ONEX

Onex Corporation Report on the Third Quarter Ended September 30, 2005

ONEX CORPORATION

Onex Corporation is a diversified company with annual revenues of approximately $16 billion, assets of $14 billion and 110,000 employees worldwide.

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

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

To Our Shareholders

The third quarter of 2005 was an active period for both Onex and our operating subsidiaries.

We worked with management at Cineplex Entertainment to acquire Famous Players, which created the Canadian leader in the theatre exhibition industry. We filed an initial public offering for Emergency Medical Services that, if completed, will strengthen the company's balance sheet and demonstrate our early value creation in this investment. And we continued to work closely with the management team at Spirit AeroSystems to help in their transition from Boeing to Onex ownership. That complex changeover is on schedule, and we are delighted to be working with CEO Jeff Turner and his team to ensure a smooth transition.

During the quarter, we continued to actively seek new investment opportunities. The environment for acquisitions remains very competitive, with readily available credit and substantial institutional resources committed to private equity investing. Despite the intense competition for quality businesses, the market is not perfect. We believe there are unique opportunities to acquire good businesses at attractive values. Most recently, we announced our agreement to acquire Skilled Healthcare Group, a leading operator of long-term acute care facilities, in a transaction valued at $750 million. This business provides an excellent platform for growth in that sector of the healthcare industry.

Our focus continues to be on building value in our businesses and to have that value reflected in our share price.

REVIEW OF SIGNIFICANT EVENTS DURING THE THIRD QUARTER

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

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

Onex to acquire Skilled Healthcare Group

In late October 2005, Onex announced that it had reached an agreement to acquire Skilled Healthcare Group, Inc. ("Skilled Healthcare") in a transaction valued at approximately $750 million. Onex and Onex Partners will invest approximately $265 million of equity as part of the purchase. Skilled Healthcare's senior management will also be significant investors.

Skilled Healthcare is a leading operator of long-term care facilities in the western United States with 70 skilled nursing and assisted living facilities. The company's subsidiaries focus on providing care to patients who require intensive treatment and a high level of nursing care. Skilled Healthcare's subsidiaries also provide rehabilitation therapy services in the company's affiliated facilities and for third parties, and have established a growing hospice care business as well.

Skilled Healthcare's strong track record of growth and significant presence in key markets for highly skilled long-term care services make it a strong platform for continued growth.

Spirit AeroSystems completes first developmental 787 aircraft structure

In August 2005, Spirit AeroSystems, Inc. ("Spirit AeroSystems"), the world's largest Tier 1 aerostructures manufacturer, completed its first forward fuselage developmental barrel section of The Boeing Company's ("Boeing") new 787 Dreamliner aircraft. This major component – the 787 aircraft's forward section – has been constructed with the most advanced composite material. Production of the 787 forward section, including flight deck and systems installation, will begin next year at the company's Wichita, Kansas operation.

There remains a number of steps to be completed and processes to be implemented as Spirit AeroSystems makes the transition from Boeing to Onex ownership following the closing of our acquisition in June. The transition, which includes filling key positions, has been proceeding well and on schedule.

Spirit AeroSystems was pleased to have Ulrich R. Schmidt join the company as Executive Vice President and Chief Financial Officer in August 2005. Mr. Schmidt brings more than 25 years of financial experience across a broad spectrum of public and private companies; he was most recently CFO of Goodrich Corporation.

During the third quarter of 2005, Spirit AeroSystems reported revenues of US$568 million and operating earnings of US$14 million. Operations at Spirit AeroSystems were disrupted in September and early October when shipments were curtailed by a four-week strike by Boeing machinists. We are pleased that the situation was resolved. By mid-October, Spirit AeroSystems' major component deliveries to Boeing were nearing pre-strike volumes.

Emergency Medical Services' initial public offering

In August 2005, Emergency Medical Services Corporation ("EMSC") filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering of shares. EMSC is a leading provider of emergency medical services, operating through American Medical Response, Inc. ("AMR"), the leading U.S. provider of ambulance transport services, and EmCare Holdings Inc. ("EmCare"), the leading provider of outsourced services for hospital emergency department physician staffing and management. EMSC will use the proceeds from the proposed US$125 million share offering to reduce its outstanding debt and for general corporate purposes.

In the late summer and early fall of 2005, EMSC assisted in rescue and recovery efforts in the hurricane-ravaged Gulf Coast area, where it provides hospital-based emergency physician and ambulance services. The company deployed additional physicians and ambulances to join in the rescue efforts. As EMSC's employees continue to work tirelessly to help others, the company has implemented several programs to support the more than 300 local employees who were also personally affected by the storms.

During the third quarter of 2005, EMSC reported revenues of US$456 million and operating earnings of US$25 million, consistent with our expectations.

Center for Diagnostic Imaging adds leading technology

In late September 2005, Center for Diagnostic Imaging, Inc. ("CDI"), a leading provider of diagnostic and therapeutic radiology services in the United States, enhanced its diagnostic service offerings by adding the first Siemens 3T MRI scanner to its outpatient centre in Milwaukee. This 3T MRI scanner, which previously was only available in hospital and research settings, provides higher resolution images to more accurately diagnose the most complex patient cases in a convenient outpatient setting.

CDI reported third-quarter revenues and operating earnings of US$26 million and US$4 million, respectively.

Cineplex Entertainment completes purchase of Famous Players

In July 2005, Cineplex Galaxy Limited Partnership completed the purchase of the Famous Players' theatre circuit in a transaction valued at $473 million. In early October 2005, Cineplex Galaxy Limited Partnership changed its name to Cineplex Entertainment Limited Partnership ("Cineplex Entertainment") in recognition of the larger operations. Now Canada's largest film exhibition company, Cineplex Entertainment owns, operates or has an interest in 130 theatres with 1,267 screens. The company operates under the Cineplex Odeon, Coliseum, Colossus, Galaxy and SilverCity brands.

In order to obtain certain regulatory approvals for the Famous Players' acquisition, Cineplex Entertainment agreed to sell a total of 34 theatres, representing 282 screens. These theatres are located in Ontario, Quebec and Western Canada. By the end of September 2005, Cineplex Entertainment had sold 27 of these theatres, as well as one additional Alliance Atlantis brand theatre. Most of the proceeds from these transactions were applied to reduce outstanding indebtedness at Cineplex Entertainment. Cineplex Entertainment continues to work toward selling the remaining seven theatres.

Onex' holdings in the theatre exhibition segment include the operations of Cineplex Entertainment and Cineplex Odeon Corporation, which owns a small number of theatres and real estate property not included in Cineplex Entertainment. We refer to Cineplex Entertainment and Cineplex Odeon Corporation collectively as Cineplex. Cineplex reported revenues of $152 million in the third quarter of 2005, up $67 million from revenues reported in the same quarter of 2004 due primarily to the acquisition of Famous Players in July 2005. However, Cineplex reported an operating loss of $4 million during the third quarter of 2005 compared to operating earnings of $11 million in the same quarter last year. The decrease in operating earnings was due primarily to lower attendance compared to the prior year, costs associated with the acquisition of Famous Players and an $8 million stock-based compensation charge recorded in the third quarter of 2005. Approximately $2 million of the operating loss was incurred by Famous Players from the time of its acquisition.

Celestica strengthens service offerings and global footprint

In August 2005, Celestica Inc. (“Celestica”), a world leader in electronics manufacturing services (“EMS”), acquired Ottawa-based CoreSim, a leader in advanced design analysis and redesign services. This acquisition strengthens Celestica’s design services offering by enabling its customers to reduce costs on redesign, provide faster time-to-market on new products and assist with product design innovation. CoreSim also brings new customers to Celestica’s client base.

Celestica expanded its manufacturing coverage in the third quarter of 2005 with the purchase of an EMS provider in India. This purchase supports Celestica’s goal of offering its original equipment manufacturer (“OEM”) customers the most cost-competitive manufacturing network in the EMS industry.

Celestica reported revenues of US$2 billion in the third quarter of 2005, down 8 percent from US$2.2 billion in the same quarter last year. Revenues declined in both the Americas and Europe operations due to lower volumes and the transfer of programs to Asia. The Asia revenues increased 14 percent in the third quarter of 2005 compared to the same period of last year. Asia, which now represents approximately half of Celestica’s total revenues, benefited from the company’s expanded manufacturing capabilities, improved demand, new customers and, as discussed above, the transfer of programs from the Americas and Europe. The company reported operating earnings of US$36 million for the three months ended September 30, 2005 compared to operating earnings of US$19 million in the third quarter of 2004. Higher volumes in Asia, improved operating efficiency, benefits from restructuring activities, lean manufacturing and exited businesses all contributed to the growth in operating earnings.

ResCare continues its growth strategy

During the third quarter of 2005, Res-Care, Inc. (“ResCare”), the leading provider of residential, training, educational and support services for people with disabilities and special needs in the United States, completed six smaller acquisitions that complement ResCare’s strategy for growth in periodic in-home services.

In early October 2005, ResCare refinanced its outstanding debt in order to strengthen its balance sheet and lower its interest costs. The company issued US$150 million 7 3/4% senior notes that are due October 15, 2013 and used the proceeds to repurchase its outstanding 10 5/8% senior notes. In addition, ResCare expanded its revolving credit facility to US$175 million.

ClientLogic opens new customer contact centres

ClientLogic Corporation (“ClientLogic”) is a leading international business process outsourcing provider in the customer care and fulfillment industry. During the third quarter of 2005, the company opened new contact centres in Oklahoma, Panama and Mexico. These new and expanded facilities support ClientLogic’s ability to deliver a broad range of scalable services to meet customers’ specific requirements worldwide.

ClientLogic reported revenues of US$141 million during the third quarter of 2005, up US$1 million from US$140 million reported in the same quarter last year. Approximately US$3 million of higher contact management revenues was partially offset by lower fulfillment revenue. Operating earnings were US$8 million during the third quarter of 2005, up 64 percent from US$5 million in the same quarter of 2004. The operating earnings increase was due primarily to operating efficiencies.

Challenging markets continue for J.L. French Automotive in the auto parts supplier industry

J.L. French Automotive Castings, Inc. ("J.L. French Automotive"), an independent supplier of complex aluminum die-cast components to OEMs, conducts more than 80 percent of its business with Ford and General Motors. During the third quarter of 2005, North American production by Ford and General Motors of the models that J.L. French Automotive supplies was below expectations. As a result, J.L. French Automotive reported revenues of US$110 million for the three months ended September 30, 2005, down US$8 million from US$118 million in the same period of 2004. Operating earnings declined in the third quarter of 2005 to US$5 million from US$8 million in the same quarter last year due to the lower revenues. Because of J.L. French Automotive's significant consumption of natural gas in its aluminum melting operations, the company incurred US$1 million in additional costs due to the higher price of natural gas.

The company's management continues to respond aggressively to the challenging market conditions of the automotive supply sector. While J.L. French Automotive has met its debt covenant requirements as at September 30, 2005, management of the company believes that there is a significant likelihood that it will not be able to meet all covenants over the next 12 months due to the difficult conditions affecting the automotive sector. Accordingly, the debt of J.L. French Automotive of US$646 million has been classified as current at September 30, 2005. This debt is without recourse to Onex.

During the third quarter of 2005, J.L. French Automotive began to produce and ship production-ready aluminum engine blocks for a new program with Global Engine Manufacturing Alliance, a partnership involving DaimlerChrysler, Hyundai and Mitsubishi. Management of J.L. French Automotive is encouraged by the opportunity this program presents.

Sale of Commercial Vehicle Group

As previously reported in our 2005 second-quarter report, in July 2005 Onex sold its remaining 4.2 million shares of Commercial Vehicle Group, Inc. ("CVG"). Onex received proceeds of $81 million and recorded a pre-tax gain of $79 million in the third quarter of 2005. The gain on this sale has been presented as discontinued operations in the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2005. In total, Onex has received $166 million on its investment of $69 million in CVG.

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

The Management's Discussion and Analysis ("MD&A") analyzes significant changes in the unaudited interim consolidated statements of earnings, the unaudited interim consolidated balance sheet and the unaudited interim consolidated statements of cash flows of Onex Corporation ("Onex"). It should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto. The MD&A and Onex' unaudited interim consolidated financial statements have been prepared to provide information about Onex on a consolidated basis and should not be considered as providing sufficient information to make an investment decision in regard to any particular Onex operating company.

FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT

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

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

All amounts are in Canadian dollars unless otherwise indicated.

This interim MD&A is prepared as of November 3, 2005.

FINANCIAL REVIEW

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

Accounting policies and estimates

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

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the unaudited interim consolidated financial statements. Significant accounting policies and methods used in preparation of the financial statements are described in note 1 to the unaudited interim consolidated financial statements and in note 1 to the December 31, 2004 audited annual consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in Onex' unaudited interim consolidated financial statements are significant estimates used in determining the allowance for doubtful accounts, inventory valuation, income tax valuation allowances, the fair value of reporting units for purposes of goodwill impairment tests, the useful lives and valuation of property, plant and equipment and intangible assets, pension and post-employment benefits, restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

New accounting policies in 2005

Consolidation of variable interest entities

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

SIGNIFICANT EVENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

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

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

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

Spirit AeroSystems is a new reportable segment – Aerostructures – in Onex' unaudited interim consolidated financial statements. Included in Onex' unaudited interim consolidated balance sheet at September 30, 2005 were Spirit AeroSystems' assets of $1.9 billion and liabilities of $1.4 billion. Additional information on this acquisition is reported in note 3 to the unaudited interim consolidated financial statements.

Purchase of Center for Diagnostic Imaging, Inc.

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

CDI operates 34 diagnostic imaging centres in nine markets in the United States that provide services such as magnetic resonance imaging ("MRI"), computed tomography ("CT"), diagnostic and therapeutic injection procedures, as well as other procedures such as PET/CT, conventional x-ray, mammography and ultrasound. CDI's operations have been consolidated and reported in the healthcare segment from the date of acquisition. Note 3 to the unaudited interim consolidated financial statements provides additional information on this acquisition.

Acquisition of two U.S. healthcare companies

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

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

Celestica exchangeable debentures and forward sale agreements

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

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

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

Sale of InsLogic Corporation

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

Sale of CGG investment

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

During the second quarter of 2005, Onex sold the balance, or approximately $47 million principal amount, of its convertible subordinated bonds of CGG in two transactions. Onex and Onex Partners received total proceeds of $69 million, of which Onex' share was $16 million. As a result of this sale, a pre-tax gain of $20 million was recorded, of which Onex' share was $4 million. These gains are reported in gains on sales of operating investments in the unaudited interim consolidated statement of earnings for the nine months ended September 30, 2005. The total value, including interest, Onex and Onex Partners have received on CGG amounted to $147 million at September 30, 2005 compared to an investment of approximately $102 million made in November 2004.

Onex sells approximately half of its ownership in Magellan

In May and June 2005, Onex and Onex Partners sold approximately 4.7 million Magellan Health Services, Inc. ("Magellan") common shares through a secondary offering in the United States. The shares sold represent 56 percent of Onex' and Onex Partners' interest in Magellan. Total proceeds were $176 million, of which Onex' share was approximately $47 million, including $6 million for Onex' portion of the carried interest. As a result of this sale, a pre-tax gain of $83 million was recorded, of which Onex' share was $20 million. Following this sale, Onex ceased to have voting control of Magellan and therefore for accounting purposes Magellan's results are reported as earnings from discontinued operations in the unaudited interim consolidated financial statements. The remaining investment of $74 million in Magellan has been included in investments and other assets on the September 30, 2005 unaudited interim consolidated balance sheet.

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

Cineplex Entertainment acquires the Famous Players theatre exhibition circuit

In July 2005, Cineplex Galaxy Limited Partnership ("CGLP") acquired the Famous Players movie exhibition business in a transaction valued at $473 million. Famous Players operated a total of 80 theatres with 785 screens across Canada. This acquisition was financed through: (i) the public offering of $110 million of trust units of Cineplex Galaxy Income Fund, the entity through which the public invests in CGLP; (ii) the issuance of $105 million of convertible debentures; and (iii) third-party debt financing. The issuance of additional trust units by Cineplex Galaxy Income Fund diluted Onex' ownership in CGLP to 27 percent from 31 percent and resulted in a $53 million accounting dilution gain, of which Onex' share was $30 million.

In early October 2005, CGLP changed its name to Cineplex Entertainment Limited Partnership ("Cineplex Entertainment") in recognition of the larger operations resulting from the Famous Players acquisition. Now Canada's largest film exhibition company, Cineplex Entertainment owns, operates or has an interest in 130 theatres with 1,267 screens.

As part of the regulatory approvals to address competition concerns for the Famous Players acquisition, Cineplex Entertainment agreed to sell a total of 34 theatres, representing 282 screens, located in Ontario, Quebec and Western Canada. As a result, Cineplex Entertainment reported the operations of all the 34 theatres as discontinued operations in the unaudited interim consolidated financial statements. By the end of September 2005, Cineplex Entertainment had sold 27 of these theatres, as well as one additional Alliance Atlantis brand theatre, for proceeds of $85 million and the company continues to work toward selling the remaining seven theatres. In addition, the company intends to sell the remainder of its Alliance Atlantis brand theatres, and therefore, has also reported these theatres as discontinued.

The comparative 2004 third-quarter and year-to-date results of CGLP's theatres that have been or are intended to be sold have also been reclassified to be presented as discontinued. Note 2 to the unaudited interim consolidated financial statements discloses those amounts in the December 31, 2004 balance sheet that have been restated to show the assets and liabilities as discontinued.

Sale of remaining Commercial Vehicle Group shares

In July 2005, Onex sold its remaining 4.2 million common shares of Commercial Vehicle Group, Inc. ("CVG") as part of that company's public offering. Onex received $81 million in net proceeds and recorded a pre-tax gain of $79 million. As a result of this sale, CVG's operations, including the gain, have been presented as discontinued operations in the unaudited interim consolidated financial statements for the nine months ended September 30, 2005 and prior periods have been restated to report the comparative results of CVG on a discontinued basis. The total value Onex has received on CVG is $166 million compared to an investment of $69 million.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the unaudited interim consolidated statements of earnings for the three and nine months ended September 30, 2005, the corresponding notes and the December 31, 2004 audited annual consolidated financial statements.

Variability of results

Onex' consolidated annual and quarterly operating results may vary substantially from period to period for a number of reasons, including some of the following: acquisitions or dispositions of businesses by Onex, the parent company; the volatility of the exchange rate between the U.S.

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

In accordance with required accounting policies, the financial statements for the three and nine months ended September 30, 2004 have been restated from those previously reported for discontinued operations of those businesses that were sold in the fourth quarter of 2004 or the first nine months of 2005. These include the operations of Magellan, CVG, InsLogic and NovAtel Inc. ("NovAtel"), and the theatres of Cineplex Entertainment that are intended to be or have been divested.

Consolidated revenues

Consolidated revenues were $4.4 billion for the three months ended September 30, 2005, up 29 percent, or $974 million, from the same quarter of 2004. The acquisitions completed in the fourth quarter of 2004 and the first half of 2005 were the primary contributors to the revenue growth in the third quarter of 2005. The inclusion of Spirit AeroSystems, acquired in mid-June 2005, contributed revenues of $684 million; AMR and EmCare, acquired in February 2005, added $548 million in revenues; the January 2005 purchase of CDI contributed $31 million in revenues; and Cosmetic Essence, Inc. ("CEI"), acquired in late December 2004, added revenues of $81 million. In addition, Cineplex Entertainment reported a $67 million increase in revenues for the three months ended September 30, 2005 compared to the same period last year due primarily to its acquisition of Famous Players.

Partially offsetting the third-quarter revenue growth from acquisitions was a 16 percent decrease in revenues at Celestica, which declined to $2.4 billion in the third quarter of 2005 from $2.8 billion in the third quarter of last year. Celestica's third-quarter revenue for both the Americas and Europe declined from the third quarter of 2004 due to lower volumes; this was partially offset by a 14 percent increase in Celestica's Asia revenue during the third quarter of 2005. Reported revenues for J.L. French Automotive Castings, Inc. ("J.L. French Automotive") of $133 million were $21 million lower than in the third quarter of 2004 due primarily to the adverse impact of lower production volumes by its North American OEM customers.

For the nine months ended September 30, 2005, consolidated revenues were $12.2 billion, up 18 percent, or $1.9 billion, from $10.3 billion in the same period of 2004. Approximately $2.6 billion of the growth was due to the above noted acquisitions completed in late 2004 and the first half of 2005. Partially offsetting this revenue increase for the first nine months of 2005 were an $813 million decline in revenues at Celestica and an $88 million decrease in J.L. French Automotive's revenues.

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

Revenues by Industry Segment

TABLE 1 *(Unaudited) ($ millions)*

	Canadian Dollars			Functional Currency		
Three months ended September 30	**2005**	2004	**Revenue increase/ (decrease)**	**2005**	2004	**Revenue increase/ (decrease)**
Electronics Manufacturing Services	**$ 2,388**	$ 2,833	**$ (445)**	**US$ 1,995**	US$ 2,176	**US$ (181)**
Aerostructures	**684**	–	**684**	**US$ 568**	–	**US$ 568**
Theatre Exhibition	**152**	85	**67**	**C$ 152**	C$ 85	**C$ 67**
Healthcare	**579**	–	**579**	**US$ 482**	–	**US$ 482**
Customer Management Services	**170**	182	**(12)**	**US$ 141**	US$ 140	**US$ 1**
Automotive Products	**133**	154	**(21)**	**US$ 110**	US$ 118	**US$ (8)**
Other[a]	**273**	151	**122**	**C$ 273**	C$ 151	**C$ 122**
Total	**$ 4,379**	$ 3,405	**$ 974**			

(Unaudited) ($ millions)

	Canadian Dollars			Functional Currency		
Nine months ended September 30	**2005**	2004	**Revenue increase/ (decrease)**	**2005**	2004	**Revenue increase/ (decrease)**
Electronics Manufacturing Services	**$ 7,826**	$ 8,639	**$ (813)**	**US$ 6,396**	US$ 6,507	**US$ (111)**
Aerostructures	**794**	–	**794**	**US$ 657**	–	**US$ 657**
Theatre Exhibition	**298**	239	**59**	**C$ 298**	C$ 239	**C$ 59**
Healthcare	**1,548**	–	**1,548**	**US$ 1,265**	–	**US$ 1,265**
Customer Management Services	**528**	548	**(20)**	**US$ 431**	US$ 413	**US$ 18**
Automotive Products	**450**	538	**(88)**	**US$ 367**	US$ 405	**US$ (38)**
Other[a]	**780**	362	**418**	**C$ 780**	C$ 362	**C$ 418**
Total	**$ 12,224**	$ 10,326	**$ 1,898**			

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

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

Consolidated cost of sales

Consolidated cost of sales was up 26 percent to $3.9 billion for the third quarter of 2005 and up 16 percent to $10.7 billion for the first nine months of 2005. This compares to consolidated cost of sales of $3.1 billion and $9.3 billion, respectively, for the three and nine months ended September 30, 2004.

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

Cost of Sales by Industry Segment

TABLE 2 *(Unaudited) ($ millions)*

Three months ended September 30	Canadian Dollars 2005	Canadian Dollars 2004	Canadian Dollars Cost of sales increase/(decrease)	Functional Currency 2005	Functional Currency 2004	Functional Currency Cost of sales increase/(decrease)
Electronics Manufacturing Services	**$ 2,229**	$ 2,652	**$ (423)**	**US$ 1,860**	US$ 2,037	**US$ (177)**
Aerostructures	**617**	–	**617**	**US$ 513**	–	**US$ 513**
Theatre Exhibition	**126**	63	**63**	**C$ 126**	C$ 63	**C$ 63**
Healthcare	**496**	–	**496**	**US$ 413**	–	**US$ 413**
Customer Management Services	**104**	117	**(13)**	**US$ 87**	US$ 89	**US$ (2)**
Automotive Products	**108**	126	**(18)**	**US$ 90**	US$ 96	**US$ (6)**
Other[a]	**180**	106	**74**	**C$ 180**	C$ 106	**C$ 74**
Total	**$ 3,860**	$ 3,064	**$ 796**			

(Unaudited) ($ millions)

Nine months ended September 30	Canadian Dollars 2005	Canadian Dollars 2004	Canadian Dollars Cost of sales increase/(decrease)	Functional Currency 2005	Functional Currency 2004	Functional Currency Cost of sales increase/(decrease)
Electronics Manufacturing Services	**$ 7,266**	$ 8,084	**$ (818)**	**US$ 5,937**	US$ 6,089	**US$ (152)**
Aerostructures	**715**	–	**715**	**US$ 592**	–	**US$ 592**
Theatre Exhibition	**242**	182	**60**	**C$ 242**	C$ 182	**C$ 60**
Healthcare	**1,315**	–	**1,315**	**US$ 1,075**	–	**US$ 1,075**
Customer Management Services	**327**	340	**(13)**	**US$ 267**	US$ 256	**US$ 11**
Automotive Products	**365**	427	**(62)**	**US$ 298**	US$ 321	**US$ (23)**
Other[a]	**508**	241	**267**	**C$ 508**	C$ 241	**C$ 267**
Total	**$ 10,738**	$ 9,274	**$ 1,464**			

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

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

In the electronics manufacturing services segment, Celestica's cost of sales decreased 9 percent in its functional currency compared to an 8 percent decrease in revenues in the third quarter of 2005. For the nine months ended September 30, 2005, cost of sales for Celestica in the company's functional currency declined 2 percent compared to the same percentage decline in revenues. Gross profit of US$459 million for the first nine months of 2005 grew 10 percent from US$418 million in the same period of 2004 due primarily to higher volumes in Asia, cost reductions realized from the company's restructuring initiatives, improved operating efficiency and benefits from lean manufacturing processes and exited businesses that were generating losses; these improvements were partially offset by costs of ramping up new customer programs and transferring programs to different manufacturing locations.

Spirit AeroSystems, the company formed to acquire Boeing's commercial aerostructures manufacturing operations in Kansas and Oklahoma in mid-June 2005, represented US$513 million of the growth in cost of sales for the quarter and US$592 million for the first nine months of 2005.

The healthcare segment reported cost of sales of US$413 million for the third quarter of 2005 and US$1.1 billion for the nine months ended September 30, 2005. The cost of sales for the quarter and year-to-date 2005 are related to the acquisitions of CDI and EMSC, completed in January and February 2005, respectively. Cost of sales as a percentage of revenues in the companies' functional currency for the healthcare segment was 86 percent and 85 percent for the three and nine months ended September 30, 2005, respectively. There is no comparative cost of sales for the three and nine months ended September 30, 2004 since the results of Magellan, acquired in January 2004, were reclassified to discontinued operations following the sales of a portion of Magellan shares held in the second quarter of 2005 by Onex and Onex Partners.

ClientLogic Corporation ("ClientLogic") reported cost of sales in its functional currency of US$87 million in the third quarter of 2005, down 3 percent from US$89 million in the third quarter of last year. For the nine months ended September 30, 2005, cost of sales was US$267 million compared to US$256 million for the same period last year. ClientLogic's cost of sales as a percentage of revenues in the company's functional currency was 61 percent and 62 percent for the three and nine months ended September 30, 2005, respectively, compared to 64 percent and 62 percent, respectively, in the same periods of 2004.

The automotive products segment reported cost of sales of US$90 million and US$298 million, respectively, for the three and nine months ended September 30, 2005, which represents the cost of sales of J.L. French Automotive for those periods. This compares to US$96 million and US$321 million reported in the same periods last year. J.L. French Automotive's cost of sales as a percentage of revenues in its functional currency was 82 percent for the third quarters of both 2005 and 2004. For the nine months ended September 30, 2005, the cost of sales as a percentage of revenues increased to 81 percent from 79 percent in the same period last year. The cost of sales increase for the first nine months of 2005 was due primarily to higher aluminum and natural gas prices that could not be fully recovered in pricing to customers.

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

Cost of Sales as a Percentage of Revenues by Industry Segment

TABLE 3 *(Unaudited)*	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Electronics Manufacturing Services	**93%**	94%	**93%**	94%
Aerostructures	**90%**	–	**90%**	–
Theatre Exhibition	**83%**	74%	**81%**	76%
Healthcare	**86%**	–	**85%**	–
Customer Management Services	**61%**	64%	**62%**	62%
Automotive Products	**81%**	82%	**81%**	79%
Other[a]	**66%**	70%	**65%**	67%
Total	**88%**	90%	**88%**	90%

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

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

Operating earnings

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

Operating Earnings Reconciliation

TABLE 4 *(Unaudited) ($ millions)*	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Earnings before the undernoted items	**$ 220**	$ 149	**$ 675**	$ 478
Amortization of property, plant and equipment	**(105)**	(95)	**(302)**	(282)
Interest and other income	**34**	9	**99**	14
Equity-accounted investments	**(4)**	(6)	**1**	(4)
Foreign exchange loss	**(58)**	(79)	**(25)**	(63)
Stock-based compensation	**(30)**	13	**(51)**	(32)
Operating earnings (loss)	**57**	(9)	**397**	111
Amortization of intangible assets and deferred charges	**(24)**	(20)	**(71)**	(54)
Interest expense of operating companies	**(101)**	(50)	**(239)**	(121)
Derivative instruments	**2**	117	**3**	38
Gains on sales of operating investments, net	**54**	10	**870**	102
Acquisition, restructuring and other expenses	**(57)**	(47)	**(154)**	(145)
Debt prepayment	**13**	(4)	**13**	(6)
Writedown of goodwill and intangible assets	**–**	–	**(2)**	(5)
Writedown of long-lived assets	**(4)**	–	**(4)**	(2)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	**$ (60)**	$ (3)	**$ 813**	$ (82)

Onex uses EBIAT to evaluate each operating company's performance because it eliminates interest charges, which are a function of the operating company's particular financing structure, as well as any unusual or non-recurring charges. Onex' method of determining operating earnings may differ from other companies' methods and, accordingly, EBIAT may not be comparable to measures used by other companies. EBIAT is not a performance measure under Canadian GAAP and should not be considered either in isolation or as a substitute for net earnings (loss) prepared in accordance with Canadian GAAP. Table 5 provides a detailed breakdown of operating earnings by industry segment and the change in operating earnings for the three and nine months ended September 30, 2005 and 2004.

Operating Earnings (Loss) by Industry Segment

TABLE 5 *(Unaudited) ($ millions)*	Three months ended September 30			Nine months ended September 30		
	2005	2004	**Operating earnings increase/ (decrease)**	**2005**	2004	**Operating earnings increase/ (decrease)**
Electronics Manufacturing Services	**$ 42**	$ 25	**$ 17**	**$ 189**	$ 76	**$ 113**
Aerostructures	**17**	–	**17**	**6**	–	**6**
Theatre Exhibition	**(4)**	11	**(15)**	**5**	25	**(20)**
Healthcare	**34**	–	**34**	**100**	–	**100**
Customer Management Services	**9**	6	**3**	**22**	34	**(12)**
Automotive Products	**7**	11	**(4)**	**28**	55	**(27)**
Other[a]	**(48)**	(62)	**14**	**47**	(79)	**126**
Total	**$ 57**	$ (9)	**$ 66**	**$ 397**	$ 111	**$ 286**

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

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

Consolidated operating earnings were $57 million for the third quarter of 2005, up $66 million from an operating loss of $9 million for the same quarter of 2004. The quarter-over-quarter growth in operating earnings was due to several factors:

- Operating earnings from the acquisitions of CEI ($8 million), CDI ($5 million), EMSC ($29 million) and Spirit AeroSystems ($17 million), which were acquired after the third quarter of 2004;
- A $17 million improvement in operating earnings at Celestica due primarily to cost reductions realized from the company's restructuring initiatives and benefits from lean manufacturing processes and exited businesses; and
- A $25 million increase in interest and other income.

Partially offsetting these factors was a $4 million decline in operating earnings at J.L. French Automotive as well as a $30 million charge from stock-based compensation compared to a $13 million benefit to operating earnings in the third quarter of 2004.

For the nine months ended September 30, 2005, operating earnings grew by $286 million to $397 million from $111 million in the first nine months of 2004. The year-to-date operating earnings growth was due primarily to:

- Improved operating earnings at Celestica ($113 million);
- The inclusion of CEI ($13 million), CDI ($14 million), EMSC ($85 million) and Spirit AeroSystems ($6 million);
- An $85 million increase in interest and other income; and
- Lower foreign exchange losses of $38 million.

Partially offsetting these factors was a $27 million decline in operating earnings at J.L. French Automotive, which is discussed above.

Stock-based compensation

During the third quarter of 2005, there was a $30 million stock-based compensation expense due primarily to a $13 million expense booked by Celestica, which included the cost associated with that company's settlement of approximately 7 million out-of-money options for US$1 in cash per option; an $8 million stock-based compensation charge recorded by Cineplex Entertainment; and a $4 million expense recorded by Onex, the parent company, that resulted from the increase in value of Onex' stock options and investment rights from their value at June 30, 2005. This compares to a $13 million stock-based compensation benefit recorded for the third quarter of 2004 resulting primarily from a decrease in the liability at Onex, the parent company.

For the first nine months of 2005, operating earnings were reduced by a stock-based compensation expense of $51 million; this compares to a $32 million charge recorded in operating earnings for the first nine months of 2004. The expense recorded in the nine months ended September 30, 2005 was due primarily to a $23 million charge recorded by Celestica as described earlier; an $8 million expense reported by Cineplex Entertainment; the increase in value of Onex' stock options and investment rights from their value at December 31, 2004, which accounted for $8 million; and a $6 million expense reported by CMC Electronics Inc. ("CMC Electronics"). Note 13 to the unaudited interim consolidated financial statements provides a breakdown of stock-based compensation by industry segment.

Foreign exchange loss

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

Net foreign exchange losses of $58 million and $25 million, respectively, were recorded for the three and nine months ended September 30, 2005. At September 30, 2005, the U.S. to Canadian dollar exchange rate closed at 1.1627 Canadian dollars, down from 1.2254 Canadian dollars at June 30, 2005 and 1.2020 Canadian dollars at December 31, 2004. Since Onex, the parent company, holds a significant portion of its cash in U.S. dollars, this exchange rate movement decreased the recorded value of the U.S. cash held and Onex booked a $62 million foreign exchange loss in the third quarter of 2005 and a $29 million loss for the nine months ended September 30, 2005, both of which are included in operating earnings. This compares to a foreign exchange loss for the three and nine months ended September 30, 2004 of $79 million and $63 million, respectively. The closing value of the U.S. dollar was 1.2616 Canadian dollars at September 30, 2004, below the 1.3338 Canadian dollars at June 30, 2004 and 1.2965 Canadian dollars at December 31, 2003. Note 13 to the unaudited interim consolidated financial statements provides a breakdown of foreign exchange gains (loss) by industry segment.

Interest and other income

Interest and other income increased to $34 million in the third quarter of 2005 compared to $9 million in the third quarter of last year. For the first nine months of 2005, interest and other income was $99 million, up $85 million from $14 million for the same period of 2004. The growth in interest and other income for the nine months ended September 30, 2005 was due primarily to the $10 million of interest and other income recorded by Spirit AeroSystems in the third quarter, and $35 million of income from non-strategic assets and $39 million of interest income recorded by Onex, the parent company, from the cash it holds. Note 13 to the unaudited interim consolidated financial statements provides a breakdown of interest and other income by industry segment.

Gains on sales of operating investments, net

Onex recorded $54 million of gains on sales of operating investments in the third quarter of 2005 compared to gains of $10 million in the same quarter of 2004. Included in the third-quarter gains was a $53 million accounting dilution gain resulting from the issuance of units by Cineplex Entertainment for the Famous Players acquisition; Onex' share of that gain was $30 million.

For the nine months ended September 30, 2005, Onex recorded gains of $870 million on sales of operating investments compared to $102 million for the same period in 2004. Onex, the parent company, recorded a $560 million pre-tax, non-cash gain on the early redemption of its Celestica exchangeable debentures in February 2005 and a

$191 million pre-tax gain on the settlement of all its outstanding forward sale agreements in June 2005. For both of these transactions, Onex closed out its obligation with the delivery of Celestica subordinate voting shares. In addition, included in the gains for the first nine months of 2005 is a $41 million pre-tax gain on the sale of the CGG convertible bonds, of which Onex' portion was $9 million; and, as noted above, a $53 million accounting dilution gain, of which Onex' share was $30 million, resulting from the issuance of units by Cineplex Entertainment. Table 6 details the nature of the gains recorded during the three and nine months ended September 30, 2005 compared to those periods in 2004.

Gains on Sales of Operating Investments, Net

TABLE 6 *(Unaudited) ($ millions)*	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Gains on:				
Celestica exchangeable debentures	**$ –**	$ –	**$ 560**	$ –
Celestica forward sale agreements	**–**	–	**191**	–
CGG	**–**	–	**41**	–
Issue of units by Cineplex Entertainment	**53**	–	**53**	–
Performance Logistics Group	**–**	–	**–**	58
Issue of shares by Celestica	**–**	–	**–**	9
Sale of Tower Automotive	**–**	–	**–**	6
Other, net	**1**	10	**25**	29
Total	**$ 54**	$ 10	**$ 870**	$ 102

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

Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be costs incurred to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of Onex' operating companies. During the third quarter of 2005, acquisition, restructuring and other expenses totalled $57 million, up from $47 million reported in the same quarter last year. Approximately $49 million of the expenses recorded in the third quarter of 2005 were incurred by Celestica and related to announced restructuring plans; this compares to $43 million recorded by Celestica in the third quarter of 2004. Many of the costs to implement these plans can be recorded only as they are incurred and thus the costs may be spread over several reporting periods. These latest plans, which include reducing workforce and consolidating facilities, are intended to improve capacity utilization and accelerate margin improvements.

For the nine months ended September 30, 2005, acquisition, restructuring and other expenses were $154 million compared to $145 million for the first nine months of 2004. Celestica's restructuring plans described above accounted for $128 million of the total acquisition, restructuring and other expenses recorded in the first nine months of 2005 compared to $130 million of restructuring charges for Celestica in the same period last year. In addition, Spirit AeroSystems reported acquisition, restructuring and other expenses of $13 million related to the initial set-up of the business following the purchase of the company's operations from Boeing. Note 7 to the unaudited interim consolidated financial statements details the nature of the acquisition, restructuring and other expenses, such as employee termination costs, facility and exit costs and other charges, by the year in which the activity was initiated. In addition, note 13 to the unaudited interim consolidated financial statements provides a breakdown of acquisition, restructuring and other expenses by industry segment.

Debt prepayment

Debt prepayment added $13 million of earnings for the three and nine months ended September 30, 2005. This compares to a $4 million and $6 million expense recorded in the three and nine months ended September 30, 2004, respectively. Included in debt prepayment in the third quarter and the first nine months of 2005 were $17 million of earnings recorded by Celestica relating to the repurchase of its Liquid Yield Option™ Notes ("LYONs"), partially offset by $4 million of costs incurred by Cineplex Entertainment resulting from the issuance of units as part of its acquisition of Famous Players.

Income taxes

During the third quarter of 2005, the provision for income taxes was $22 million compared to a recovery of $12 million in the same quarter last year. For the first nine months of 2005, the income tax provision was $50 million compared to a recovery of $19 million for the same period last year. Included in the year-to-date provision for 2005 income taxes was a $158 million current income tax expense recorded by Onex, the parent company, relating to the gain on the early close out of its Celestica exchangeable debentures and the Celestica forward sale agreements. Offsetting this was a recovery of income taxes resulting from the application of previous years' loss carryforwards for which a full valuation allowance had previously been provided.

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

In the unaudited interim consolidated statements of earnings, the non-controlling interest amount represents the interests of shareholders other than Onex in the net earnings or losses of the operating companies. For the third quarter of 2005, this amount was $11 million in the losses of those companies (third quarter of 2004 – net losses of $60 million). For the first nine months of 2005, the non-controlling interests amount in Onex' operating companies' earnings was $3 million compared to an $88 million interest in net losses for the nine months ended September 30, 2004. The change in the non-controlling interests amount was due primarily to the inclusion of EMSC's earnings from the date of its acquisition and the portion of those earnings that were attributable to shareholders other than Onex, improved earnings at Celestica and $32 million related primarily to the interest of the other limited partners of Onex Partners in the gain on CGG.

Earnings (loss) from continuing operations

Onex' consolidated loss from continuing operations was $71 million ($0.51 per share) for the third quarter of 2005 compared to consolidated earnings from continuing operations of $69 million ($0.50 per share) reported for the three months ended September 30, 2004. For the nine months ended September 30, 2005, consolidated earnings from continuing operations were $760 million ($5.47 per share) compared to $25 million ($0.18 per share) of earnings from continuing operations for the same period last year. Table 7 details the earnings (loss) before income taxes and non-controlling interests by industry segment for the three and nine months ended September 30, 2005 and 2004.

Earnings (Loss) from Continuing Operations

TABLE 7 *(Unaudited) ($ millions)*	Three months ended September 30 2005	Three months ended September 30 2004	Nine months ended September 30 2005	Nine months ended September 30 2004
Earnings (loss) before income taxes and non-controlling interests:				
Electronics Manufacturing Services	**$ (17)**	$ (38)	**$ 2**	$ (100)
Aerostructures	**(4)**	–	**(25)**	–
Theatre Exhibition	**(22)**	9	**(18)**	19
Healthcare	**12**	–	**38**	–
Customer Management Services	**(1)**	(5)	**(13)**	(1)
Automotive Products	**(17)**	(18)	**(37)**	(28)
Other[a]	**(11)**	49[b]	**866[c]**	28
	(60)	(3)	**813**	(82)
Recovery (provision) for income taxes	**(22)**	12	**(50)**	19
Non-controlling interests of operating companies	**11**	60	**(3)**	88
Earnings (loss) from continuing operations	**$ (71)**	$ 69	**$ 760**	$ 25

(a) Other includes CEI, Radian, ONCAP, Onex Real Estate, Onex Public Markets Group and parent company.
(b) Includes a $117 million benefit to earnings from derivative instruments.
(c) Includes a $560 million pre-tax gain on the close out of the Celestica exchangeable debentures and a $191 million pre-tax gain on the close out of the Celestica forward sale agreements.

Earnings from discontinued operations

Earnings from discontinued operations in the third quarter of 2005 were $84 million ($0.60 per share) compared to earnings from discontinued operations of $212 million ($1.52 per share) in the third quarter of 2004. For the nine months ended September 30, 2005, earnings from discontinued operations were $213 million ($1.53 per share) compared to earnings from discontinued operations of $224 million ($1.57 per share) reported for the first nine months of 2004. Table 8 provides a breakdown of earnings (loss) by company, including the net after-tax gains on sales as well as Onex' share of earnings (loss) of those businesses that have been discontinued in the three and nine months ended September 30, 2005.

Earnings from Discontinued Operations

TABLE 8 *(Unaudited) ($ millions)*

Three months ended September 30	2005 Gain, net of tax	2005 Onex' share of earnings	2005 Total	2004 Gain, net of tax	2004 Onex' share of earnings (loss)	2004 Total
Sale of NovAtel by CMC Electronics	$ 8	$ –	$ 8	$ –	$ –	$ –
Sale of InsLogic	–	–	–	–	(2)	(2)
Sale of Magellan shares	–	–	–	–	2	2
Sale of CVG shares	68	–	68	67	–	67
Cineplex Entertainment's theatre divestitures	7	1	8	–	1	1
Sale of Loews Cineplex Group	–	–	–	135	–	135
Sale of Armtec	–	–	–	9	–	9
Total	$ 83	$ 1	$ 84	$ 211	$ 1	$ 212

(Unaudited) ($ millions)

Nine months ended September 30	2005 Gain, net of tax	2005 Onex' share of earnings	2005 Total	2004 Gain, net of tax	2004 Onex' share of earnings (loss)	2004 Total
Sale of NovAtel by CMC Electronics	$ 45	$ –	$ 45	$ –	$ 1	$ 1
Sale of InsLogic	73	–	73	–	(7)	(7)
Sale of Magellan shares	15	2	17	–	5	5
Sale of CVG shares	68	2	70	69	3	72
Cineplex Entertainment's theatre divestitures	7	1	8	–	2	2
Sale of Dura Automotive	–	–	–	1	1	2
Sale of Loews Cineplex Group	–	–	–	135	5	140
Sale of Armtec	–	–	–	9	–	9
Total	$ 208	$ 5	$ 213	$ 214	$ 10	$ 224

Note 2 to the unaudited interim consolidated financial statements provides additional disclosure on earnings from discontinued operations. Included in the 2004 earnings from discontinued operations for the nine months ended September 30 were the operations of InsLogic and CMC Electronics' NovAtel subsidiary, which were divested in January 2005; Magellan, of which Onex sold 56 percent of its investment in May and June 2005; CVG, which was discontinued following Onex' sale of its remaining investment in July 2005; the operations of Cineplex Entertainment's theatres that have been or are intended to be sold; as well as the operations of Loews Cineplex, Dura Automotive, Armtec and Cincinnati Electronics, which were discontinued in 2004.

Consolidated net earnings

Consolidated net earnings for the third quarter of 2005, including gains on sales of operating investments and the earnings from discontinued operations, were $13 million ($0.09 per share) compared to net earnings of $281 million ($2.02 per share) for the third quarter of 2004. For the nine months ended September 30, 2005, Onex' consolidated net earnings were $973 million ($7.00 per share) compared to consolidated net earnings of $249 million ($1.75 per share) for the first nine months of 2004.

For the third quarter and the nine months ended September 30, 2005, Onex was required for accounting purposes to recognize 100 percent of the losses (earnings) of ClientLogic, J.L. French Automotive and Radian Communication Services Corporation ("Radian") even though Onex does not own 100 percent of these businesses. Prior losses at these companies have eliminated the value contributed by other shareholders in these companies. Thus, for accounting purposes, the other shareholders' portion of these companies' current losses is required to be included in determining Onex' net earnings (loss). The cumulative interests of other shareholders in these companies cannot be recorded as a negative value for consolidation accounting purposes. The losses of other shareholders included in Onex' unaudited interim consolidated financial statements totalled $1 million in the third quarter of 2005 (third quarter of 2004 earnings – $53 million) and $12 million in the first nine months of 2005 (first nine months of 2004 earnings – $46 million). When these companies begin to record earnings, Onex will include 100 percent of any profits in these companies until Onex has recovered the amount of the losses of non-controlling shareholders that were previously booked.

SUMMARY QUARTERLY INFORMATION

Table 9 summarizes Onex' key consolidated financial information for the last eight quarters.

TABLE 9 *(Unaudited) ($ millions except per share amounts)*	2005			2004				2003
	Sept.	**June**	**March**	Dec.	Sept.	June	March	Dec.
Revenues	**$ 4,379**	**$ 4,179**	**$ 3,666**	$ 3,391	$ 3,405	$ 3,701	$ 3,220	$ 3,106
Earnings (loss) from continuing operations	**$ (71)**	**$ 222**	**$ 609**	$ (263)	$ 69	$ (83)	$ 39	$ (122)
Net earnings (loss)	**$ 13**	**$ 239**	**$ 721**	$ (214)	$ 281	$ (69)	$ 37	$ 152
Earnings (loss) per Subordinate Voting Share								
Basic and Diluted:								
Continuing operations	**$ (0.51)**	**$ 1.60**	**$ 4.38**	$ (1.89)	$ 0.50	$ (0.58)	$ 0.27	$ (0.81)
Net earnings (loss)	**$ 0.09**	**$ 1.72**	**$ 5.19**	$ (1.54)	$ 2.02	$ (0.49)	$ 0.25	$ 1.01

CONSOLIDATED FINANCIAL POSITION

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

Consolidated assets

Consolidated assets were $13.6 billion at September 30, 2005, up from $11.8 billion at December 31, 2004. A breakdown of assets by industry segment is provided in note 13 to the unaudited interim consolidated financial statements. Consolidated assets increased in the first nine months of 2005 due primarily to the inclusion of $147 million of assets from CDI, acquired in January 2005, $1.3 billion of assets from EMSC, acquired in February 2005, as well as the June acquisition of Spirit AeroSystems, which added $1.7 billion of assets. Included in the September 30, 2005 consolidated assets are $123 million of investments made by Onex Public Markets Group ("OPMG"), Onex' business established to invest in North American public securities. Note 3 to the unaudited interim consolidated financial statements provides additional details of the acquisitions completed in the first nine months of 2005.

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

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

Consolidated long-term debt, without recourse to Onex

Onex, the parent company, has no debt. It has been Onex' policy to preserve a financially strong parent company that has funds available for new acquisitions and to support the growth of its operating companies. This policy means that all debt financing is within our operating companies and each company is required to support its own debt.

Total long-term debt (consisting of the current portion of long-term debt and long-term debt) was $4.3 billion at September 30, 2005 compared to $2.2 billion at December 31, 2004. The change in long-term debt at September 30, 2005 resulted primarily from acquisitions in which debt was included in the transaction: CDI ($91 million), EMSC ($771 million), Spirit AeroSystems ($866 million) and Cineplex Entertainment's purchase of Famous Players ($257 million), as well as Celestica's issuance of subordinated notes in the second quarter of 2005 as discussed below.

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

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

J.L. French Automotive met its debt covenants as of September 30, 2005. Due to the difficult and unprecedented conditions affecting the automotive sector, management of J.L. French Automotive believes that there is a significant likelihood that the company will not be able to achieve compliance with all its debt covenant requirements over the next 12 months from September 30, 2005. Accounting principles necessitate the evaluation of the company's ability to meet debt covenants under its existing debt agreements over the next 12 months and to classify debt as current if it appears that those requirements may not be met. Therefore, J.L. French Automotive's long-term debt of US$646 million has been classified as current debt on the unaudited interim consolidated balance sheet as at September 30, 2005. Management of J.L. French Automotive is evaluating alternatives to achieve compliance with or modifications to its covenants. The debt of J.L. French Automotive is without recourse to Onex. Due to the prior year losses that have been recorded for J.L. French Automotive, Onex' net carrying value of its investment in this company in these unaudited interim financial statements is negative $573 million.

Other liabilities

Other liabilities increased to $1.2 billion at September 30, 2005 from $1.1 billion at December 31, 2004. The increase in other liabilities in the first nine months of 2005 was due primarily to other liabilities associated with the acquisitions of EMSC and Spirit AeroSystems. Additionally, during the third quarter of 2005, Spirit AeroSystems increased its other liabilities by $233 million as a result of a cash advance received from Boeing relating to the 787 model's development costs. Cineplex Entertainment also added to other liabilities with its issuance of $105 million of exchangeable debentures used to fund the purchase of Famous Players.

Partially offsetting this increase was a reduction in other liabilities from Onex' early close out of the Celestica exchangeable debentures and settlement of Celestica forward sale agreements in the first and second quarters of 2005, respectively. At December 31, 2004, other liabilities included $730 million of deferred gains with respect to these Celestica exchangeable debentures and forward sale agreements.

Non-controlling interests

The non-controlling interests liability on Onex' unaudited interim consolidated balance sheet as at September 30, 2005 primarily represents the ownership interests of shareholders other than Onex in Onex' consolidated operating companies. At September 30, 2005, the non-controlling interests balance totalled $3.4 billion compared to $3.4 billion at December 31, 2004. While the non-controlling interests amount is essentially the same as at December 31, 2004, there were a number of offsetting transactions that affected the account. Non-controlling interests increased due to the inclusion of other shareholders' interests in the equity of our 2005 acquisitions of CDI, EMSC and Spirit AeroSystems, and Cineplex Entertainment's purchase of Famous Players, which totalled $577 million, and the settlement of the Celestica exchangeable debentures and the forward contracts by Onex, which resulted in an increase in Celestica shares held by others. Offsetting these increases were Celestica's repurchase of its LYONs, distributions to limited partners of Onex Partners relating to the sales of interests in Magellan and CGG, ONCAP's distribution to its limited partners relating to CMC Electronics' sale of NovAtel and Cincinnati Electronics and the weakening of the U.S. dollar relative to the Canadian dollar.

Shareholders' equity

Shareholders' equity increased to $1.2 billion at September 30, 2005 from $227 million at December 31, 2004 due primarily to $973 million of net earnings reported for the first nine months of 2005. The unaudited interim consolidated statements of shareholders' equity show the changes to the components of shareholders' equity for the nine months ended September 30, 2005 and 2004.

At October 31, 2005, Onex had 138,849,931 Subordinate Voting Shares issued and outstanding. Table 10 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2004.

Change in Subordinate Voting Shares Outstanding

TABLE 10 *(Unaudited)*	
Subordinate Voting Shares outstanding at December 31, 2004	**139,015,366**
Issue of shares – Dividend Reinvestment Plan	**2,865**
Shares repurchased and cancelled under Onex' Normal Course Issuer Bid	**(168,300)**
Subordinate Voting Shares outstanding at October 31, 2005	**138,849,931**

Onex' Dividend Reinvestment Plan (the "Plan") enables Canadian shareholders to reinvest cash dividends to acquire new Subordinate Voting Shares of Onex at a market-related price at the time of reinvestment. During the period ended October 31, 2005, Onex issued 2,865 Subordinate Voting Shares under the Plan at an average cost of $19.69 per share.

During the nine months ended September 30, 2005, 110,600 options were exercised for total cash consideration of $1 million and 410,500 options expired. At September 30, 2005, there were 13,440,600 options outstanding to acquire Subordinate Voting Shares, of which 4,460,200 options were vested, and of these 3,441,600 options were exercisable.

Onex has a Normal Course Issuer Bid (the "Bid") in place during 2005 that enables it to repurchase up to 10 percent of its public float of Subordinate Voting Shares. There were no repurchases under the Bid during the first nine months of 2005. During the month of October 2005, Onex repurchased 168,300 Subordinate Voting Shares under the Bid at a total cost of $3 million.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the unaudited interim consolidated statements of cash flows for the three and nine months ended September 30, 2005 and related notes.

Major Cash Flow Components

TABLE 11 (Unaudited) ($ millions)	Three months ended September 30 2005	Three months ended September 30 2004	Nine months ended September 30 2005	Nine months ended September 30 2004
Cash from (used in) operating activities, excluding changes in non-cash net working capital and other liabilities	**$ 39**	$ (52)	**$ 329**	$ 120
Increase (decrease) in non-cash net working capital and other liabilities	**232**	103	**228**	(323)
Cash from (used in) financing activities	**(123)**	(11)	**442**	298
Cash from (used in) investing activities	**(584)**	138	**(1,265)**	(309)
Cash from discontinued operations	**191**	685	**74**	699
Consolidated cash[a]	**$ 3,034**	$ 3,189	**$ 3,034**	$ 3,189

(a) Includes cash held by discontinued operations.

Cash from (used in) operating activities

Cash from operating activities, excluding changes in non-cash net working capital and other liabilities, totalled $39 million in the third quarter of 2005 compared to cash used in operating activities of $52 million reported in the same quarter last year. For the first nine months of 2005, cash from operations, excluding changes in non-cash net working capital and other liabilities, was $329 million compared to cash from operations of $120 million reported for the same period of 2004.

The increase in cash generated from operations for both the three and nine months ended September 30, 2005 compared to the same periods last year was related primarily to the inclusion of CDI, EMSC and Spirit AeroSystems for the three and nine months ended September 30, 2005. Improved operating results at Celestica also contributed to the growth in cash generated from operating activities. A detailed discussion of the consolidated operating results can be found under the heading "Consolidated Operating Results" beginning on page 10 of this MD&A.

The increase in non-cash net working capital and other liabilities for the three and nine months ended September 30, 2005 was due primarily to a $233 million cash advance received by Spirit AeroSystems from Boeing relating to the funding of the 787 model's development costs.

Cash from (used in) financing activities

Cash used in financing activities was $123 million in the third quarter of 2005 compared to cash used in financing activities of $11 million in the same quarter last year. Included in the 2005 third-quarter cash used in financing activities was $273 million spent by Celestica to repurchase the equity component of its LYONs. Partially offsetting this was $105 million of cash received by Cineplex Entertainment on its issuance of exchangeable debentures for its Famous Players acquisition.

For the nine months ended September 30, 2005, cash from financing activities was $442 million compared to cash from financing activities of $298 million for the same period of 2004. Included in cash from financing activities for the first nine months of 2005 was US$250 million of proceeds received by Celestica on its 7.625% senior subordinated notes offering that was completed in June 2005, as well as cash received from the limited partners of Onex Partners for the acquisition of EMSC, completed in the first quarter of 2005, and Spirit AeroSystems, purchased in mid-June 2005.

Partially offsetting these was the cash spent by Celestica to repurchase its LYONs, as discussed above; $236 million of cash paid by Onex Partners to limited partners, other than Onex, on the sale of its CGG convertible bonds and Magellan shares in the first nine months of 2005; and $164 million of distributions primarily by CMC Electronics relating to the sales of its Cincinnati Electronics division in 2004 and its NovAtel shares in the first nine months of 2005.

Cash from (used in) investing activities

Cash used in investing activities was $584 million for the third quarter of 2005 compared to cash from investing activities of $138 million for the three months ended September 30, 2004. For the first nine months of 2005, cash used in investing activities totalled $1,265 million compared to $309 million for the same period of 2004. Acquisitions completed in the first nine months of 2005 used cash of $1,262 million, of which $448 million was spent in the third quarter of 2005 relating primarily to Cineplex Entertainment's acquisition of Famous Players. This compares to $248 million of cash used for acquisitions in the first nine months of 2004. Note 3 to the unaudited interim consolidated financial statements provides more details of acquisitions completed in the first nine months of 2005.

Partially offsetting these expenditures was $394 million of cash received from proceeds on sales of operating investments in the first nine months of 2005. These proceeds were primarily related to the sale of the CGG convertible bonds for $145 million and $222 million of cash received on the settlement of the Celestica forward sale agreements.

Cash from discontinued operations

Cash from discontinued operations represents cash received on the sale of businesses adjusted for the opening cash positions of those businesses that have been discontinued. The companies that have been reported as discontinued for 2005 are Magellan, CVG, InsLogic, CMC Electronics' NovAtel subsidiary and the operations of Cineplex Entertainment's theatres that were or are intended to be sold. Cash from discontinued operations for the third quarter of 2005 was $191 million compared to cash from discontinued operations of $685 million for the same quarter of 2004.

Included in the 2005 third-quarter cash from discontinued operations were:

- $81 million of proceeds received by Onex on the sale of its remaining shares of CVG;
- $85 million of proceeds received by Cineplex Entertainment on the sale of 28 theatres, 27 of which were sold in connection with the Famous Players acquisition, as described above; and
- $25 million in proceeds received by CMC Electronics on the sale of its remaining NovAtel shares, bringing the total proceeds received by CMC Electronics on the NovAtel shares to $154 million in the first nine months of 2005.

Note 2 to the unaudited interim consolidated financial statements provides additional information on cash from discontinued operations.

For the nine months ended September 30, 2005, cash from discontinued operations was $74 million compared to cash from discontinued operations of $699 million for the same period of 2004. Magellan accounted for $532 million of the decline in cash in the first nine months of 2005, partially offset by the proceeds, net of opening cash balances, received from the sale of NovAtel shares by CMC Electronics, CVG shares and the sale of theatres by Cineplex Entertainment, as discussed above, as well as $22 million of proceeds received from the sale of InsLogic.

Included in cash from discontinued operations in the third quarter of 2004 were the cash positions of those businesses discontinued in 2004, which included Loews Cineplex, Dura Automotive, Armtec, Cincinnati Electronics and InsLogic, as well as Magellan, CVG and NovAtel, which were discontinued in the first half of 2005.

Consolidated cash resources

At September 30, 2005, consolidated cash with continuing operations was $3.0 billion compared to $2.9 billion at December 31, 2004. Onex, the parent company, represented approximately $1.5 billion of consolidated cash and Celestica had approximately $1.0 billion of cash at September 30, 2005.

At September 30, 2005, limited partners in Onex Partners, other than Onex, had remaining commitments to provide $0.7 billion of funding for future Onex-sponsored acquisitions.

OUTLOOK

The following provides an update to the outlook sections of Onex' December 31, 2004 report and report for the second quarter ended June 30, 2005.

J.L. French Automotive

J.L. French Automotive Castings, Inc. ("J.L. French Automotive") is currently experiencing challenging end markets as North American automotive and truck production levels for the first nine months of 2005 are below expectations and prior year levels. J.L. French Automotive management expects that these end market conditions will continue for the fourth quarter of 2005. Accordingly, the company is working on adjusting its cost structure to reflect the lower demand levels from North American original equipment manufacturers ("OEMs"). In addition, J.L. French Automotive management is continuing efforts to broaden its customer base in order to offset some of the revenue declines.

In early October 2005, J.L. French Automotive completed the sale of its Grandville, Michigan plant for proceeds of US$1.6 million as part of its cost-structure initiative to adjust its operations to the lower business volumes.

While J.L. French Automotive met its debt covenants as of September 30, 2005, management of J.L. French Automotive believes that there is a significant likelihood that the company will not be able to achieve compliance with all of its debt covenant requirements over the next 12 months from September 30, 2005 due to the difficult conditions affecting the automotive sector. Accordingly, J.L. French Automotive's debt of US$646 million has been classified as current as at September 30, 2005. This debt is without recourse to Onex. Management of J.L. French Automotive is evaluating alternatives to achieve compliance with or modifications to its debt covenants. Onex' net carrying value of its investment in J.L. French Automotive is negative $573 million. If Onex' equity ownership in J.L. French Automotive were disposed of or eliminated in its entirety for no value, Onex would recognize a gain of $573 million.

EMSC initial public offering

In August 2005, Emergency Medical Services Corporation ("EMSC") filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering of shares. EMSC is a leading provider of emergency medical services, operating under American Medical Response, Inc., the leading U.S. provider of ambulance transport services, and EmCare Holdings Inc., the leading provider of outsourced services for hospital emergency department physician staffing and management. If the offering is completed, EMSC will use the proceeds from the proposed US$125 million share offering to reduce its outstanding indebtedness and for general corporate purposes.

Onex to acquire Skilled Healthcare

In late October 2005, Onex announced that it had agreed to acquire Skilled Healthcare Group, Inc. ("Skilled Healthcare") in a transaction valued at approximately $750 million. Onex and Onex Partners will invest approximately $265 million of equity as part of the purchase. Onex' share of that investment will be approximately $65 million.

Skilled Healthcare is a leading operator of long-term care facilities in the western United States with 70 skilled nursing and assisted living facilities. The company's subsidiaries focus on providing care to patients who require intensive treatment and a high level of nursing care. Skilled Healthcare's subsidiaries also provide rehabilitation therapy services in the company's affiliated facilities and for third parties, and have established a growing hospice care business as well.

Performance Logistics Group

The revenues of Performance Logistics Group, Inc. ("PLG") are very much dependent on the production levels of the automotive OEMs that it serves, and as a result, the company has been negatively affected by lower delivery volumes and the volatility of those deliveries from its OEM customers. In addition, PLG has incurred increased operating expenses, primarily related to fuel costs, which the company has not been able to fully recover from its customers. These combined factors have adversely affected the financial performance of PLG in 2005. Onex does not control PLG and accounts for its interest on an equity accounting basis. Onex' carrying value in PLG is nil.

Onex Partners sells remaining Magellan shares

On November 9, 2005, Onex Partners sold its remaining 3.76 million shares of Magellan Health Services, Inc. ("Magellan") for net proceeds of approximately $125 million. Onex' share of those proceeds is approximately $33 million. This brings the total value Onex Partners has realized on Magellan to approximately $301 million, of which Onex' share is approximately $80 million. Onex Partners' investment in Magellan was $131 million, of which Onex' portion was $31 million, which was made in January 2004.

CONSOLIDATED BALANCE SHEETS

(in millions of dollars)	*(Unaudited)* As at September 30 **2005**	As at December 31 2004
Assets		
Current assets		
Cash and short-term investments	**$ 3,034**	$ 2,866
Accounts receivable	**1,933**	1,589
Inventories	**1,972**	1,442
Other current assets	**429**	442
Current assets held by discontinued operations (note 2)	**2**	690
	7,370	7,029
Property, plant and equipment	**2,433**	1,549
Investments and other assets	**1,202**	660
Intangible assets	**504**	316
Goodwill	**2,132**	1,462
Long-lived assets held by discontinued operations (note 2)	**–**	793
	$ 13,641	$ 11,809
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness, without recourse to Onex	**$ 3**	$ 13
Accounts payable and accrued liabilities	**2,804**	2,612
Current portion of long-term debt and obligations under capital leases of operating companies, without recourse to Onex	**827**	231
Current liabilities held by discontinued operations (note 2)	**–**	469
	3,634	3,325
Long-term debt of operating companies, without recourse to Onex (note 4)	**3,504**	1,999
Obligations under capital leases, without recourse to Onex	**75**	23
Exchangeable debentures	**–**	156
Other liabilities	**1,157**	1,071
Future income taxes	**697**	691
Long-term liabilities held by discontinued operations (note 2)	**–**	905
	9,067	8,170
Non-controlling interests	**3,392**	3,412
Shareholders' equity	**1,182**	227
	$ 13,641	$ 11,809

See accompanying notes to unaudited interim consolidated financial statements.

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

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

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited) *(in millions of dollars, except per share data)*	Three months ended September 30 **2005**	2004	Nine months ended September 30 **2005**	2004
Revenues	**$ 4,379**	$ 3,405	**$ 12,224**	$ 10,326
Cost of sales	**(3,860)**	(3,064)	**(10,738)**	(9,274)
Selling, general and administrative expenses	**(299)**	(192)	**(811)**	(574)
Earnings Before the Undernoted Items	**$ 220**	$ 149	**$ 675**	$ 478
Amortization of property, plant and equipment	**(105)**	(95)	**(302)**	(282)
Amortization of intangible assets and deferred charges	**(24)**	(20)	**(71)**	(54)
Interest expense of operating companies	**(101)**	(50)	**(239)**	(121)
Interest and other income	**34**	9	**99**	14
Equity-accounted investments	**(4)**	(6)	**1**	(4)
Foreign exchange loss	**(58)**	(79)	**(25)**	(63)
Stock-based compensation	**(30)**	13	**(51)**	(32)
Derivative instruments	**2**	117	**3**	38
Gains on sales of operating investments, net (note 6)	**54**	10	**870**	102
Acquisition, restructuring and other expenses (note 7)	**(57)**	(47)	**(154)**	(145)
Debt prepayment	**13**	(4)	**13**	(6)
Writedown of goodwill and intangible assets	**–**	–	**(2)**	(5)
Writedown of long-lived assets	**(4)**	–	**(4)**	(2)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	**(60)**	(3)	**813**	(82)
Recovery of (provision for) income taxes	**(22)**	12	**(50)**	19
Non-controlling interests	**11**	60	**(3)**	88
Earnings (loss) from continuing operations	**(71)**	69	**760**	25
Earnings from discontinued operations (note 2)	**84**	212	**213**	224
Net Earnings for the Period	**$ 13**	$ 281	**$ 973**	$ 249
Net Earnings (Loss) per Subordinate Voting Share (note 9)				
Basic and Diluted				
Continuing operations	**$ (0.51)**	$ 0.50	**$ 5.47**	$ 0.18
Discontinued operations	**$ 0.60**	$ 1.52	**$ 1.53**	$ 1.57
Net earnings	**$ 0.09**	$ 2.02	**$ 7.00**	$ 1.75

See accompanying notes to unaudited interim consolidated financial statements.

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

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited) *(in millions of dollars, except per share data)* *Nine months ended September 30*	Share Capital (note 5)	Retained Earnings	Cumulative Translation Adjustment	Total Shareholders' Equity
Balance – December 31, 2003	$ 618	$ (195)	$ (135)	$ 288
Dividends declared[a]	–	(12)	–	(12)
Issue of shares – dividend reinvestment plan	1	–	–	1
Purchase and cancellation of shares	(37)	(113)	–	(150)
Currency translation adjustment	–	–	80	80
Net earnings for the period	–	249	–	249
Balance – September 30, 2004	**$ 582**	**$ (71)**	**$ (55)**	**$ 456**
Balance – December 31, 2004	**$ 582**	**$ (288)**	**$ (67)**	**$ 227**
Dividends declared[a]	**–**	**(11)**	**–**	**(11)**
Currency translation adjustment	**–**	**–**	**(7)**	**(7)**
Net earnings for the period	**–**	**973**	**–**	**973**
Balance – September 30, 2005	**$ 582**	**$ 674**	**$ (74)**	**$ 1,182**

(a) Dividends declared per Subordinate Voting Share were $0.0825 for the nine months ended September 30, 2005 and 2004.

See accompanying notes to unaudited interim consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *(in millions of dollars)*	Three months ended September 30 2005	2004	Nine months ended September 30 2005	2004
Operating Activities				
Net earnings (loss) for the period from continuing operations	**$ (71)**	$ 69	**$ 760**	$ 25
Items not affecting cash:				
Amortization of property, plant and equipment	**105**	95	**302**	282
Amortization of intangible assets and deferred charges	**24**	20	**71**	54
Writedown of goodwill and intangible assets	**–**	–	**2**	5
Writedown of long-lived assets	**4**	–	**4**	2
Non-cash component of restructuring	**–**	–	**9**	(6)
Non-controlling interests	**(11)**	(60)	**3**	(88)
Future income taxes	**–**	(18)	**1**	(23)
Stock-based compensation	**30**	(13)	**51**	32
Derivative instruments	**(2)**	(117)	**(3)**	(38)
Gains on sales of operating investments, net	**(54)**	(10)	**(870)**	(102)
Other	**14**	(18)	**(1)**	(23)
	39	(52)	**329**	120
Increase (decrease) in other liabilities	**297**	(68)	**301**	34
Changes in non-cash working capital items:				
Accounts receivable	**(89)**	147	**142**	(20)
Inventories	**34**	15	**(47)**	(10)
Other current assets	**38**	13	**41**	(16)
Accounts payable and accrued liabilities	**(48)**	(4)	**(209)**	(311)
Increase (decrease) in cash due to changes in working capital items	**(65)**	171	**(73)**	(357)
	271	51	**557**	(203)
Financing Activities				
Issuance of long-term debt	**378**	881	**1,309**	2,093
Repayment of long-term debt	**(312)**	(887)	**(773)**	(1,391)
Cash dividends paid	**(3)**	(4)	**(11)**	(11)
Repurchase of share capital	**–**	(7)	**–**	(150)
Issuance of share capital by operating companies	**84**	–	**577**	178
Distributions by operating companies	**(26)**	–	**(410)**	–
Repurchase of share capital by operating companies	**(273)**	–	**(273)**	(405)
Increase (decrease) in other financing activities	**29**	6	**23**	(16)
	(123)	(11)	**442**	298
Investing Activities				
Acquisition of operating companies, net of cash in acquired companies of $224 (2004 – $31) (note 3)	**(448)**	(9)	**(1,262)**	(248)
Purchase of property, plant and equipment	**(171)**	(60)	**(337)**	(243)
Proceeds from sales of operating investments	**–**	110	**394**	141
Net increase (decrease) in investments and other investing activities	**35**	97	**(60)**	41
	(584)	138	**(1,265)**	(309)
Cash from discontinued operations (note 2)	**191**	685	**74**	699
Increase (Decrease) in Cash and Short-term Investments for the Period	**(245)**	863	**(192)**	485
Decrease in cash and short-term investments due to change in foreign exchange rates	**(124)**	(149)	**(84)**	(96)
Cash and short-term investments – beginning of the period[a]	**3,403**	2,475	**3,310**	2,800
Cash and Short-term Investments – End of the Period	**$ 3,034**	$ 3,189	**$ 3,034**	$ 3,189

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

See accompanying notes to unaudited interim consolidated financial statements.

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

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

1. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The disclosures contained in these unaudited interim consolidated financial statements do not include all the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2004. Certain amounts presented in the comparative prior periods have been reclassified to conform to the presentation adopted in the current year for discontinued operations.

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

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

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

2. DISCONTINUED OPERATIONS

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

	2005	2004	**2005**			2004		
Three months ended September 30	Revenue		**Gain, Net of Tax**	**Onex' Share of Earnings**	**Total**	Gain, Net of Tax	Onex' Share of Earnings (Loss)	Total
CMC Electronics[a]	**$ –**	$ 42	**$ 8**	**$ –**	**$ 8**	$ –	$ –	$ –
InsLogic[b]	**–**	3	**–**	**–**	**–**	–	(2)	(2)
Magellan[c]	**–**	574	**–**	**–**	**–**	–	2	2
Commercial Vehicle Group[d]	**–**	–	**68**	**–**	**68**	67	–	67
Cineplex Entertainment[e]	**23**	11	**7**	**1**	**8**	–	1	1
Loews Cineplex Group	**–**	–	**–**	**–**	**–**	135	–	135
Armtec	**–**	–	**–**	**–**	**–**	9	–	9
	$ 23	$ 630	**$ 83**	**$ 1**	**$ 84**	$ 211	$ 1	$ 212

2. DISCONTINUED OPERATIONS (cont'd)

Nine months ended September 30	**2005** Revenue	2004 Revenue	**2005** Gain, Net of Tax	**2005** Onex' Share of Earnings	**2005** Total	2004 Gain, Net of Tax	2004 Onex' Share of Earnings (Loss)	2004 Total
CMC Electronics[a]	**$ –**	$ 106	**$ 45**	**$ –**	**$ 45**	$ –	$ 1	$ 1
InsLogic[b]	**–**	11	**73**	**–**	**73**	–	(7)	(7)
Magellan[c]	**744**	1,682	**15**	**2**	**17**	–	5	5
Commercial Vehicle Group[d]	**–**	242	**68**	**2**	**70**	69	3	72
Cineplex Entertainment[e]	**40**	29	**7**	**1**	**8**	–	2	2
Dura Automotive	**–**	635	**–**	**–**	**–**	1	1	2
Loews Cineplex Group	**–**	702	**–**	**–**	**–**	135	5	140
Armtec	**–**	50	**–**	**–**	**–**	9	–	9
	$ 784	$ 3,457	**$ 208**	**$ 5**	**$ 213**	$ 214	$ 10	$ 224

a) During 2005, CMC Electronics Inc. ("CMC Electronics") sold its interest in NovAtel Inc. ("NovAtel") for net proceeds of $154. Onex' accounting gain on the disposition was $45, before a tax provision of nil.

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

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

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

c) In May and June 2005, Onex and Onex Partners LP ("Onex Partners") sold 56% of their investment in shares of Magellan Health Services, Inc. ("Magellan"), through a secondary offering of common stock. Proceeds received were $176, of which Onex' share was $47, including $6 for Onex' portion of the carried interest. The pre-tax gain was $83, of which Onex' share was $20, before a tax provision of $5. As a result of the transaction, Onex' and Onex Partners' equity ownership of Magellan was reduced to 11% and the multiple voting common shares held no longer provide any voting preference over the common shares. The Company's remaining investment is recorded at cost and has been included in investments and other assets. Due to the Company no longer meeting the accounting criteria for having significant continuing involvement, Magellan's operations have been recorded as discontinued.

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

d) In July 2005, Onex sold its remaining investment in Commercial Vehicle Group, Inc. ("CVG") as part of a public offering by CVG for net proceeds of $81. The pre-tax gain was $79 before a tax provision of $11. Due to the sale occurring within one year of Onex' August 2004 initial disposition of CVG shares, CVG's results of operations have been reclassified as discontinued operations. Amounts accrued to be paid on account of these transactions related to the MIP totalled $7, and have been deducted from earnings from discontinued operations.

e) In July 2005, Cineplex Entertainment Limited Partnership ("Cineplex Entertainment"), formerly known as Cineplex Galaxy Limited Partnership, completed the acquisition of the Famous Players movie exhibition business, as described in note 3. In connection with the acquisition, Cineplex Entertainment entered into a consent agreement with the Commissioner of Competition that required the divestiture of 34 theatres. In addition, Cineplex Entertainment intends to sell the remainder of its Alliance Atlantis brand theatres. The results of operations for those theatres have been reclassified as discontinued operations. In September 2005, Cineplex Entertainment sold 28 theatres (including 27 theatres sold pursuant to the consent agreement referred to above) for proceeds of $85. The pre- and post-tax accounting gain on the disposition was $27, of which Onex' share was $7. The carrying value of $2 for the remaining theatres is included in current assets held by discontinued operations as at September 30, 2005.

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

	InsLogic	CMC Electronics	Magellan	Cineplex Entertainment[a]	Total
Cash	$ –	$ 23	$ 421	$ –	$ 444
Accounts receivable	1	11	66	–	78
Other current assets	1	5	162	–	168
Current assets held by discontinued operations	2	39	649	–	690
Property, plant and equipment	2	4	147	9	162
Goodwill	–	4	472	–	476
Intangibles and other assets	–	–	155	–	155
Long-lived assets held by discontinued operations	2	8	774	9	793
Accounts payable and other accrued liabilities	(5)	(11)	(363)	–	(379)
Current portion of long-term debt and obligations under capital leases, without recourse to Onex	–	–	(90)	–	(90)
Current liabilities held by discontinued operations	(5)	(11)	(453)	–	(469)
Long-term debt and obligations under capital leases	(52)	–	(366)	–	(418)
Other liabilities	–	(16)	(3)	(6)	(25)
Non-controlling interests and cumulative translation adjustment	–	–	(462)	–	(462)
Long-term liabilities held by discontinued operations	(52)	(16)	(831)	(6)	(905)
Net assets (liabilities) of discontinued operations	$ (53)	$ 20	$ 139	$ 3	$ 109

(a) Includes only those theatres that have been or are intended to be divested.

3. CORPORATE INVESTMENTS

During the first nine months of 2005 the following acquisitions, which were accounted for as purchases, were completed either directly by Onex or through subsidiaries of Onex. Any third-party borrowings in respect of the acquisitions are without recourse to Onex. The significant acquisitions were:

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

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

3. CORPORATE INVESTMENTS (cont'd)

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

d) In July 2005, Cineplex Entertainment completed the acquisition of the Famous Players movie exhibition business in a transaction valued at $473. To provide financing for the acquisition, various debt and equity transactions were entered into, as described in note 4. In connection with the acquisition, Onex received 248,447 units as a transaction fee but did not sell or purchase any additional units in the equity offering. As a result, Onex' ownership interest in Cineplex Entertainment was diluted to 27% from 31% and Onex recorded a dilution gain, as described in note 6. Onex will continue to control and consolidate Cineplex Entertainment subsequent to the transaction.

In connection with the acquisition, Cineplex Entertainment entered into a consent agreement with the Commissioner of Competition to divest 34 theatres. Accordingly, the financial results for those theatres have been included in discontinued operations, as described in note 2.

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

The purchase prices of the acquisitions described above were allocated to the net assets acquired based on their relative fair values at the date of acquisition. In certain circumstances where estimates have been made, the companies are obtaining third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices. The results of operations for all acquired businesses are included in the unaudited interim consolidated statement of earnings of the Company from their respective dates of acquisition.

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

	CDI[a]	EMSC[b]	Spirit AeroSystems[c]	Cineplex Entertainment[d]	Other[e]
Cash	$ 14	$ 18	$ 168	$ 20	$ 4
Current assets	22	574	630	14	32
Intangible assets with limited life	46	111	48	38	8
Intangible assets with indefinite life	–	–	–	33	–
Goodwill	107	332	–	184	140
Property, plant and equipment and other long-term assets	60	475	809	330	26
	249	1,510	1,655	619	210
Current liabilities	(26)	(289)	(136)	(49)	(29)
Acquisition financing	–	–	–	(353)	(167)
Long-term liabilities[1]	(117)	(949)	(1,055)	(97)	(10)
	106	272	464	120	4
Non-controlling interests in net assets	(18)	(6)	–	(113)	–
Increase in net assets acquired	$ 88	$ 266	$ 464	$ 7	$ 4

(1) Included in long-term debt was $1,728 raised in connection with the original acquisitions.

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

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

a) CDI

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

b) EMSC

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

The credit agreement consists of a US$350 senior secured term loan and a US$100 senior secured revolving credit facility. The senior secured term loan matures in February 2012 and requires quarterly principal repayments commencing May 2005. The revolving facility requires the principal to be repaid at maturity in February 2011. Interest is determined by reference to a leverage ratio and can range from prime plus 1.0% to 2.0% and LIBOR plus 2.0% to 3.0%. As at September 30, 2005, US$348 and US$5 were outstanding under the senior secured term loan and the senior secured revolving credit facility, respectively.

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

c) WIS

The April 2005 acquisition of Washington Inventory Service ("Washington") by Western resulted in a new company, WIS International ("WIS"), and in additional debt being recorded in the unaudited interim consolidated financial statements. In connection with the acquisition, WIS issued first lien and second lien term loans in the amounts of US$107 and US$31, respectively. The first lien term loans are repayable in quarterly instalments through to March 2011. The second lien term loan requires the principal to be repaid in October 2011. The loans bear interest at a rate of LIBOR plus an interest rate margin, which varies depending on a leverage ratio. As at September 30, 2005, the first lien term loans bore interest at a rate of LIBOR plus 3.0%, and the second lien term loan bore interest at a rate of LIBOR plus 6.75%. As at September 30, 2005, US$103 and US$31 were outstanding under the first lien and second lien term loans, respectively.

d) Spirit AeroSystems

The June 2005 acquisition of Spirit AeroSystems resulted in additional debt being recorded in the unaudited interim consolidated financial statements. In connection with the acquisition, Spirit AeroSystems executed a US$875 credit agreement that consists of a US$700 senior secured term loan and a US$175 senior secured revolving credit facility. The senior secured term loan requires quarterly principal instalments of US$2 beginning in September 2005 through to December 2010, with the balance due in four equal quarterly instalments of US$165 in 2011. The revolving facility requires the principal to be repaid at maturity in June 2010. As at September 30, 2005, US$698 and nil were outstanding under the term loan and revolving facility, respectively.

The borrowings under the agreement bear interest based on LIBOR or a base rate plus an interest rate margin of up to 2.75%, payable quarterly. In connection with the term loan, Spirit AeroSystems entered into interest rate swap agreements on US$500 of the term loan. The agreements, which range from three to five years, swap the floating interest rate with a fixed interest rate that ranges between 4.2% and 4.4%, which results in a total rate between 6.4% and 6.6%.

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

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

e) Celestica

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

During the third quarter of 2005, Celestica repurchased the outstanding Liquid Yield Option™ Notes ("LYONs"). The aggregate cash purchase price was US$352.

4. LONG-TERM DEBT OF OPERATING COMPANIES, WITHOUT RECOURSE TO ONEX (cont'd)

f) Cineplex Entertainment

The July 2005 acquisition of Famous Players by Cineplex Entertainment resulted in additional debt being recorded in the unaudited interim consolidated financial statements. To fund the acquisition, Cineplex Entertainment issued indirectly to Cineplex Galaxy Income Fund ("CGIF") 6,835,000 Class A LP Units for gross proceeds of approximately $110 and 5,600,000 Class C LP Units for gross proceeds of $105. CGIF financed the acquisition of the Class A LP Units and Class C LP Units through the issuance of 6,835,000 units and the issuance of $105 convertible extendible unsecured subordinated debentures. As a result of the transaction described above, Onex no longer consolidates CGIF, but will continue to consolidate Cineplex Entertainment.

The deconsolidation of CGIF resulted in no gain or loss. However, the notes outstanding of $100 from Galaxy Entertainment Inc., a subsidiary of Cineplex Entertainment, which are due indirectly to CGIF, will no longer be eliminated upon consolidation. The notes bear interest at a rate of 14%, are payable monthly with principal due November 2028 and are subordinate to the amended credit facilities described below.

The new Class C LP Units issued by Cineplex Entertainment are redeemable by CGIF under certain conditions and as such they have characteristics of both debt and equity. As a result, an amount of $96 is classified as a liability and is included in other liabilities. The remainder of $9 is recorded as a non-controlling interest.

In connection with the acquisition, Cineplex Entertainment entered into an amended and restated credit agreement with a syndicate of lenders pursuant to which it has available: (i) a 364-day $50 extendible senior secured revolving credit facility, (ii) a four-year $315 senior secured non-revolving term credit facility, and (iii) a four-year $60 senior secured revolving credit facility. The amended credit facilities bear interest at a floating rate based on the prime business rate, or bankers' acceptance rate, plus an applicable margin. As at September 30, 2005, $18 and $4 were outstanding on the 364-day and four-year revolving credit facilities and $235 was outstanding on the term facility.

Effective July 22, 2005, Cineplex Entertainment entered into interest rate swap agreements to pay interest at a fixed rate of 3.8% per annum, plus an applicable margin, and receive a floating rate. The swaps have terms of four years and an aggregate principal amount outstanding of $200.

g) J.L. French Automotive

J.L. French Automotive Castings, Inc. ("J.L. French Automotive") met its financial covenants as of September 30, 2005. However, due to the difficult conditions affecting the automotive sector, management of J.L. French Automotive believes that there is a significant likelihood that it will not be able to achieve compliance with its debt covenants over the next 12 months. As a result, US$646 of J.L. French Automotive's debt has been recorded as current in the unaudited interim consolidated balance sheet. No other adjustments have been made to the carrying amount of the assets or liabilities of J.L. French Automotive in the unaudited interim consolidated balance sheet.

The net book value of the investment in J.L. French Automotive recorded in the unaudited interim consolidated financial statements as at September 30, 2005 is negative $573. If Onex' equity ownership in J.L. French Automotive were disposed of or eliminated in its entirety for no value, Onex would recognize a gain of $573.

5. SHARE CAPITAL

As at September 30, 2005, Onex' issued and outstanding share capital consisted of 139,017,037 (December 31, 2004 – 139,015,366) Subordinate Voting Shares, 100,000 (December 31, 2004 – 100,000) Multiple Voting Shares and 176,078 (December 31, 2004 – 176,078) Series 1 Senior Preferred Shares.

During the first nine months of 2005, under the Dividend Reinvestment Plan, the Company issued 1,671 (2004 – 70,616) Subordinate Voting Shares at a total value of less than $1 (2004 – $1).

Onex renewed its Normal Course Issuer Bid in April 2005 for one year, permitting the Company to purchase on The Toronto Stock Exchange up to 10% of the public float of its Subordinate Voting Shares. The 10% limit represents approximately 11 million shares. The Company did not purchase any shares under its Normal Course Issuer Bids during the first nine months of 2005. During the first nine months of 2004, the Company repurchased and cancelled 9,143,100 of its Subordinate Voting Shares at a cost of $150, of which 417,500 were in the third quarter of 2004 at a cost of $7.

During the first nine months of 2005, the total cash consideration paid on 110,600 (2004 – 8,107,600) options surrendered was $1 (2004 – $69). During the third quarter, the total cash consideration paid on 14,000 (2004 – 221,200) options surrendered was less than $1 (2004 – $3). This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price, both as determined under Onex' Stock Option Plan as described in note 12 to the audited annual consolidated financial statements. In addition, 410,500 (2004 – 154,500) options expired during the first nine months of 2005. At September 30, 2005, the Company had 13,440,600 (December 31, 2004 – 13,961,700) options outstanding to acquire Subordinate Voting Shares.

6. GAINS ON SALES OF OPERATING INVESTMENTS, NET

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

	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Gains on:				
Exchangeable debentures on Celestica shares[a]	**$ –**	$ –	**$ 560**	$ –
Forward sale agreements on Celestica shares[b]	**–**	–	**191**	–
CGG[c]	**–**	–	**41**	–
Issue of units by Cineplex Entertainment[d]	**53**	–	**53**	–
Performance Logistics Group	**–**	–	**–**	58
Issue of shares by Celestica	**–**	–	**–**	9
Sale of Tower Automotive	**–**	–	**–**	6
Other, net	**1**	10	**25**	29
	$ 54	$ 10	**$ 870**	$ 102

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

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

The forward sale agreements were originally entered into in 2000.

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

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

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

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

d) In July 2005, in connection with Cineplex Entertainment's acquisition of Famous Players, Cineplex Entertainment issued additional units to provide a portion of the financing. Onex' ownership interest was diluted from 31% to 27% as a result of the issuance of additional units by Cineplex Entertainment to unitholders other than Onex. As a result of the dilution of the Company's investment in Cineplex Entertainment, a non-cash dilution gain of $53 was recorded, of which Onex' share was $30. This reflects Onex' share of the increase in the book value of the net assets of Cineplex Entertainment due to the issue of additional units. Onex did not sell or purchase any additional units in the unit offering.

7. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Acquisition, restructuring and other expenses incurred in the three and nine months ended September 30 are set out in the table below.

	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Celestica	**$ 49**	$ 43	**$ 128**	$ 130
Spirit AeroSystems	**5**	–	**13**	–
J.L. French Automotive	**1**	1	**3**	4
ClientLogic	**2**	1	**8**	4
Other	**–**	2	**2**	7
	$ 57	$ 47	**$ 154**	$ 145

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

Years prior to 2004	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 346	$ 158	$ 40	$ 347	$ 891[(a)]
Cumulative costs expensed to date	345	158	40	347	890[(b)]
Expense (recovery) for the period ended September 30, 2005	(5)	3	2	3	3
Reconciliation of accrued liability					
Closing balance – December 31, 2004	20	48	3		71
Cash payments	(4)	(10)	(2)		(16)
Charges	(5)	3	2		–
Other adjustments	1	1	–		2
Closing balance – September 30, 2005	$ 12	$ 42	$ 3		$ 57

(a) Includes Celestica $858, J.L. French Automotive $19, ClientLogic $10 and Radian $4.
(b) Includes Celestica $858, J.L. French Automotive $18, ClientLogic $10 and Radian $4.

Initiated in 2004	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 138	$ 11	$ 12	$ 46	$ 207[(a)]
Cumulative costs expensed to date	137	11	12	46	206[(b)]
Expense for the period ended September 30, 2005	17	–	1	6	24
Reconciliation of accrued liability					
Closing balance – December 31, 2004	11	6	10		27
Cash payments	(19)	(1)	(5)		(25)
Charges	17	–	1		18
Other adjustments	(1)	–	–		(1)
Closing balance – September 30, 2005	$ 8	$ 5	$ 6		$ 19

(a) Includes Celestica $197, Radian $4, ClientLogic $3 and CMC $3.
(b) Includes Celestica $197, Radian $4, ClientLogic $3 and CMC $2.

Initiated in 2005	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 232	$ 40	$ 57	$ 23	$ 352[(a)]
Cumulative costs expensed to date	92	16	19	–	127[(b)]
Expense for the period ended September 30, 2005	92	16	19	–	127
Reconciliation of accrued liability					
Cash payments	(53)	–	(5)		(58)
Charges	92	16	19		127
Closing balance – September 30, 2005	$ 39	$ 16	$ 14		$ 69

(a) Includes Celestica $298, Spirit AeroSystems $43, ClientLogic $9 and CMC $1.

(b) Includes Celestica $105, Spirit AeroSystems $12, ClientLogic $8 and CMC $1.

Total	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 716	$ 209	$ 109	$ 416	$ 1,450
Cumulative costs expensed to date	574	185	71	393	1,223
Expense for the period ended September 30, 2005	104	19	22	9	154
Reconciliation of accrued liability					
Closing balance – December 31, 2004	31	54	13		98
Cash payments	(76)	(11)	(12)		(99)
Charges	104	19	22		145
Other adjustments	–	1	–		1
Closing balance – September 30, 2005	$ 59	$ 63	$ 23		$ 145

8. PENSION

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

	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Defined benefit expense	**$ 5**	$ 6	**$ 15**	$ 18

9. EARNINGS PER SHARE

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

	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Weighted average number of shares outstanding				
Basic	**139,017,000**	138,965,000	**139,016,000**	142,790,000
Diluted	**139,017,000**	138,965,000	**139,016,000**	142,790,000

10. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

	Three months ended September 30		Nine months ended September 30	
	2005	2004	**2005**	2004
Interest	**$ 63**	$ 33	**$ 145**	$ 138
Taxes	**$ 12**	$ 6	**$ 80**	$ 23

11. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Contingent liabilities in the form of letters of credit, letters of guarantee, and surety and performance bonds are provided by certain operating companies to various third parties and include certain bank guarantees. At September 30, 2005 the amounts payable in respect of these guarantees totalled $148. Certain operating companies have guarantees with respect to employee share purchase loans that amounted to $2 at September 30, 2005. These guarantees are without recourse to Onex.

The Company has commitments in the total amount of approximately $85 in respect of corporate investments.

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

Onex' operating companies have aggregate capital commitments of $350 as at September 30, 2005.

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

12. SUBSEQUENT EVENTS

Onex and certain operating companies have entered into agreements to acquire or make investments in other businesses. These transactions are subject to a number of conditions, many of which are beyond the control of Onex or the operating companies. The effect of these planned transactions, if completed, may be significant to the consolidated financial position of Onex.

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

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

In October 2005, Onex announced that it had agreed to acquire Skilled Healthcare Group, Inc., a leading regional operator of long-term care facilities in the western United States, in a transaction valued at approximately $750. Onex and Onex Partners will invest approximately $265 of equity as part of the purchase. Onex' share of that would be approximately $65.

On November 9, 2005, Onex Partners sold its remaining shares of Magellan for net proceeds of approximately $125. Onex' share of those proceeds is approximately $33. This brings the total value Onex Partners has realized on Magellan to approximately $301, of which Onex' share is approximately $80. Onex Partners' investment in Magellan was $131, of which Onex' portion was $31, which was made in January 2004.

13. INFORMATION BY INDUSTRY SEGMENT

(Unaudited) *(in millions of dollars)* ***Three months ended September 30, 2005***	Electronics Manufacturing Services	Aero-structures	Theatre Exhibition	Healthcare	Customer Management Services	Automotive Products	Other[a]	Consolidated Total
Revenues	$ 2,388	$ 684	$ 152	$ 579	$ 170	$ 133	$ 273	$ 4,379
Cost of sales	(2,229)	(617)	(126)	(496)	(104)	(108)	(180)	(3,860)
Selling, general and administrative expenses	(70)	(51)	(9)	(30)	(50)	(5)	(84)	(299)
Earnings before the undernoted items	$ 89	$ 16	$ 17	$ 53	$ 16	$ 20	$ 9	$ 220
Amortization of property, plant and equipment	(37)	(6)	(13)	(19)	(8)	(13)	(9)	(105)
Amortization of intangible assets and deferred charges	(8)	(1)	(1)	(4)	(2)	–	(8)	(24)
Interest expense of operating companies	(19)	(15)	(9)	(18)	(6)	(23)	(11)	(101)
Interest and other income	2	10	–	1	1	–	20	34
Equity-accounted investments	–	–	–	–	–	–	(4)	(4)
Foreign exchange gains (loss)	1	–	–	–	–	–	(59)	(58)
Stock-based compensation	(13)	(3)	(8)	(1)	–	–	(5)	(30)
Derivative instruments	–	–	–	–	–	–	2	2
Gains on sales of operating investments, net	–	–	–	–	–	–	54	54
Acquisition, restructuring and other expenses	(49)	(5)	–	–	(2)	(1)	–	(57)
Debt prepayment	17	–	(4)	–	–	–	–	13
Writedown of long-lived assets	–	–	(4)	–	–	–	–	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	$ (17)	$ (4)	$ (22)	$ 12	$ (1)	$ (17)	$ (11)	$ (60)
Provision for income taxes								(22)
Non-controlling interests								11
Loss from continuing operations								$ (71)
Earnings from discontinued operations								84
Net earnings								$ 13

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

13. INFORMATION BY INDUSTRY SEGMENT (cont'd)

(Unaudited) *(in millions of dollars)* *Three months ended September 30, 2004*	Electronics Manufacturing Services	Theatre Exhibition	Customer Management Services	Automotive Products	Other[a]	Consolidated Total
Revenues	$ 2,833	$ 85	$ 182	$ 154	$ 151	$ 3,405
Cost of sales	(2,652)	(63)	(117)	(126)	(106)	(3,064)
Selling, general and administrative expenses	(90)	(5)	(49)	(4)	(44)	(192)
Earnings before the undernoted items	$ 91	$ 17	$ 16	$ 24	$ 1	$ 149
Amortization of property, plant and equipment	(58)	(5)	(11)	(15)	(6)	(95)
Amortization of intangible assets and deferred charges	(10)	–	(4)	–	(6)	(20)
Interest expense of operating companies	(10)	(2)	(6)	(25)	(7)	(50)
Interest and other income	–	–	2	1	6	9
Equity-accounted investments	–	–	–	–	(6)	(6)
Foreign exchange gains (loss)	(3)	–	–	1	(77)	(79)
Stock-based compensation	(5)	(1)	(1)	–	20	13
Derivative instruments	–	–	–	–	117	117
Gains on sales of operating investments, net	–	–	–	–	10	10
Acquisition, restructuring and other expenses	(43)	–	(1)	(1)	(2)	(47)
Debt prepayment	–	–	–	(3)	(1)	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	$ (38)	$ 9	$ (5)	$ (18)	$ 49	$ (3)
Recovery of income taxes						12
Non-controlling interests						60
Earnings from continuing operations						$ 69
Earnings from discontinued operations						212
Net earnings						$ 281

(a) Other includes Radian, ONCAP and parent company.

(Unaudited) *(in millions of dollars)* ***Nine months ended September 30, 2005***	Electronics Manufacturing Services	Aero-structures	Theatre Exhibition	Healthcare	Customer Management Services	Automotive Products	Other[a]	Consolidated Total
Revenues	$ 7,826	$ 794	$ 298	$ 1,548	$ 528	$ 450	$ 780	$ 12,224
Cost of sales	(7,266)	(715)	(242)	(1,315)	(327)	(365)	(508)	(10,738)
Selling, general and administrative expenses	(239)	(70)	(18)	(81)	(155)	(15)	(233)	(811)
Earnings before the undernoted items	$ 321	$ 9	$ 38	$ 152	$ 46	$ 70	$ 39	$ 675
Amortization of property, plant and equipment	(119)	(10)	(27)	(52)	(25)	(42)	(27)	(302)
Amortization of intangible assets and deferred charges	(26)	(1)	(1)	(13)	(9)	–	(21)	(71)
Interest expense of operating companies	(50)	(17)	(14)	(49)	(16)	(62)	(31)	(239)
Interest and other income	5	10	2	1	3	–	78	99
Equity-accounted investments	–	–	–	1	–	–	–	1
Foreign exchange gains (loss)	5	–	–	–	(2)	–	(28)	(25)
Stock-based compensation	(23)	(3)	(8)	(2)	–	–	(15)	(51)
Derivative instruments	–	–	–	–	–	–	3	3
Gains on sales of operating investments, net	–	–	–	–	–	–	870	870
Acquisition, restructuring and other expenses	(128)	(13)	–	–	(8)	(3)	(2)	(154)
Debt prepayment	17	–	(4)	–	–	–	–	13
Writedown of goodwill and intangible assets	–	–	–	–	(2)	–	–	(2)
Writedown of long-lived assets	–	–	(4)	–	–	–	–	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	$ 2	$ (25)	$ (18)	$ 38	$ (13)	$ (37)	$ 866	$ 813
Provision for income taxes								(50)
Non-controlling interests								(3)
Earnings from continuing operations								$ 760
Earnings from discontinued operations								213
Net earnings								$ 973
Total assets[b]	$ 5,444	$ 1,867	$ 832	$ 1,867	$ 250	$ 421	$ 2,960	$ 13,641
Long-term debt[c]	$ 872	$ 814	$ 360	$ 784	$ 201	$ 752	$ 522	$ 4,305

(a) Other includes Radian, Cosmetic Essence, Onex Real Estate, Onex Public Markets Group, ONCAP and parent company.
(b) Assets relating to discontinued operations are included in Theatre Exhibition, $2.
(c) Long-term debt includes current portion and excludes capital leases.

13. INFORMATION BY INDUSTRY SEGMENT (cont'd)

(Unaudited) *(in millions of dollars)* *Nine months ended September 30, 2004*	Electronics Manufacturing Services	Theatre Exhibition	Customer Management Services	Automotive Products	Other[a]	Consolidated Total
Revenues	$ 8,639	$ 239	$ 548	$ 538	$ 362	$ 10,326
Cost of sales	(8,084)	(182)	(340)	(427)	(241)	(9,274)
Selling, general and administrative expenses	(276)	(14)	(149)	(13)	(122)	(574)
Earnings (loss) before the undernoted items	$ 279	$ 43	$ 59	$ 98	$ (1)	$ 478
Amortization of property, plant and equipment	(175)	(17)	(31)	(46)	(13)	(282)
Amortization of intangible assets and deferred charges	(30)	(1)	(12)	–	(11)	(54)
Interest expense of operating companies	(14)	(5)	(14)	(74)	(14)	(121)
Interest and other income	(1)	–	3	1	11	14
Equity-accounted investments	–	–	–	–	(4)	(4)
Foreign exchange gains (loss)	(11)	–	5	2	(59)	(63)
Stock-based compensation	(16)	(1)	(2)	–	(13)	(32)
Derivative instruments	–	–	–	–	38	38
Gains on sales of operating investments, net	–	–	–	–	102	102
Acquisition, restructuring and other expenses	(130)	–	(4)	(4)	(7)	(145)
Debt prepayment	(2)	–	–	(3)	(1)	(6)
Writedown of goodwill and intangible assets	–	–	(5)	–	–	(5)
Writedown of long-lived assets	–	–	–	(2)	–	(2)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	$ (100)	$ 19	$ (1)	$ (28)	$ 28	$ (82)
Recovery of income taxes						19
Non-controlling interests						88
Earnings from continuing operations						$ 25
Earnings from discontinued operations						224
Net earnings						$ 249
Total assets as at December 31, 2004[b]	$ 5,925	$ 368	$ 303	$ 452	$ 4,761	$ 11,809
Long-term debt as at December 31, 2004[c]	$ 750	$ 129	$ 192	$ 721	$ 416	$ 2,208

(a) Other includes Radian, Cosmetic Essence, ONCAP and parent company.

(b) Other includes the discontinued operations of InsLogic, CMC Electronics and Magellan; Theatre Exhibition includes the discontinued operations of Cineplex, described in note 2.

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

SHAREHOLDER INFORMATION

Third Quarter Dividend

A dividend of $0.0275 per Subordinate Voting Share was paid on October 31, 2005 to shareholders of record as of October 10, 2005.

Dividend Reinvestment Plan

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

Stock Listing

The Toronto Stock Exchange
Symbol: OCX.SV

Registrar and Transfer Agent

CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
(416) 643-5500
or call toll-free throughout
Canada and the United States
1-800-387-0825

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

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