency as sales prices in some of our foreign markets are denominated in U.S. dollars while input costs are in other foreign currencies. In addition, we recorded a $1.7 million charge in our Europe and Other segment in connection with input taxes that have been determined to be no longer collectible due to political and economic uncertainty in one of the jurisdictions in which we operate. Our businesses in Western Europe are also experiencing a slowdown in demand in their markets which affected our Operating EBITDA in the period.

Set forth below is a reconciliation of Operating EBITDA, by segment, from net income (loss):

	North America 2008	North America 2007	Europe and Other 2008	Europe and Other 2007
Net (loss) income	$ (687.1)	$ (12.4)	$ (1.5)	$ 17.8
Non-controlling interest	0.9	1.8	—	0.3
Income taxes (recovery)	(36.7)	(10.7)	1.4	3.5
Other expense, net	4.7	10.2	6.7	0.2
Interest	103.9	49.3	(4.7)	(4.3)
Amortization of intangible assets	6.7	8.6	0.4	0.3
Depreciation	12.6	15.8	8.5	8.2
Impairment of goodwill and intangibles	624.6	—	5.7	—
Operating EBITDA	$ 29.6	$ 62.6	$ 16.5	$ 26.0
Percentage of Sales	9.0%	14.7%	8.8%	14.5%

Results of Operations for the six month period ended June 30, 2008 compared to the six month period ended June 30, 2007

A summary of the results for the first six months is as follows:

	January 1, 2008 - June 30, 2008	January 1, 2007 - June 30, 2007
Sales	$ 972.1	$ 1,158.3
Cost of sales	791.0	889.5
Gross margin	181.2	268.8
Selling, general and administration expenses	88.4	106.7
Depreciation	43.1	46.6
Amortization of intangible assets	14.2	17.8
Interest	142.3	89.8
Other expense, net	17.8	12.3
Impairment of goodwill and intangibles	630.3	—
(Loss) income before income taxes and non-controlling interest	(754.9)	(4.4)
Income taxes (recovery)	(40.6)	(10.0)
Non-controlling interest	1.9	3.3
Net (loss) income	$ (716.2)	$ 2.4

Consolidated Sales
For the six month period ended June 30

	2008	2007	$ Change	% Change
Sales	$ 972.1	$ 1,158.3	$ (186.2)	(16.1)%

Consolidated sales for the six month period ended June 30, 2008 were $972.1 million compared to $1,158.3 million in the prior year period. Sales in the 2008 period were negatively impacted by lower North American sales due to continued soft demand from customers servicing both the wholesale and retail channels. Sales in the first six months of 2007 benefited by $40.9 million due to stronger foreign currency rates as compared to the prior year period. Approximately $118.3 million of the decline in sales is attributable to sales in geographic regions that The Home Depot moved to a competitor in the second half of 2007.

Sales and Percentage of Sales by Principal Geographic Region
For the six month period ended June 30

	2008	2007
North America	$ 627.0	$ 836.5
	64%	72%
Europe and Other	$ 365.4	$ 349.4
	38%	30%
Intersegment	$ (20.3)	$ (27.6)
	(2)%	(2)%

Sales to external customers from facilities in North America declined 25.7% to $621.2 million for the six month period ended June 30, 2008 as compared to the prior year period. Sales in North America were negatively impacted by continued soft demand from customers servicing both the wholesale and retail channels, the business lost from The Home Depot. Sales in the North American segment contributed 64% of consolidated sales as compared to 72% in the prior year. The stronger Canadian dollar in 2008 increased sales in the 2008 period by approximately $12.2 million. Excluding the impact of currency and the lost business, sales declined 15.2% compared to the prior year period.

Sales to external customers from facilities outside of North America grew 9.0% to $350.9 million in 2008 as compared to the prior year period. European sales were positively impacted by the appreciation of European currencies versus the U.S. dollar in the amount of $28.7 million. Excluding the impact of exchange, sales in our Europe and Other segment increased by

0.1% from the prior year on an overall basis. Our sales in Western Europe, notably the United Kingdom, declined as a result of weakening housing market conditions, while sales from our facilities in France and South Africa increased due to strong economic fundamentals.

Intersegment sales, primarily the movement of door components from the Europe and Other segment into the North America segment, declined by 26.4% to $20.3 million due to continued soft market conditions in North America during the first six months of 2008.

Sales and Percentage of Sales by Product Line
For the six month period ended June 30

	2008	2007
Interior	$ 698.1	$ 805.0
	72%	69%
Exterior	$ 274.0	$ 353.3
	28%	31%

The proportion of revenues from interior and exterior products was approximately 72% and 28%, respectively, for the six month period ended June 30, 2008. For the 2007 period, the proportion was 69% and 31%, respectively. Our sales of interior doors in 2008 grew as a percent of sales due to the relative strength of our market position in the interior door market, in particular as our European businesses, which predominately consists of sales of interior doors, becomes a larger relative proportion of our overall business. In addition, we believe that weakening housing market conditions in North America affect exterior product sales earlier than interior product sales.

Cost of Sales
For the six month period ended June 30

	2008	Percentage of Sales	2007	Percentage of Sales
Cost of sales	$ 791.0	81.4%	$ 889.5	76.8%

The significant components of cost of sales are materials, direct labor, factory overheads and distribution costs. Cost of sales, expressed as a percentage of sales, was 81.4% for the 2008 period versus 76.8% for the 2007 period. Despite our ongoing efforts on global supply chain initiatives, facility rationalizations, rigorous cost management and product pricing adjustments we were not able to fully offset the impact of the lower volumes in the second quarter coupled with inflationary cost pressures on raw materials. We made additional headcount reductions during the first six months, and continue to execute on our announced facility closures to rightsize our business for the current market conditions. As previously discussed, non-cash inventory write downs of $4.5 million and the recognition of $1.7 million of input taxes no longer considered recoverable also affected cost of sales in the first half of 2008.

Selling, General and Administration Expenses
For the six month period ended June 30

	2008	Percentage of Sales	2007	Percentage of Sales
Selling, general and administration expenses	$ 88.4	9.1%	$ 106.7	9.2%

Selling, general and administration expenses primarily includes personnel marketing and advertising costs, sales commissions, information technology costs, receivables sales program costs, professional fees and management travel. Selling, general and administration costs declined $18.3 million as compared to the prior year period due to reductions in staffing levels, lower commissions, accounts receivable sales facility charges, professional fees including recruiting and relocation, and travel and entertainment spending.

Depreciation
For the six month period ended June 30

	2008	2007	$ Change	% Change
Depreciation	$ 43.1	$ 46.6	$ (3.5)	(7.5)%

Depreciation expense decreased to $43.1 million in the first six months of 2008 as compared to $46.6 million in the first six months of 2007. This reduced level of depreciation is a result of lower capital expenditures over the past two years, the sixteen facility closures completed since 2005 and asset impairments recorded in the last two years. These actions have reduced the overall basis of depreciable assets.

Amortization of Intangible Assets
For the six month period ended June 30

	2008	2007	$ Change	% Change
Amortization of intangible assets	$ 14.2	$ 17.8	$ (3.6)	(20.2)%

Amortization of intangible assets for the 2008 period was $3.6 million lower than in the 2007 period due to the impairment of customer relationship intangibles recorded in December of 2007. As a result of the business lost from The Home Depot and the ongoing downturn in the North American housing market, we recorded an impairment charge of $65.4 million related to customer relationship intangibles in 2007.

Other Expense
For the six month period ended June 30

	2008	2007
Restructuring and severance expense	$ 12.4	$ 11.6
Impairment of property, plant and equipment	5.9	2.6
(Gain) loss on disposal of property, plant and equipment	(1.3)	1.0
Other	0.8	(2.9)
Other expense	$ 17.8	$ 12.3

Other expense of $17.8 million in the first six months of 2008 includes restructuring charges of $12.4 million related to the reductions in salaried workforce as well as costs incurred in connection with the closure and consolidation of manufacturing sites. Also included in other expense in the 2008 period were asset impairments of $5.9 million to reduce the carrying value of certain assets to their net realizable value and net gains on disposal of fixed assets of $1.3 million.

Other expense was $12.3 million in the 2007 period including restructuring and severance costs of $11.6 million related to the closure of six manufacturing facilities in North America, $2.6 million for asset impairments and $1.0 million from the loss on disposal of idle property, plant and equipment.

Impairment of Goodwill and Intangible Assets
For the six month period ended June 30

	2008	2007
Impairment of goodwill and intangible assets	$ 630.3	$ —

Due to the continued decline of the U.S. housing market, we completed an additional goodwill and intangibles impairment test for our reporting units as of June 30, 2008. As a result of this test, goodwill in the North American segment was determined to be impaired by $471.4 million. Further, the impairment test also determined that North American customer relationship intangibles were impaired by $153.3 million. Additionally, in connection with the anticipated closure of two sites in the Europe and Other segment, it was determined that goodwill and customer relationships in the amount of $5.0 million and $0.7 million respectively, were impaired.

Interest Expense
For the six month period ended June 30

	2008	2007	$ Change	% Change
Interest	$ 142.3	$ 89.8	$ 52.5	58.5%

Interest expense of $142.3 million for the 2008 period was $52.5 million or 66.4% higher than the 2007 period. Included in the 2008 period is $56.0 million in deferred financing fees recognized in interest expense. As a result of the event of default on the senior secured credit facility, the balance due on that facility as well as the Notes were reclassified to current and accordingly, all previously unamortized deferred financing costs were recognized in interest expense. As well, since we may not be permitted to be continue to borrow under the senior secured credit facility on a LIBOR interest rate basis, it was determined that the interest rate swap ceased to be an effective hedge for accounting purposes. Lower interest costs of $1.7 million were attributable to lower LIBOR interest rates in the 2008 period. Amortization of deferred financing fees in the 2008 period prior to the recognition of the $56 million was unchanged at $5.0 million.

Income Tax Rates
For the six month period ended June 30

	2008	2007
Combined effective rate	Not meaningful	Not meaningful

Our effective income tax rate is primarily the weighted average of federal, state and provincial rates in various countries in which we have operations, including the United States, Canada, France, the United Kingdom and Ireland.

Our income tax rate is also affected by goodwill and intangibles impairment, estimates of realizability of tax assets, changes in tax laws and the timing of the expected reversal of temporary differences. We have established a valuation allowance on a portion of tax losses and other carryforward attributes in Canada, the United States and other jurisdictions until the realization of these tax assets becomes more likely than not during the carryforward period.

Net Loss
For the six month period ended June 30

	2008	2007	$ Change	% Change
Net (loss) income	$ (716.2)	$ 2.4	$ (718.6)	Not meaningful

Our net loss of $716.2 million in the first six months of 2008 increased by $718.6 million from the prior year period. This result reflects the factors discussed above including goodwill and intangibles impairment, the recognition of previously unamortized deferred financing fees, as well as weakening housing market conditions in North America and the United Kingdom, and the business lost from The Home Depot, partially offset by aggressive global cost controls, and reduced selling, general and administration spending.

Segment Information
For the six month period ended June 30

	2008	Percentage of Sales	2007	Percentage of Sales
Operating EBITDA - North America	$ 55.6	8.9%	$ 113.0	13.5%
Operating EBITDA - Europe and Other	$ 37.2	10.2%	$ 49.1	14.1%

The performance measurement of each of our geographic segments is based on Operating EBITDA which is defined as net income (loss) plus non-controlling interest, interest, taxes, depreciation, amortization and other expense. Segment Operating

EBITDA in North America was lower in 2008 as a result of the significantly lower volume and inflationary cost pressures not fully offset by headcount reduction actions and facility rationalization activities. Segment Operating EBITDA in our Europe and Other segment was negatively impacted by foreign currency as sales prices in some of our foreign markets are denominated in U.S. dollars while input costs are in other foreign currencies. Our businesses in Western Europe are also experiencing a slowdown in demand in their markets which affected our Operating EBITDA in the period.

Set forth below is a reconciliation of Operating EBITDA, by segment, from net income (loss):

	North America 2008	North America 2007	Europe and Other 2008	Europe and Other 2007
Net (loss) income	$ (730.0)	$ (32.4)	$ 13.8	$ 34.8
Non-controlling interest	1.6	2.6	0.3	0.7
Income taxes (recovery)	(43.2)	(15.8)	2.6	5.8
Other expense, net	10.8	11.8	7.0	0.5
Interest	152.1	99.4	(9.8)	(9.6)
Amortization of intangible assets	13.3	17.3	0.8	0.5
Depreciation	26.3	30.3	16.8	16.4
Impairment of goodwill and intangibles	624.6	—	5.7	—
Operating EBITDA	$ 55.6	$ 113.0	$ 37.2	$ 49.1
Percentage of Sales	8.9%	13.5%	10.2%	14.1%

Liquidity and Capital Resources

Net Debt
As at

(Principal amount)	June 30, 2008	December 31, 2007
Revolving credit facility outstanding	$ 336.0	$ —
Other bank loans outstanding	19.3	17.6
Senior secured credit facility term loan outstanding	1,139.8	1,145.6
Senior subordinated notes outstanding	769.9	769.9
Other subsidiary long-term debt outstanding	11.6	19.0
Less: Cash on hand	241.4	41.8
Net debt outstanding	$ 2,035.2	$ 1,910.3
Notes payable and financial instruments	8.6	4.7
Net cash (debt) of unrestricted subsidiaries	1.1	—
Net debt outstanding as defined in the senior secured credit facilities	$ 2,044.9	$ 1,915.0

As at June 30, 2008, net debt as defined in the credit agreement was $129.9 million higher than at December 31, 2007 due primarily to cash consumed by seasonal working capital changes, $66.4 million paid to the counterparty to the Facilities Agreement and $37.9 million paid in respect of acquisitions described previously. As well, due to declining interest rates, the fair value of our interest rate swaps liability increased by $3.9 million to $7.1 million and is included in the Notes payable and financial instruments line above.

Debt Facilities
As at

	June 30, 2008	December 31, 2007
Revolving credit facility capacity	$ 350.0	$ 350.0
Revolving credit facility outstanding	336.0	—
Subsidiaries’ bank loan capacity	32.7	32.7
Subsidiaries’ bank loan and overdrafts outstanding	19.3	17.0
Other subsidiary long-term debt outstanding	11.6	19.0
Senior secured credit facility term loan outstanding	1,139.8	1,145.6
Senior subordinated notes outstanding	769.9	769.9

The aggregate amount of long-term debt repayments required during the next five years ending June 30, 2012 is approximately $1,921.2 million, compared to $77.7 million at December 31, 2007. Due to the Event of Default under the Senior Secured Credit Agreement described previously, the balance of the senior secured credit facility of $1,139.8 million and the Notes of $769.9 million were classified as current. Our ability to continue as a going concern is dependent upon our ability to reach agreement regarding a satisfactory amendment to its Senior Secured Credit Facility.

To mitigate interest risk, in April 2005, we entered into a five year interest rate swap agreement converting a notional $1.15 billion of floating-rate debt into fixed rate debt that currently bears interest at 4.22% plus an applicable credit spread of 2.00%. On April 26, 2006, and April 26, 2007, $100 million and $150 million respectively, of the interest rate swaps amortized, leaving $900 million at a fixed rate as of December 31, 2007. On April 26, 2008, another $300 million of the interest rate swaps amortized leaving $600 million at a fixed rate as of June 30, 2008. After giving effect to the interest rate swaps at June 30, 2008 approximately 82% of outstanding interest-bearing debt carries a fixed interest rate and the remainder carries a floating rate. The three month LIBOR rate at June 30, 2008 was 2.78%. As at June 30, 2008 the interest rate swap ceased to become an effective hedge as we may not be able to borrow on a LIBOR basis in the future.

Our ability to negotiate an appropriate amendment to our credit facility, or to make scheduled payments of principal, or to pay interest or additional amounts if any, or to refinance indebtedness, or to fund planned capital expenditures or payments required pursuant to our shareholder agreements relating to our less than wholly owned subsidiaries, will depend on future performance, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

In March and April 2008, we borrowed the remaining $336 million available from our $350 million senior secured revolving credit facility. Although we have no immediate needs for the additional liquidity, in light of current financial market conditions, we drew on the facility to provide ourselves with greater financial flexibility.

As of June 30, 2008, we were not in compliance with the financial covenants contained in our Senior Secured Credit Agreement. As a result of such non-compliance the lenders party to the Senior Secured Credit Agreement have the right to demand immediate repayment of the obligation of $1,139.8 million as well as the amount outstanding under the revolving credit facility in the amount of $336.0 million. To date, no demand for repayment has been made. If such demand is made, the holders of our Senior Subordinated Notes due 2015 would be permitted to demand immediate repayment of the Notes in the amount of $769.9 million. We have been engaged in negotiations with the lenders party to the Senior Secured Credit Agreement regarding an amendment to the agreement including a waiver of such non-compliance. To date, no agreement has been reached and there can be no guarantee that an agreement will be reached on terms acceptable to us and our lenders. To the extent that the lenders under the senior secured credit facilities agree to an amendment of these covenants, such amendment may result in interest being payable on these facilities at higher interest rates.

To the extent that no demands for repayment of our Senior Secured Credit Agreement and Senior Subordinated Notes due 2015 are made, we expect our current cash balance plus cash flows from operations to be sufficient to fund near-term working capital and other investment needs through 2008. There can be no assurance, however, that we will generate cash flow from operations in an amount sufficient to enable us to meet our liquidity needs. In addition, as a result of our non-compliance with certain covenants contained in our senior secured credit facilities, we are in default under these facilities. As a result of this default, the lenders under the senior secured credit facilities may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. To the extent that the lenders under the senior secured credit facilities agree to an amendment of these covenants, such amendment may result in interest being payable on these facilities at higher interest rates.

Senior Secured Credit Facility

On April 6, 2005, we entered into senior secured credit facilities which included an eight year $1.175 billion term loan due April 6, 2013 with an original interest rate of LIBOR plus 2.00% that amortizes at 1% per year.

We also entered into a $350 million revolving credit facility which is available for general corporate purposes. The revolving credit facility interest rate is subject to a pricing grid ranging from LIBOR plus 1.75% to LIBOR plus 2.50%. As of June 30, 2008, the revolving credit facility carried an interest rate of LIBOR plus 2.50%. In addition to the senior secured credit facilities noted above, we have funded operations through cash generated from operations.

Our senior secured credit facilities require us to meet a minimum interest coverage ratio of 1.65 times Adjusted EBITDA and a maximum leverage ratio of 7.0 times Adjusted EBITDA as of June 30, 2008, as defined in the credit agreements (see discussion on non-GAAP measures below). As noted above, as of June 30, 2008 we were not in compliance with these ratios.

Our leverage ratio as defined in the senior secured credit facility as of June 30, 2008 was 8.25x at June 30, 2008 as compared to 6.00x at December 31, 2007.

Our interest coverage ratio as defined in the senior secured credit facility as of June 30, 2008 was 1.51x as compared to 1.91x at December 31, 2007.

Senior Subordinated Notes due 2015

The Notes bear interest at 11%. The indentures relating to these notes limit our ability to:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on or make other distributions or repurchase our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens on certain assets to secure debt; consolidate, merge, sell or otherwise dispose of all or substantially all of their assets;
- enter into certain transactions with affiliates; and
- designate subsidiaries as unrestricted subsidiaries.

Subject to certain exceptions, the indentures relating to our senior subordinated notes due 2015 permit us and our restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

Non-GAAP measures

Under the indentures governing the Notes, our ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA.

Adjusted EBITDA is defined as net income (loss) plus interest, income taxes, depreciation and amortization, other expense (income), net, (gain) loss on refinancing, net and non-controlling interest further adjusted to give effect to adjustments required in calculating covenant ratios and compliance under the indentures governing the notes and our senior secured credit facilities. Adjusted EBITDA is not a presentation made in accordance with GAAP, is not a measure of financial condition or profitability, and should not be considered as an alternative to (1) net income (loss) determined in accordance with GAAP or (2) operating cash flows determined in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not include certain cash requirements such as interest payments, tax payments and debt service requirements. We believe that the inclusion of Adjusted EBITDA herein is appropriate to provide additional information about the calculation of certain financial covenants in the indentures governing the notes and our senior secured credit facilities. Adjusted EBITDA is a material component of these covenants. For instance, both the indentures governing the notes and the senior secured credit facilities contain financial ratios that are calculated by reference to Adjusted EBITDA. Non-compliance with the financial ratio maintenance covenants contained in our senior secured credit facilities could result in the requirement to immediately repay all amounts outstanding under such facilities, while non-compliance with the debt incurrence ratio contained in the indentures governing the notes would prohibit us from being able to incur additional indebtedness other than pursuant to specified exceptions. Because not all companies use identical calculations, this presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. We believe that the disclosure of the calculation of Adjusted EBITDA provides information that is useful to an investor's understanding of our liquidity and financial flexibility.

The following is a reconciliation of net loss, which is a GAAP measure of our operating results, to Adjusted EBITDA as defined in our indentures and credit agreement (which we refer to as our "debt agreements"), and the calculation of the fixed charge coverage ratio, net debt and net debt to Adjusted EBITDA ratio under our debt agreements. The terms and related calculations are defined in our debt agreements, copies of which are publicly available.

	Last Twelve Months ended December 31, 2007	Six Months ended June 30, 2007	Six Months ended June 30, 2008	Last Twelve Months Ended June 30, 2008
Net (loss) income	$ (302.9)	$ 2.4	$ (716.2)	$ (1,021.5)
Interest	178.2	89.8	142.3	230.7
Income taxes (recovery)	(72.2)	(10.0)	(40.6)	(102.8)
Depreciation and amortization	127.4	64.4	57.3	120.3
Other expense, net	29.9	12.3	17.8	35.4
Impairment of goodwill and intangibles	303.8	—	630.3	934.1
Non-controlling interest	8.1	3.3	1.9	6.7
Inventory losses(a)	7.0	1.4	4.5	10.1
Receivables transaction charges(b)	5.3	3.4	0.8	2.7
Facility closures and realignments(c)	2.4	—	0.5	2.9
Stock-based awards (d)	1.8	1.3	0.9	1.4
Franchise and capital taxes (e)	4.2	2.3	0.7	2.6
Foreign exchange gains	(2.6)	(1.7)	2.7	1.8
Employee future benefits (f)	1.1	0.3	(0.1)	0.7
Severance (g)	3.0	0.2	—	2.8
Relocation/ recruiting (h)	5.6	2.7	1.5	4.4
Lean Sigma, Supply Chain and HR consulting (i)	7.2	5.3	0.7	2.6
(Earnings) loss of unrestricted subsidiaries	3.7	—	2.9	6.6
Other (j)	8.3	3.6	1.8	6.6
Adjusted EBITDA	$ 319.4	$ 181.0	$ 109.5	$ 247.9

(a) In 2007 we recorded $7.0 million of write downs associated with facilities that were being closed and product lines that were being rationalized.

(b) Represents transaction charges related to the sale of receivables.

(c) We incurred cost associated with the consolidation of manufacturing sites in Florida.

(d) Represents non-cash equity compensation expense.

(e) Represents capital and franchise taxes and other taxes not in the nature of income taxes.

(f) Represents the non-cash element of pension and post-employment benefit expense.

(g) Represents severance for management changes not specifically related to restructuring activities.

(h) Represents relocation and recruiting costs for changes made in management positions.

(i) Represents consulting fees paid to external advisors in connection with the one-time establishment of Lean Sigma, Supply Chain and HR functions in the Company.

(j) KKR monitoring / consulting fees, legal settlements and other.

Net Debt	$	2,044.9
Last Twelve Months Adjusted EBITDA	$	247.9
Ratio of Net Debt to Adjusted EBITDA		8.25x

Last Twelve Months Adjusted EBITDA	$	247.9
Total Cash Interest Expense	$	163.9
Ratio of Adjusted EBITDA to Interest Expense		1.51x

Cash flows from Operating Activities
For the three month period ended June 30

	2008	2007
Cash (used in) generated from operating activities	$ (81.0)	$ 17.6

Cash flow from operations before changes in working capital was a use of $4.5 million compared to a source of $32.5 million in the prior year. The lower sales and earnings levels translated into reduced cash flow in the period. Working capital was a use of $76.4 million in the current year compared to a use of $14.8 million in the prior year. Accounts receivable consumed $66.4 million in the current year compared to $3.1 million in the prior year due largely to the repayment of $66.4 million to the counterparty of the accounts receivable sales facility following the facility's cancellation. Inventory was a use of $3.5 million in the 2008 period compared to a source of $10.7 million in the prior year as lower volumes complicated our ability to further reduce inventory levels. Payables were a use of cash of $6.0 million in 2008 as compared to a use of $22.6 million in the prior year. The lower volumes have affected the overall pace of purchases and we continue to pay down our restructuring reserves that were accumulated in prior years as a result of facility closures and headcount reductions.

Cash flows from Financing Activities
For the three month period ended June 30

	2008	2007
Cash generated from financing activities	$ 232.5	$ 24.8

Cash flow from financing activities was a source of $232.5 million as borrowings on our revolving credit facility increased in order to provide greater financial flexibility in light of current financial market conditions.

Cash flows from Investing Activities
For the three month period ended June 30

	2008	2007
Cash used in investing activities	$ (21.3)	$ (11.1)

Cash used in investing activities was $21.3 million compared to $11.1 million in the prior year. In the current year, fixed asset additions of $6.2 million were $1.1 million lower than the prior year as we re-deploy assets from closed facilities and contain capital expenditure to the highest return projects. Proceeds from the sale of property, plant and equipment generated $3.8 million in the 2008 period, largely from the sale of the Tampa facility. In the 2008 period, we paid $16.8 million for the acquisition of half of the minority interest position in Sacopan. As part of this transaction, we also made a contractually required distribution to the non-controlling interest holder in the amount of $2.5 million. Use of cash for other investing activities of $0.3 million in 2008 consists principally of net redemptions of management stockholders. This compares to approximately $1.3 million used in the prior year for the redemption of management stockholders.

We believe that our current cash balance plus cash flows from operations and the availability under our revolving credit facility will be sufficient to fund near-term working capital and other investment needs.

Cash flows from Operating Activities
For the six month period ended June 30

	2008	2007
Cash (used in) generated from operating activities	$ (71.8)	$ 52.8

Cash flow from operations before changes in working capital was a use of $5.6 million compared to a source of $61.1 million in the prior year. The lower sales and earnings levels translated into reduced cash flow in the period. Working capital was a use of $66.2 million in the current year compared to a use of $8.3 million in the prior year. Accounts receivable consumed $74.1 million in the current year compared to $32.0 million in the prior year due largely to the payment of $66.4 million to the counterparty of the accounts receivable sales facility following the facility's cancellation. Inventory was a source of $4.9 million although not as significant as the $26.5 million in the prior year as our inventory reduction efforts continue. Payables were a source of cash of $5.6 million in 2008 as compared to a use of $0.4 million in the prior year. The lower volumes have affected the overall pace of purchases and we continue to pay down our restructuring reserves that were accumulated in prior years as a result of facility closures and headcount reductions.

Cash flows from Financing Activities
For the six month period ended June 30

	2008	2007
Cash generated from (used in) financing activities	$ 322.2	$ (1.9)

Cash flow from financing activities was a source of $322.2 million as borrowings on our revolving credit facility increased in order to provide greater financial flexibility in light of current financial market conditions. In the prior year, we repaid $1.9 million of debt through cash flow from operations.

Cash flows from Investing Activities
For the six month period ended June 30

	2008	2007
Cash used in investing activities	$ (48.6)	$ (23.0)

Cash used in investing activities was $48.6 million compared to $23.0 million in the prior year. In the current year, fixed asset additions of $13.5 million were $2.7 million lower than the prior year as we re-deploy assets from closed facilities and contain capital expenditure to the highest return projects. Proceeds from the sale of property, plant and equipment generated $3.9 million in the 2008 period, largely from the sale of the Tampa facility. In 2008, we paid $13.7 million for the acquisition of the remaining 25% of the equity of our facilities in Czech Republic and Poland as well as $16.8 million for the acquisition of half of the minority interest position in Sacopan. As part of these transactions, we also made contractually required distributions to the non-controlling interest holders in the amount of $7.3 million. We also made other distributions to other minority interest shareholders in the amount of approximately $1.2 million. Use of cash for other investing activities of $0.1 million in 2008 consists principally of net redemptions of management stockholders. This compares to approximately $1.7 million used in the prior year for the redemption of management stockholders.

We believe that our current cash balance plus cash flows from operations and the availability under our revolving credit facility will be sufficient to fund near-term working capital and other investment needs.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements included a “Facilities Agreement” to sell up to $135 million of non-interest bearing trade accounts receivable, and an “Acquired Facilities Agreement” whereby we can sell receivables of a specific customer. The Facilities Agreement was terminated in June of 2008.

We do not have any material off-balance sheet arrangements other than those described above, which are more fully discussed in note 4 of the unaudited interim consolidated financial statements.

Related Party Transactions

We have an agreement to pay Kohlberg Kravis Roberts & Co. L.P. (“KKR”) annual management fees of $2 million for services provided, payable quarterly in advance, with the amount increasing by up to 5% per year. For the three month period ended June 30, 2008 we paid KKR $0.6 million (June 30, 2007 - $0.5 million) for services rendered.

In addition, we paid fees of $0.2 million for the three month period ended June 30, 2008 (June 30, 2007 - $0.8 million) to KKR Capstone for services provided on a per-diem basis for management consulting services. Although neither KKR nor any entity affiliated with KKR owns any of the equity of Capstone, prior to January 1, 2007, KKR had provided financing to Capstone.

EXHIBIT 99.3

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For information regarding the Company’s market risk, please refer to Note 20 to the Company’s Unaudited Interim Financial Statements contained in Exhibit 99.1 of this Form 6-K.

EXHIBIT 99.4

Other Information

Item 1. Legal Proceedings

The Company is involved in various suits and claims in the normal course of business all of which constitute ordinary, routine litigation incidental to the business.

Item 1A. Risk Factors

There were no material changes from risk factors previously disclosed in the Company's Form 20-F filed on Apri1 24, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

As described in greater detail in Exhibits 99.1 and 99.2, the Company is currently not in compliance with the financial covenants contained in the Senior Secured Credit Facilities ("Credit Agreement") with a principal amount of $1,139,750 and a revolving credit facility with a principal amount outstanding of $336,000, both as of June 30, 2008. This non-compliance constitutes an Event of Default as defined in the Credit Agreement. The covenant violations provide the lenders the right to demand repayment of the full amount of the term loan and revolving credit facility. As of the date of issuance of these financial statements the lenders have not demanded repayment. Should the lenders under the Credit Agreement demand full repayment, the holders of the Company's Senior Subordinated Notes due 2015 would then also be entitled to demand full repayment. The Notes have a principal amount of $769,856 as of June 30, 2008.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

None.