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Onex Corporation Report on the Third Quarter Ended September 30, 2004

Onex Corporation is a diversified company with annual revenues of approximately \$16 billion, assets of \$13 billion and 71,000 employees worldwide.

We operate through autonomous subsidiaries in a variety of industries, including electronics manufacturing services, theatre exhibition, managed healthcare, customer management services, automotive 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

2004 continues to be a very busy year.

We made significant investments in Magellan and ResCare. Most recently, we made an investment in Compagnie Générale de Géophysique, and have reached agreements to acquire two additional businesses: Cosmetic Essence, Inc. and Center for Diagnostic Imaging, Inc. These businesses have attractive industry dynamics and are led by excellent management teams.

We continued to work closely with our existing operating companies to build their financial and competitive strengths. This year, almost all of these companies are realizing meaningful improvements.

We realized close to \$800 million in proceeds from the sale of Loews Cineplex and the initial public offering of Commercial Vehicle Group. In addition, to date in 2004 we have repurchased more than nine million Onex Subordinate Voting Shares under our Normal Course Issuer Bid.

The financial position of Onex, the parent company, grew even stronger as we had close to \$1.7 billion in cash and near-cash resources at the end of the third quarter. As always, we will be prudent in investing those cash resources.

Third Quarter Significant Events

This section provides a summary of the significant events at Onex and its operating companies during the three months ended September 30, 2004. 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.

During the third quarter, Onex identified and reviewed a number of attractive growth opportunities. This has led to agreements to acquire two businesses as described in the following paragraphs and an investment of \$104 million in Compagnie Générale de Géophysique ("CGG"). Onex' portion of the CGG investment is approximately \$24 million.

Onex to acquire Cosmetic Essence, Inc.

Onex and Onex Partners LP announced in early November that they had reached an agreement to acquire Cosmetic Essence, Inc. ("CEI") in a transaction valued at approximately \$300 million. Onex and Onex Partners will be investing approximately \$135 million in the equity of the business for an approximate 90 percent ownership interest. Onex' share will be approximately \$35 million. CEI is a leading provider of outsourced formulating, manufacturing, filling, packaging and distribution services to the personal care products industry. The company manufactures and distributes products such as fragrances, crèmes, lotions and colour cosmetics for a diversified customer base of leading branded manufacturers and major retailers. The company generates annual revenues of more than \$250 million. CEI has an outstanding management team who will invest in the business along with Onex and Onex Partners.

Continuing growth in healthcare sector

In late October, Onex and Onex Partners LP signed an agreement to acquire Center for Diagnostic Imaging, Inc. ("CDI") in a transaction valued at approximately \$225 million. Onex and Onex Partners will be investing approximately \$93 million in the equity of the business for an approximate 84 percent ownership interest, of which Onex' share will be approximately \$20 million. CDI is a leading provider of diagnostic and therapeutic radiology services. The company operates 31 diagnostic imaging centers in nine markets in the United States. CDI's imaging services include magnetic resonance imaging ("MRI"), computed tomography ("CT"), diagnostic and therapeutic-injection procedures, as well as other procedures such as conventional x-ray, mammography and ultrasound. We believe CDI is an excellent platform upon which to build in

an industry that has attractive growth potential due to demographic trends and to technological advances that continue to increase the importance of diagnostic imaging.

Celestica expands margins and generates positive cash flow

During the third quarter, Celestica, a leading provider of electronics manufacturing services, reported a 33 percent increase in revenues to US\$2.2 billion from US\$1.6 billion in the third quarter of 2003 despite lower demand than anticipated from some of its largest communications and information technology customers. Base business volumes drove a 15 percent increase in revenues. The MSL acquisition, completed in March 2004, and the purchase of NEC Corporation's assets in the Philippines in April 2004 increased revenues by a further 18 percent. The company also reported a US\$22 million increase in operating earnings to US\$19 million for the three months ended September 30, 2004; this compared to an operating loss of US\$3 million in the same period last year. Higher revenues, as well as margin improvements from previously announced restructuring activities and the acquisitions completed in the first half of 2004, contributed to the boost in operating earnings in the quarter. In addition, Celestica generated positive cash flow from operations in the third quarter of 2004 due primarily to improved working capital management, particularly the reduction of receivables.

In late September 2004, Celestica completed the divestiture of its Power Systems business to C&D Technologies, a provider of solutions for power conversion and storage of electrical power; the all-cash transaction was valued at approximately US\$53 million. As part of this transaction, the companies also announced a three-year supply agreement for Celestica to manufacture certain C&D Technologies power products.

During the third quarter, Celestica refocused its reference design capabilities to better support the needs of its largest original equipment manufacturers ("OEM") customers. As a result, Celestica discontinued creating its own 64-bit reference designs and has exited its channel distribution activities for these products. The company will continue to provide standard server and high-performance computing solutions to its customers by redeploying its design teams to the specific product development initiatives of its major OEM customers.

Magellan strengthens core business

During the third quarter of 2004, Magellan, the leading provider of managed behavioural health-care in the United States, signed three contracts with the State of Tennessee that extend the company's management of behavioural healthcare services for the state. These agreements, which are expected to generate approximately US\$440 million in annual revenues, retain a long-standing customer and demonstrate the company's strength in its core business. In addition, Magellan continued to enhance operational efficiency and quality of service under the company's

performance improvement plan during the third quarter. The company completed the closure of four service centres that it had slated to close in 2004. In addition, Magellan made progress on the consolidation of its information technology platforms, with efforts still on target for migration to a single system by the end of 2005. The company also reduced its administrative cost ratio to 21 percent for the nine months ended September 30, 2004 compared to 24 percent, after affecting for an accounting change with respect to the recording of revenue, for the same period in 2003.

Magellan performed well during the third quarter of 2004 with reported revenues and operating earnings of US\$437 million and US\$57 million, respectively, in Canadian GAAP.

ClientLogic broadens global footprint

ClientLogic, a leading international provider of customer care and fulfillment services, continued to expand its call centre capabilities with the establishment of a call centre in Rabat, Morocco; the facility is expected to be operational before the end of 2004. This call centre will broaden ClientLogic's international footprint and support its customers' demand for scalable, cost-effective customer care services. ClientLogic also opened two additional call centres in New Brunswick, Canada during the third quarter of 2004, one of which was operating at full capacity by the close of the quarter.

ClientLogic reported revenues of US\$140 million for the third quarter of 2004, up 31 percent from US\$107 million reported in the same quarter of 2003. Approximately US\$19 million of the revenue growth in the period was due to the acquisition of Service Zone, Inc. in December 2003; and US\$6 million was generated from net new business wins. Operating earnings grew to US\$4 million in the third quarter of 2004 compared to an operating loss of US\$8 million in the same quarter last year due primarily to higher revenues and the benefits of cost-reduction initiatives that began in 2003.

Loews Cineplex Entertainment sold for \$2 billion

At the end of July 2004, Onex and Oaktree Capital Management, LLC ("Oaktree"), its partner in Loews Cineplex Entertainment Corporation and Grupo Cinemex (collectively "Loews Cineplex"), completed the sale of Loews Cineplex for approximately \$2 billion. Onex received proceeds of approximately \$739 million for its interest and retained Loews Cineplex' interest in the Canadian operations, whose units had a value of \$112 million at the time of sale. As a result, Onex recorded a pre-tax gain of \$238 million on this sale, which excludes the value of the Canadian operations. The Loews Cineplex operations up to the date of sale, as well as the net after-tax gain, have been reported as discontinued operations in the unaudited interim consolidated financial statements for the third quarter; the comparative 2003 third-quarter results of Loews Cineplex have been reclassified to be presented as discontinued. Onex retained Loews Cineplex' interest in the Canadian operations that include Cineplex Galaxy Income Fund ("CGIF") and Cineplex Odeon

Corporation (“Cineplex Odeon Canada”), which has operations not included in CGIF. Onex’ interest in these combined operations now represent Onex’ operations in the theatre exhibition industry, as reported in the unaudited interim consolidated financial statements. The total value Onex has received from the theatre exhibition segment, including the market value at September 30, 2004 of the units of CGIF it holds, is just over \$1 billion compared to a total investment of approximately \$540 million.

Higher revenues at Cineplex Galaxy

Cineplex Galaxy and Cineplex Odeon Canada reported combined third-quarter revenues of \$96 million, up 10 percent from revenues of \$87 million in the third quarter of 2003. Several factors contributed to the revenue growth in the quarter: improved ancillary revenues such as on-screen advertising, which accounted for 11 percent of the revenue increase; a 5 percent increase in box-office revenue due to new theatre openings and a more successful slate of films during the three months; and a 6 percent increase in concession revenues. Despite improved revenues, operating earnings of \$13 million were on par with those of the third quarter of 2003. During the third quarter of 2004, operating earnings at CGIF increased slightly from the same quarter of 2003, offset by lower operating earnings at Cineplex Odeon Canada.

J.L. French Automotive completes refinancing of debt

In August 2004, J.L. French Automotive, a leading independent supplier of complex die-cast aluminum components for automotive original equipment manufacturers (“OEMs”), completed the refinancing of its outstanding indebtedness. This new financing provides J.L. French Automotive with improved liquidity, extended the maturity of the debt by nearly six years, and provides the financial flexibility to pursue new business opportunities. The refinancing included: (i) the issuance of US\$165 million of new Class A preferred stock and common stock; (ii) the repurchase and retirement of a significant portion of the company’s 11.5 percent senior subordinated notes at a discount; and (iii) new credit facilities of US\$465 million in total borrowings maturing in 2011 and 2012, which replaced the company’s existing senior secured credit facilities. Approximately US\$39 million of the refinancing was contributed by Onex through its purchase of J.L. French Automotive’s new Class A preferred stock and common stock. As a result, Onex’ ownership in J.L. French Automotive increased to approximately 77 percent from 56 percent.

North American car and light truck production declined slightly to 1.4 million units in the third quarter of 2004. However, J.L. French Automotive reported revenues of US\$118 million for the three months ended September 30, 2004, up 4 percent from US\$114 million in the same period of 2003. Approximately US\$3 million of the revenue growth was due to increased production of specific Ford platforms and US\$6 million from new business. Partially offsetting these growth

factors were lower sales on specific General Motors platforms. Operating earnings also grew in the third quarter of 2004 to US\$8 million from US\$6 million in the same quarter of 2003. The improvement was due primarily to higher productivity and tighter cost management.

Commercial Vehicle Group completes initial public offering

In early August 2004, Commercial Vehicle Group, Inc. (“CVG”), a supplier of interior systems, vision safety solutions and other cab-related products to the global commercial vehicle market, completed a \$180 million initial public offering. As part of that offering, Onex sold some of its CVG shares, receiving \$54 million in net proceeds and recording a gain of \$60 million after considering previously recorded losses. In addition, Onex received approximately \$27 million on the repayment of debt held by Onex, which resulted in a further gain of \$15 million. The total value Onex has received on CVG, including the value of shares held, totalled approximately \$171 million at September 30, 2004 compared to an investment of approximately \$69 million. Onex’ equity ownership in CVG was reduced from 55 percent to 24 percent and Onex ceased to have voting control of the company at the time of the offering. As a result, CVG is included in Onex’ third-quarter unaudited interim consolidated financial results on an equity accounted basis from that time. At September 30, 2004, Onex owned 4.2 million CVG shares, which had a market value of \$85 million at that date.

ResCare expands in-home service offerings

Res-Care, Inc. (“ResCare”), a leading provider in the United States of residential, training, educational and support services for special needs youth and persons with disabilities, focused on identifying growth opportunities in the third quarter of 2004. In early September 2004, the company acquired privately held First Choice Medical, based in Atlanta, Georgia, which provides personal care and skilled nursing services for older persons and those with disabilities. First Choice provides services to more than 700 people from 16 locations in Georgia, and will broaden ResCare’s in-home service offerings in the state. Onex’ investment facilitated the First Choice acquisition, and we believe ResCare will use its financial strength to pursue additional growth opportunities of this nature.

ONCAP subsidiary, Armtec, sold

ONCAP’s operating company, Armtec Limited (“Armtec”), a leading manufacturer and marketer of drainage products and engineered solutions for infrastructure applications, completed an initial public offering of income fund units in Canada in late July. ONCAP sold all of its ownership in Armtec as part of this offering for proceeds of \$76 million, more than double its original investment. Onex’ share of those proceeds was \$25 million, which resulted in Onex recording a \$9 million after-tax gain.

ONCAP's operating companies – CMC Electronics, Western Inventory Service Ltd. ("WIS"), Futuremed Health Care Products Inc. ("Futuremed") and Canadian Securities Registration Systems, Ltd. ("CSRS") – reported combined revenues of \$138 million for the third quarter, an increase of \$72 million from the \$66 million reported during the third quarter of 2003. Operating earnings also grew to \$21 million in the third quarter of 2004 from \$8 million in the same quarter of last year. The increase in the third-quarter revenues and operating earnings were due primarily to the inclusion of results for Futuremed, acquired in February 2004, and CSRS, acquired in April 2004.

Market conditions remain competitive for Radian

Radian reported revenues of \$26 million in the third quarter of 2004, up slightly from those in the same quarter of last year, due primarily to the inclusion of revenues from the Rohn business acquired in December 2003. Radian reported an operating loss of \$3 million for the third quarter compared to an operating loss of \$2 million in the third quarter of last year. Continuing price competition, driven primarily by ongoing low levels of capital expenditures by wireless carriers in the United States and Canada, resulted in the loss. Nevertheless, the company believes that the robust international market for broadcast and other towers, as well as the stabilizing demand from that sector in the United States, will benefit the company going forward. During the third quarter, Radian won \$14 million in new tower business in the United States and international markets.

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

Forward-Looking/Safe Harbour and Fair Disclosure Statement

This interim Management's Discussion and Analysis ("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 MD&A and Onex Corporation's unaudited interim consolidated financial statements have been prepared to provide information about Onex Corporation on a consolidated basis and should not be considered as providing sufficient information to make an investment decision in regard to any particular Onex operating company.

The Financial Review that follows should be read in conjunction with the unaudited interim consolidated financial statements for the period ended September 30, 2004 and with the 2003 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.

Onex' December 31, 2003 report conformed with the new regulations for MD&A disclosure. This interim MD&A is an update to that disclosure.

All amounts are in Canadian dollars unless otherwise indicated.

Financial Review

This section analyzes the significant changes in Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three and nine months ended September 30, 2004 compared to those for the same periods ended September 30, 2003, and compares Onex' financial condition at September 30, 2004 to that at December 31, 2003.

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 at the date of the unaudited interim consolidated financial statements. Significant accounting policies and methods used in the 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, 2003 audited annual consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Significant estimates are used in determining the allowance for doubtful accounts, inventory valuation, income tax valuation allowances, the fair value of reporting units for purposes of goodwill impairment tests, the useful lives and valuation of intangible assets, and restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

New accounting policies in 2004

Generally accepted accounting principles

In the first quarter of 2004, Onex adopted *Canadian Institute of Chartered Accountants* ("CICA") *Handbook* Section 1100, "Generally Accepted Accounting Principles". This section establishes standards for financial reporting in accordance with GAAP and provides guidance on sources to consult when selecting accounting policies and determining the appropriate disclosure if a matter is not explicitly dealt with in the primary sources of GAAP. In addition, Onex has adopted *CICA Handbook* Section 1400, "General Standards of Financial Statement Presentation", which provides updated guidance on general concepts associated with financial statements. The adoption of these sections did not have a material impact on Onex' unaudited interim consolidated financial statements.

Hedging relationships

Effective January 1, 2004, Onex adopted Accounting Standards Board Accounting Guideline 13 ("AcG-13"), "Hedging Relationships", which addresses the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. This Guideline also establishes certain conditions for applying hedge accounting and deals with the discontinuation of hedge accounting. Onex also adopted Emerging Issues Committee Abstract 128 ("EIC-128"), "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments", which requires that any derivative financial instrument that is not designated as a compliant hedge under AcG-13 be measured at fair value, with changes in fair value recorded in current year income. For the three and nine months ended September 30, 2004, Onex recorded income of \$117 million and \$38 million, respectively, as a result of adopting these new pronouncements, even though there was no economic or financial impact. This is due to marking to market the value of exchangeable debentures and forward sales contracts relative to certain Celestica shares held by Onex. Further details on these pronouncements appear in this MD&A under the heading "Derivative instruments" and are disclosed under the same heading in Onex' unaudited interim consolidated statements of earnings for the three and nine months ended September 30, 2004.

Asset retirement obligations

Onex adopted the new *CICA Handbook* Section 3110, "Asset Retirement Obligations", in the first quarter of 2004. This Section establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated retirement costs. It applies to all legal obligations associated with the retirement of a tangible long-lived asset that result from its acquisition, construction, development or normal operation. The adoption of this Section did not have a material impact on Onex' unaudited interim consolidated financial statements.

Stock-based compensation and other stock-based payments

Effective January 1, 2004, Onex and its operating companies adopted the revised *CICA Handbook* Section 3870, "Stock-based Compensation and Other Stock-based Payments", which requires that a fair value-based method of accounting be applied to all stock-based compensation payments to both employees and non-employees. Previously, only awards that called for settlement with cash or other assets, or stock appreciation rights that called for settlement by the issuance of equity instruments, were required to be recorded as compensation expense. Onex has been recording the change in value of options on its shares and investment rights under the Management Investment Plan as a charge or credit to earnings since January 1, 2002. The current change affects the accounting for certain stock option plans at Onex' operating companies. The operating companies adopted this new requirement on January 1, 2004 on a retroactive basis for

awards made since January 1, 2002 that had not previously been recognized as compensation expense in the consolidated statements of earnings; there was no restatement of prior periods. Accordingly, as at January 1, 2004, the adoption of this new requirement reduced retained earnings by \$5 million and decreased non-controlling interests by \$5 million. For the three and nine months ended September 30, 2004, Onex' operating companies, excluding the parent company, recorded expense of \$10 million and \$55 million, respectively, related to this new requirement in Onex' unaudited interim consolidated statements of earnings. Note 8 to the unaudited interim consolidated financial statements provides pro forma net loss and loss per share for the three and nine months ended September 30, 2003 adjusted for the effect of stock option plans of operating companies not recorded through the statements of earnings.

Revenue recognition

Onex and its operating companies have adopted the new EIC-141, "Revenue Recognition", EIC-142, "Revenue Arrangements with Multiple Deliverables", and EIC-143, "Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts". These sections provide more specific guidance on *CICA Handbook* Section 3400, "Revenue", and attempt to harmonize revenue standards between Canadian and U.S. GAAP. The adoption of these EIC standards did not have a material impact on Onex' unaudited interim consolidated financial statements.

Employee future benefits

In the second quarter of 2004, Onex adopted the amended *CICA Handbook* Section 3461, "Employee Future Benefits", which requires additional disclosures about the assets, cash flows and net periodic benefit costs of defined benefit pension plans and other post-retirement benefits plans. The new annual disclosures are effective for fiscal years ending on or after June 30, 2004. New interim disclosures of net periodic benefit costs are effective for quarters ending on or after June 30, 2004. Note 11 to the unaudited interim consolidated financial statements provides the additional interim period disclosure of pension plans and other post-retirement benefits plans of Onex' operating companies.

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, 2004, the corresponding notes thereto and the December 31, 2003 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 derivative instruments; and activities at Onex' operating companies. These activities may include the purchase or sale of businesses; fluctuations in customer demand, materials and employee-related costs; and changes in the mix of products and services produced.

Significant events that affected reported results for the period ended September 30, 2004

The following significant events affected Onex' unaudited interim consolidated operating results for the period ended September 30, 2004 and their comparability to results for the same period of 2003.

Investment in Magellan

In January 2004, Onex and Onex Partners completed their investment in Magellan Health Services, Inc. ("Magellan"), the leading provider of managed behavioural healthcare in the United States. The operations of the company are included from that date on a consolidated basis. Magellan is reported in a new segment – Managed Healthcare – in Onex' unaudited interim consolidated financial statements. Note 3 to the unaudited interim consolidated financial statements provides additional information on this acquisition.

Performance Logistics Group Acquisition of Leaseway Auto Carrier Group

In late March 2004, Performance Logistics Group ("PLG") acquired Leaseway Auto Carrier Group ("Leaseway") from Penske Truck Leasing Co., L.P. in a share-exchange transaction. Due to the issuance of additional shares of PLG for this transaction, Onex' ownership in PLG was diluted to 26 percent from 50 percent and Onex ceased to have voting control of the company. As a result, PLG's operating results have been included on an equity accounting basis in 2004 with the presentation of the company's revenues and operating earnings being collapsed to one line in the statement of earnings – "Equity accounted investments". In comparison, included in Onex' unaudited interim consolidated statement of earnings for the three and nine months ended September 30, 2003 were PLG's revenues of \$55 million and \$198 million, respectively, and an operating loss of \$1 million and operating earnings of \$5 million, respectively. In addition, in the first quarter of 2004, Onex recorded a \$58 million non-cash gain relating to the Leaseway transaction, which has been included in the line "Gains (loss) on shares of operating companies" in Onex' unaudited interim consolidated statement of earnings for the nine months ended September 30, 2004. The gain is comprised of a \$22 million non-cash accounting dilution gain and \$36 million of losses of PLG previously recognized by Onex that were in excess of other shareholders' equity in PLG.

Sale of Dura Automotive

On April 1, 2004, Onex sold its remaining interest in Dura Automotive. Onex received net proceeds of approximately \$23 million and recorded a pre-tax gain of \$4 million. This brings total proceeds from Onex' ownership in Dura Automotive to \$44 million compared to a total investment in the company of \$7 million made since 1990. As a result of the sale, Dura Automotive's year-to-date operating results for 2004 and the comparable periods of 2003 have been restated to be presented as earnings from discontinued operations in Onex' unaudited interim consolidated statements of earnings. Note 2 to the unaudited interim consolidated financial statements discloses those amounts in the December 31, 2003 balance sheet that have been restated to show the assets and liabilities as discontinued.

Investment in ResCare

On June 23, 2004, Onex and Onex Partners completed their \$114 million equity investment in Res-Care, Inc. ("ResCare") for an approximate 28 percent interest in the company. Onex' portion of that investment was \$27 million for an approximate 7 percent ownership interest. ResCare provides residential, therapeutic, job training and educational support to people with developmental or other disabilities, to youth with special needs and to adults who are experiencing barriers to employment. ResCare's operating results from the date of acquisition have been included on an equity accounting basis in Onex' unaudited interim consolidated financial statements. During the third quarter, Onex began to equity account for its investment in ResCare. Onex' share of the net earnings of ResCare was reported in the "Equity accounted investments" line in Onex' unaudited interim consolidated statements of earnings.

Sale of Loews Cineplex Entertainment and Cinemex

In July 2004, Onex and Oaktree Capital Management, LLC ("Oaktree"), its partner in Loews Cineplex Entertainment Corporation and Grupo Cinemex (collectively "Loews Cineplex"), sold Loews Cineplex for approximately \$2 billion. Onex received proceeds of approximately \$739 million for its interest and retained Loews Cineplex' interest in the Canadian operations, whose units had a value of \$112 million at the time of sale. As a result, Onex recorded a pre-tax gain of \$238 million on this sale, which excludes the value of the Canadian operations. As a result of the sale, Onex has presented Loews Cineplex' results as earnings from discontinued operations in the unaudited interim consolidated financial statements; the comparative 2003 third-quarter and year-to-date results of Loews Cineplex 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, 2003 balance sheet that have been restated to show the assets and liabilities as discontinued.

As part of the sale of Loews Cineplex, Onex and Oaktree retained Loews Cineplex' interest in Cineplex Galaxy Income Fund ("CGIF"), which operates theatres in Canada under the

Cineplex Odeon and Galaxy brands, and Cineplex Odeon Corporation ("Cineplex Odeon Canada"), which has operations not included in CGIF. Therefore, for the three and nine months ended September 30, 2004 and 2003, the theatre exhibition segment includes the reported results of CGIF as well as Cineplex Odeon Canada, which has operations not included in CGIF.

Commercial Vehicle Group initial public offering

In August 2004, Commercial Vehicle Group, Inc. ("CVG") completed a \$180 million initial public offering. As part of that offering, Onex sold some of its CVG shares, receiving \$54 million in net proceeds, and recording a gain of \$60 million after considering previously recorded losses. In addition, Onex received approximately \$27 million on the repayment of debt held by Onex, which resulted in a further gain of \$15 million. Onex' equity ownership in CVG was reduced from 55 percent to 24 percent as a result of the offering and sale of shares, and Onex ceased to have voting control of the company at that time. As a result, CVG was included in Onex' unaudited interim consolidated financial results on an equity accounting basis from the time of the offering. CVG's revenues and operating earnings of \$242 million and \$10 million, respectively, which represent the company's operations up to the date of the initial public offering, were included in the 2004 interim consolidated statement of earnings for the nine months ended September 30, 2004. Thereafter they are reported on an equity accounting basis in one line in the statements of earnings. In comparison, included in Onex' unaudited interim consolidated statements of earnings for the three and nine months ended September 30, 2003 were CVG's revenues of \$99 million and \$299 million, respectively, and operating earnings of \$9 million and \$25 million, respectively.

New accounting policy for derivative instruments

Effective January 1, 2004, Onex adopted AcG-13, "Hedging Relationships", and EIC-128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments", which require those derivative instruments that do not qualify for hedge accounting to be marked to market. Onex, the parent company, has two derivative instruments – exchangeable debentures and forward sales contracts related to certain shares of Celestica held by Onex – that are now required to be marked to market, with the change in value being recorded in earnings. While there was no economic impact on Onex, in the third quarter of 2004 Onex recorded a \$117 million benefit to earnings on these derivative instruments as a result of the decrease in the market value of the underlying Celestica shares since June 30, 2004. For the nine months ended September 30, 2004, Onex recorded a \$38 million benefit to earnings for the change in market value of those instruments from December 31, 2003. Accounting rules do not permit Onex to record the offsetting loss from the decrease in market value of the Celestica shares held, which are pledged as the only security for those derivative instruments.

Weakening of the U.S. dollar relative to the Canadian dollar

As most of Onex' operating companies are based in the United States or report in U.S. dollars but Onex reports its consolidated financial results in Canadian dollars, the movement of the U.S. dollar to Canadian dollar exchange rate directly affects Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated balance sheet. On a year-to-date basis, the U.S. dollar's average value was 1.3281 Canadian dollars compared to 1.4294 Canadian dollars in the first nine months of 2003. Thus, the lower U.S. dollar to Canadian dollar exchange rate used to convert Onex' U.S.-based operating companies' results was a contributing factor in the variance of the third-quarter and year-to-date results over the comparable periods last year.

As well, Onex holds a significant portion of its cash in U.S. dollar denominated commercial paper. The recording of these amounts based on the current exchange rate has resulted in losses of \$81 million and \$65 million being recorded for the three and nine months ended September 30, 2004. For the third quarter and first nine months of 2003, there was a foreign exchange gain of \$4 million and an exchange loss of \$106 million, respectively, recorded on U.S. cash held.

Consolidated revenues

Consolidated revenues grew 39 percent to \$4.0 billion in the third quarter of 2004 from \$2.9 billion in the same quarter last year. The factors that contributed to the revenue growth in the quarter were: \$583 million from improved revenues at Celestica due to a 15 percent increase in the company's base business volumes, as well as an 18 percent increase in revenues from its acquisitions of Manufacturers' Services Limited ("MSL") in mid-March 2004 and NEC Corporation's operations in the Philippines; \$574 million of revenues from the inclusion of Magellan, which was a new investment made in January 2004; and \$34 million of increased revenues at ClientLogic, most of which were related to the company's acquisition of Service Zone, Inc. in December 2003 and new business wins.

Partially offsetting the third-quarter revenue growth was the exclusion of revenues of PLG and CVG in 2004, which collectively amounted to \$154 million in the comparable quarter last year. These businesses are equity accounted from the respective dates when Onex ceased to have control of these companies in 2004 as indicated above, compared to being consolidated in 2003.

For the nine months ended September 30, 2004, consolidated revenues were \$12.3 billion, up 39 percent from \$8.9 billion in the same period of 2003; this increase was due primarily to those factors cited above that impacted the third quarter, such as the inclusion of Magellan (\$1.7 billion) and higher revenues at Celestica (\$1.8 billion). Partially offsetting the revenue increase for the first nine months of 2004 were lower revenues from the automotive segment due to the equity accounting of PLG since March 2004 and of CVG since August 2004; these operations were consolidated for the nine months ended September 30, 2003. Combined revenues for these businesses were \$497 million in the first nine months of 2003.

A detailed breakdown of revenues by industry segment for the three and nine months ended September 30, 2004 and 2003 and the change in revenues from those periods is provided in Table 1 in both the Canadian dollar and the functional currencies of the companies. This presentation is made to show the effect of currency translation changes. Note 15 to the unaudited interim consolidated financial statements also details revenues by industry segment.

Revenues by Industry Segment

TABLE 1	(Unaudited) (\$ millions) Three months ended September 30	Canadian Dollars			Functional Currency		
		2004	2003	Revenue increase/ (decrease)	2004	2003	Revenue increase/ (decrease)
	Electronics Manufacturing Services	\$ 2,833	\$ 2,250	\$ 583	US\$ 2,176	US\$ 1,635	US\$ 541
	Theatre Exhibition	96	87	9	C\$ 96	C\$ 87	C\$ 9
	Managed Healthcare	574	-	574	US\$ 437	-	US\$ 437
	Customer Management Services	182	148	34	US\$ 140	US\$ 107	US\$ 33
	Automotive Products	154	311	(157)	US\$ 118	US\$ 226	US\$ (108)
	Other ^(a)	169	96	73	C\$ 169	C\$ 96	C\$ 73
	Total	\$ 4,008	\$ 2,892	\$ 1,116			

	(Unaudited) (\$ millions) Nine months ended September 30	Canadian Dollars			Functional Currency		
		2004	2003	Revenue increase/ (decrease)	2004	2003	Revenue increase/ (decrease)
	Electronics Manufacturing Services	\$ 8,639	\$ 6,865	\$ 1,774	US\$ 6,507	US\$ 4,820	US\$ 1,687
	Theatre Exhibition	269	234	35	C\$ 269	C\$ 234	C\$ 35
	Managed Healthcare	1,682	-	1,682	US\$ 1,265	-	US\$ 1,265
	Customer Management Services	548	452	96	US\$ 413	US\$ 316	US\$ 97
	Automotive Products	780	1,057	(277)	US\$ 586	US\$ 739	US\$ (153)
	Other ^(a)	413	290	123	C\$ 413	C\$ 290	C\$ 123
	Total	\$12,331	\$ 8,898	\$ 3,433			

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 Radian, InsLogic, ONCAP and parent company.

Consolidated cost of sales

Consolidated cost of sales increased 36 percent to \$3.5 billion in the third quarter of 2004 and to \$10.8 billion for the first nine months of 2004. This compares to consolidated cost of sales of \$2.6 billion and \$8.0 billion, respectively, for the three and nine months ended September 30, 2003.

Table 2 provides a breakdown of cost of sales by industry segment for the three and nine months ended September 30, 2004 and 2003 in both Canadian dollars and the companies' functional currencies, as indicated. We have provided the cost of sales in the companies' functional currencies to show the impact of foreign exchange translation on the cost of sales. Note 15 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			Functional Currency		
		2004	2003	Cost of sales increase/ (decrease)	2004	2003	Cost of sales increase/ (decrease)
	Electronics Manufacturing Services	\$ 2,652	\$ 2,118	\$ 534	US\$ 2,037	US\$ 1,538	US\$ 499
	Theatre Exhibition	71	66	5	C\$ 71	C\$ 66	C\$ 5
	Managed Healthcare	437	-	437	US\$ 332	-	US\$ 332
	Customer Management Services	117	103	14	US\$ 89	US\$ 75	US\$ 14
	Automotive Products	126	247	(121)	US\$ 96	US\$ 181	US\$ (85)
	Other ^(a)	115	62	53	C\$ 115	C\$ 62	C\$ 53
	Total	\$ 3,518	\$ 2,596	\$ 922			

	(Unaudited) (\$ millions) Nine months ended September 30	Canadian Dollars			Functional Currency		
		2004	2003	Cost of sales increase/ (decrease)	2004	2003	Cost of sales increase/ (decrease)
	Electronics Manufacturing Services	\$ 8,084	\$ 6,452	\$ 1,632	US\$ 6,089	US\$ 4,532	US\$ 1,557
	Theatre Exhibition	205	181	24	C\$ 205	C\$ 181	C\$ 24
	Managed Healthcare	1,285	-	1,285	US\$ 966	-	US\$ 966
	Customer Management Services	340	297	43	US\$ 256	US\$ 208	US\$ 48
	Automotive Products	619	823	(204)	US\$ 465	US\$ 578	US\$ (113)
	Other ^(a)	268	215	53	C\$ 268	C\$ 215	C\$ 53
	Total	\$10,801	\$ 7,968	\$ 2,833			

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 Radian, InsLogic, ONCAP and parent company.

Celestica's cost of sales increased 32 percent in its functional currency compared to a 33 percent increase in revenues in the third quarter of 2004. For the nine months ended September 30, 2004, cost of sales for Celestica increased 34 percent compared to a 35 percent increase in revenues. The improvement in gross profit of US\$42 million in the quarter and US\$130 million on a year-to-date basis was due primarily to increased base business volumes, improved operating efficiency, the benefits derived from Celestica's restructuring activities and acquisitions, partially offset by costs to support its reference design activities and higher costs in certain geographies due to a weaker U.S. dollar. In addition, included in cost of sales was a US\$17 million charge to write down inventory related to Celestica's restructuring of its reference design activities.

ClientLogic reported cost of sales as a percentage of revenues at 64 percent during the third quarter of 2004 compared to 69 percent for the same quarter last year. For the nine months ended September 30, 2004, cost of sales as a percentage of revenues was also lower at 62 percent compared to 66 percent in the first nine months of 2003. This improvement was due primarily to tighter cost management, as well as the benefit from a US\$7 million settlement on previously reserved contingent liabilities.

Magellan, in which Onex and Onex Partners invested in January 2004 and which has been consolidated from that date, represented \$437 million and \$1.3 billion, respectively, of the growth in cost of sales for the three and nine months ended September 30, 2004.

The automotive products segment reported lower cost of sales for the three months ended September 30, 2004, due primarily to the exclusion of PLG and CVG, which began to be equity accounted in March and August 2004, respectively, as discussed earlier. In 2003, these two businesses were consolidated in Onex' consolidated financial statements. Combined cost of sales for these businesses represented US\$87 million for the third quarter of 2003. Included in cost of sales for the automotive products segment for the first nine months of 2004 was US\$144 million of CVG and PLG cost of sales relating to those companies' operations prior to August 2004, when Onex ceased to have control of CVG, and March 2004, when Onex ceased to have control of PLG. For the first nine months of 2003, cost of sales for those businesses totalled US\$266 million.

Table 3 provides cost of sales as a percentage of revenues for the three and nine months ended September 30, 2004.

Cost of Sales as a Percentage of Revenues by Industry Segment

TABLE 3	<i>(Unaudited)</i>	Three months ended September 30		Nine months ended September 30	
		2004	2003	2004	2003
	Electronics Manufacturing Services	94%	94%	94%	94%
	Theatre Exhibition	74%	76%	76%	78%
	Managed Healthcare	76%	-	76%	-
	Customer Management Services	64%	69%	62%	66%
	Automotive Products	82%	80%	79%	78%
	Other ^(a)	68%	65%	65%	74%
	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 Radian, InsLogic, ONCAP 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 and income taxes. Table 4 on page 19 provides a reconciliation of the unaudited interim consolidated statements of earnings to operating earnings for the three and nine months ended September 30, 2004 and 2003.

Operating Earnings (Loss) Reconciliation

TABLE 4	(Unaudited) (\$ millions)	Three months ended September 30		Nine months ended September 30	
		2004	2003	2004	2003
	Earnings before the undernoted items	\$ 238	\$ 88	\$ 750	\$ 328
	Amortization of property, plant and equipment	(106)	(97)	(319)	(310)
	Interest and other income	11	5	19	40
	Equity accounted investments	(6)	-	(4)	-
	Foreign exchange gains (loss)	(79)	12	(64)	(83)
	Stock-based compensation	9	7	(70)	8
	Operating earnings (loss)	67	15	312	(17)
	Amortization of intangible assets and deferred charges	(25)	(23)	(68)	(72)
	Interest expense of operating companies	(61)	(36)	(164)	(123)
	Derivative instruments	117	-	38	-
	Gains (loss) on shares of operating companies, net	83	(1)	177	13
	Acquisition, restructuring and other expenses	(50)	(72)	(151)	(106)
	Debt prepayment costs	(4)	-	(6)	(9)
	Writedown of goodwill and intangible assets	-	(222)	(5)	(222)
	Writedown of long-lived assets	-	(9)	(2)	(9)
	Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ 127	\$(348)	\$ 131	\$(545)

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 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.

Consolidated operating earnings were \$67 million for the third quarter of 2004, up \$52 million from \$15 million in the same quarter of 2003. The quarter-over-quarter change in operating earnings was due to several factors: the inclusion of Magellan, which contributed \$74 million in operating earnings in the quarter; a \$30 million improvement in operating earnings at Celestica due to the higher volumes and benefits from cost cutting; and a \$17 million increase in ClientLogic's operating earnings driven primarily by cost-reduction initiatives implemented during the fourth quarter of 2003. Partially offsetting these factors was a \$79 million foreign exchange loss in the third quarter of 2004 compared to a \$12 million foreign exchange gain recorded in the same quarter of 2003; the loss in the quarter was primarily related to Onex, the parent company, due to its holding of U.S. cash and is reported in the "Other" line in Table 5. In addition, the reporting of PLG and CVG on an equity accounting basis resulted in the exclusion of these companies' operating earnings in the third quarter of 2004. PLG and CVG reported combined operating earnings of \$8 million in the third quarter of 2003; their operating earnings for the first nine months of 2003 totalled \$30 million.

For the nine months ended September 30, 2004, operating earnings grew to \$312 million from an operating loss of \$17 million reported in the comparable period of 2003. All of the factors that drove the third-quarter operating earnings growth also contributed to the year-to-date growth of operating earnings in 2004. Stock-based compensation, which is discussed in detail below, resulted in a charge of \$70 million for the nine months ended September 30, 2004 compared to income of \$8 million for the same period of 2003.

A detailed breakdown of operating earnings by industry segment and the change in operating earnings for the three and nine months ended September 30, 2004 and 2003 is provided in Table 5.

Operating Earnings (Loss) by Industry Segment

TABLE 5	<i>(Unaudited) (\$ millions)</i>	Three months ended September 30			Nine months ended September 30		
		2004	2003	Operating earnings increase/(decrease)	2004	2003	Operating earnings increase/(decrease)
	Electronics Manufacturing Services	\$ 25	\$ (5)	\$ 30	\$ 76	\$ 4	\$ 72
	Theatre Exhibition	13	13	-	31	33	(2)
	Managed Healthcare	75	-	75	184	-	184
	Customer Management Services	6	(11)	17	34	(19)	53
	Automotive Products	11	17	(6)	67	82	(15)
	Other ^(a)	(63)	1	(64)	(80)	(117)	37
	Total	\$ 67	\$ 15	\$ 52	\$ 312	\$ (17)	\$ 329

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 Radian, InsLogic, ONCAP and parent company.

Stock-based compensation

Since January 2002, the change in the value of stock-based compensation at the parent company has been recorded through the statements of earnings. As a result, operating earnings may increase or decrease depending upon changes in the market value of the shares underlying the stock-based compensation.

Effective January 1, 2004, Onex' operating companies adopted new accounting rules for stock-based compensation, which require a fair value-based method to be applied to all stock-based compensation payments to both employees and non-employees. Previously, only those awards that called for settlement with cash or other assets, or stock appreciation rights that called for settlement by the issuance of equity instruments, were required to be recorded as compensation expense. While Onex' operating companies have adopted this policy change on a retroactive basis, prior year earnings have not been restated. Instead, retained earnings and non-controlling interests have each been reduced by \$5 million. As a result of this new policy, Onex' operating companies, excluding the parent company, recorded stock compensation charges of \$10 million and \$55 million, respectively, for the three and nine months ended September 30, 2004.

For the third quarter of 2004, stock-based compensation provided a \$9 million benefit to operating earnings. Included in stock-based compensation was a \$19 million benefit to operating earnings recorded by Onex as a result of the decrease in the value of Onex' investment rights; partially offsetting this benefit were a \$5 million and \$4 million expense booked by Celestica and Magellan, respectively. This compares to a \$7 million increase in operating earnings related to stock-based compensation that was recorded in the third quarter of 2003 and which was due primarily to the decrease in the value of Onex' stock options and investment rights from their value at June 30, 2003.

For the nine months ended September 30, 2004, stock-based compensation expense was a \$70 million charge against operating earnings compared to an \$8 million benefit recorded in operating earnings in the first nine months of 2003. The \$70 million charge was contributed primarily by: the overall increase in value of Onex' stock options and investment rights from their value at December 31, 2003, which accounted for \$14 million; a \$14 million charge recorded by CVG; and a \$24 million stock-based compensation expense recorded at Magellan. Celestica accounted for \$16 million of the overall stock-based compensation expense for the first nine months of 2004.

Foreign exchange gains (loss)

Foreign exchange gains (loss) reflect the impact of changes in foreign exchange rates, primarily on the U.S. dollar denominated cash held at Onex, the parent company, and foreign currency denominated cash held at the operating companies. While changes in foreign currency rates may apply to various currencies, the primary foreign currency translation impact on Onex' unaudited interim consolidated financial results is from the conversion of the U.S. dollar to the Canadian dollar. Note 15 to the unaudited interim consolidated financial statements provides a breakdown of foreign currency gains (loss) by industry segment.

At September 30, 2004, the U.S. to Canadian dollar exchange rate closed at 1.2616 Canadian dollars, down from 1.3338 Canadian dollars at June 30, 2004 and 1.2965 Canadian dollars at December 31, 2003. As Onex, the parent company, holds a significant portion of its cash in U.S. dollars, this exchange rate movement decreased the value of the U.S. cash held and Onex recorded a foreign exchange loss of \$81 million in the third quarter and \$65 million for the nine months ended September 30, 2004, both of which were included in operating earnings. This compares to a foreign exchange gain of \$4 million for the third quarter of 2003 and a \$106 million foreign exchange loss for the nine months ended September 30, 2003; during these periods the closing value of the U.S. dollar increased to 1.3499 Canadian dollars at September 30, 2003 from 1.3475 Canadian dollars at June 30, 2003 and declined from 1.5776 Canadian dollars at December 31, 2002.

Interest and other income

Interest and other income was \$11 million in the third quarter of 2004 compared to \$5 million in the same quarter last year. This increase was due primarily to interest income on the cash proceeds of close to \$800 million received by Onex, the parent company, on the sale of Loews Cineplex and sale of some of its CVG shares in the quarter. For the first nine months of 2004, interest and other income was \$19 million, down from \$40 million in the same period of 2003 due primarily to lower average cash balances over the nine months at Onex, the parent company, and at Celestica and lower returns on those cash balances. Onex used cash of \$150 million to repurchase 9,143,100 of its Subordinate Voting Shares in the first nine months of 2004, of which 417,500 Subordinate Voting Shares were repurchased in the third quarter of 2004 for a total cost of \$7 million. In addition, Celestica used \$79 million of cash in the first nine months of 2004 for the purchase of MSL and NEC Corporation assets as described in note 3 to the unaudited interim consolidated financial statements.

Derivative instruments

Effective January 1, 2004, Onex adopted the new AcG-13, "Hedging Relationships", which addresses the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. This Guideline also establishes certain conditions for applying hedge accounting and deals with the discontinuation of hedge accounting. Onex also adopted EIC-128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments", which requires those derivative instruments that do not qualify for hedge accounting to be marked to market values. At December 31, 2003, Onex, the parent company, had two derivative instruments in place – exchangeable debentures and forward sales contracts related to approximately 11 million shares of Celestica held by Onex – that were affected by these new pronouncements. Onex determined that these instruments did not qualify for hedge accounting based on the new guidance and accordingly Onex is required to mark to market these instruments to the value of the underlying securities, which are Celestica subordinate voting shares.

During the third quarter of 2004, Onex recorded a \$117 million benefit to earnings for the change in the market value of its exchangeable debentures and forward sales contracts as a result of the decrease in market value of the underlying Celestica shares since June 30, 2004. For the nine months ended September 30, 2004, Onex recorded a \$38 million benefit to income relating to these instruments to reflect the market value decrease from December 31, 2003. While these accounting adjustments were required to be made in accordance with the new accounting guideline, they do not have a cash impact on Onex. Onex may settle these derivative instruments with the delivery of Celestica shares that it currently holds and that are pledged as security for these derivative instruments.

Gains (loss) on shares of operating companies, net

Onex recorded gains on shares of operating companies of \$83 million in the third quarter of 2004 compared to a loss of \$1 million in the same quarter of 2003. Included in the third quarter of 2004 was a \$73 million gain recorded by Onex from the sale of some of its CVG shares, the dilution effect of that public offering and the repayment of CVG debt held by Onex, which was completed with that company's initial public offering in August 2004.

For the nine months ended September 30, 2004, Onex recorded gains of \$177 million on shares of operating companies compared to \$13 million of gains for the same period of 2003. In addition to the CVG gain discussed above, included in the 2004 gains was a \$58 million non-cash gain recorded in the first quarter of 2004 by Onex that resulted from PLG's issuance of shares for its purchase of Leaseway Auto Carrier Group; this gain was comprised of 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; \$22 million of gains on strategic investments; a \$9 million accounting dilution gain recorded by Onex following the issuance of shares by Celestica for the purchase of MSL in March 2004; and a \$6 million gain recorded by Onex on the sale of its Tower Automotive shares in the second quarter of 2004. The \$13 million of net gains reported in the first nine months of 2003 was due primarily to a \$16 million gain recorded by Vencap from the company's sale of its remaining operating company. Note 9 to the unaudited interim consolidated financial statements details the gains (loss) on shares of Onex' operating companies.

Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be one-time costs incurred to realign organizational structures, restructure manufacturing capacity or obtain operating synergies critical to building the long-term value of Onex' operating companies. During the third quarter of 2004, acquisition, restructuring and other expenses totalled \$50 million compared to \$72 million in the same quarter last year. Celestica accounted for \$43 million of the total of these expenses recorded in the third quarter of 2004 due primarily to \$58 million of costs associated with the company's previously announced restructuring, offset by a \$15 million gain recorded on the sale of its Power Systems business for proceeds of \$68 million. Many of the costs to implement these plans can only be recorded as they are incurred and thus the costs may be spread over several reporting periods. These plans, which include reducing workforce, consolidating facilities and repositioning the number and location of production facilities, were primarily intended to align Celestica's capacity and infrastructure to anticipated customer requirements for more capacity in low-cost geographies, as well as to rationalize its manufacturing network to lower demand levels.

For the nine months ended September 30, 2004, acquisition, restructuring and other expenses were \$151 million compared to \$106 million in the first nine months of 2003. Celestica's restructuring plans described above accounted for \$130 million of the total of these expenses recorded in the first nine months of 2004 compared to \$96 million of restructuring charges from Celestica in the first nine months of 2003. Note 10 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 15 to the unaudited interim consolidated financial statements provides a breakdown of acquisition, restructuring and other expenses by industry segment.

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

In the unaudited interim consolidated statements of earnings, the non-controlling interest amount, which represents the interests of shareholders other than Onex in the net earnings or losses of the operating companies, was \$26 million in losses of those companies for the third quarter of 2004 (2003 third quarter – net losses of \$65 million). Included in the third-quarter non-controlling interests in losses (earnings) was a recovery of earnings of \$43 million related to the J.L. French Automotive refinancing.

For the nine months ended September 30, 2004, the non-controlling interest amount in the earnings (losses) of Onex' operating companies was \$5 million of earnings compared to a non-controlling interest in the net losses of the operating companies of \$88 million for the comparative period of 2003. The change was due primarily to improved results at Celestica compared to last year and to the inclusion of Magellan's earnings for the three and nine months ended September 30, 2004.

Earnings (loss) from continuing operations

Onex' consolidated earnings from continuing operations were \$136 million (\$0.97 per share) in the third quarter of 2004 compared to a loss on continuing operations of \$286 million (\$1.87 per share) reported for the same period of 2003. For the nine months ended September 30, 2004, the consolidated earnings from continuing operations were \$97 million (\$0.68 per share) compared to a consolidated loss of \$451 million (\$2.92 per share) from continuing operations for the first nine months of 2003. Table 6 details the net earnings (loss) from continuing operations by industry segment for the three and nine months ended September 30, 2004 and 2003.

Earnings (loss) from continuing operations

TABLE 6	(Unaudited) (\$ millions)	Three months ended September 30		Nine months ended September 30	
		2004	2003	2004	2003
Earnings (loss) before income taxes and non-controlling interests:					
	Electronics Manufacturing Services	\$ (38)	\$ (90)	\$ (100)	\$ (150)
	Theatre Exhibition	11	13	25	31
	Managed Healthcare	56	-	128	-
	Customer Management Services	(5)	(20)	(1)	(44)
	Automotive Products	(18)	(241)	(22)	(254)
	Other ^(a)	121	(10)	101	(128)
		127	(348)	131	(545)
	Recovery of (provision for) income taxes	(17)	(3)	(29)	6
	Non-controlling interests of operating companies	26	65	(5)	88
Earnings (loss) from continuing operations		\$ 136	\$ (286)	\$ 97	\$ (451)

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

Earnings (loss) from discontinued operations

Earnings from discontinued operations in the third quarter of 2004 were \$145 million (\$1.05 per share) compared to a loss of \$1 million (\$0.01 per share) in the same quarter of 2003. Third quarter 2004 earnings from discontinued operations were primarily from the sale of Loews Cineplex in July 2004, which was a \$135 million after-tax gain on sale. The loss from discontinued operations in the third quarter of 2003 was essentially all associated with MAGNATRAX, which Onex ceased to control in the fourth quarter of 2003.

For the nine months ended September 30, 2004, earnings from discontinued operations were \$152 million (\$1.07 per share) compared to a loss from discontinued operations of \$33 million (\$0.21 per share) reported in the first nine months of 2003. Included in the year-to-date results for 2004 were: \$140 million in net after-tax gain from the sale of Loews Cineplex, including operations up to the date of sale; \$9 million in net after-tax gain from the sale of Armtec; \$2 million from Cincinnati Electronics, CMC Electronics' U.S. operations, and \$1 million in net after-tax gain from the sale of Dura Automotive. The unaudited interim consolidated statements of earnings and statements of cash flows for the three and nine months ended September 30, 2004 and 2003 present the operations of Loews Cineplex, Dura Automotive, Armtec, CMC Electronics' U.S. operations, Rogers Sugar and Lantic Sugar, and MAGNATRAX, which Onex ceased to control in the fourth quarter of 2003, as discontinued. Note 2 to the unaudited interim consolidated financial statements describes the discontinued operations.

Consolidated net earnings (loss)

The consolidated net earnings for the third quarter of 2004, including the gains (loss) on shares and the earnings (loss) from discontinued operations, were \$281 million (\$2.02 per share); this compares to a net loss of \$287 million (\$1.88 per share) for the third quarter of 2003. For the nine months ended September 30, 2004, Onex' consolidated net earnings were \$249 million (\$1.75 per share) compared to a consolidated net loss of \$484 million (\$3.13 per share) in the first nine months of 2003.

For the third quarter and for the nine months ended September 30, 2004, Onex was required for accounting purposes to recognize 100 percent of the losses (earnings) of ClientLogic, InsLogic, J.L. French Automotive and 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' consolidated net earnings. For consolidation accounting purposes, the cumulative interests of other shareholders in these companies cannot be recorded at a negative value. 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.

Recovery of earnings of other shareholders included in Onex' unaudited interim consolidated financial statements totalled \$51 million in the third quarter of 2004 compared to recording \$116 million of losses in the third quarter of 2003. For the first nine months of 2004, recovery of other shareholders' earnings was \$42 million compared to losses of \$138 million in the first nine months of 2003. The J.L. French Automotive refinancing accounted for \$43 million of the third quarter and year-to-date recovery of earnings from other shareholders.

Note 15 to the unaudited interim consolidated financial statements provides a detailed breakdown of earnings (loss) before taxes and non-controlling interests by industry segment for the three and nine months ended September 30, 2004 and 2003.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the unaudited interim consolidated balance sheet as at September 30, 2004 and the corresponding notes thereto and the audited annual consolidated balance sheet as at December 31, 2003.

Consolidated assets

Consolidated assets were \$12.6 billion at September 30, 2004, down from \$14.6 billion at December 31, 2003. A breakdown of assets by industry segment is provided in note 15 to the unaudited interim consolidated financial statements. The net decline in consolidated assets in the first nine months of 2004 was due primarily to the elimination of assets of Dura Automotive

and Loews Cineplex, which were no longer consolidated at September 30, 2004, and represented \$4.5 billion of the total consolidated assets at December 31, 2003. In addition, the change in accounting for PLG and CVG to equity basis from consolidation at December 31, 2003 provided approximately \$0.3 billion of the decrease in total consolidated assets from December 31, 2003 to September 30, 2004. Significantly offsetting this decline were the inclusion of \$1.6 billion of assets from Magellan, which has been consolidated from January 2004, and \$0.7 billion of assets from MSL, acquired by Celestica in mid-March 2004. Note 3 to the unaudited interim consolidated financial statements provides additional details on the acquisitions completed in the first nine months of 2004.

The December 31, 2003 assets have been restated to show the assets of Loews Cineplex, Dura Automotive, Armtec and the U.S. assets of CMC Electronics as discontinued. Note 2 to the unaudited interim consolidated financial statements provides a breakdown of the September 30, 2004 and December 31, 2003 assets for each of the businesses that were discontinued in the first nine months of 2004.

Goodwill

Goodwill was \$2.4 billion at September 30, 2004, up from \$1.5 billion at December 31, 2003 due primarily to the inclusion of Magellan, which added \$576 million in goodwill, and \$339 million with Celestica's purchase of MSL. Since Dura Automotive, Loews Cineplex, Armtec and a portion of CMC Electronics' operations were reported as discontinued operations at September 30, 2004, the December 31, 2003 goodwill balance has been restated to reclassify the \$1.5 billion of goodwill attributed to those companies to the "Long-lived assets held by discontinued operations" line in the balance sheets. Note 2 to the unaudited interim consolidated financial statements details the amounts for discontinued operations that were included in the December 31, 2003 audited annual consolidated balance sheet and the September 30, 2004 unaudited interim consolidated balance sheet by line item.

Long-term debt

Onex, the parent company, has no long-term debt. It has been Onex' policy to preserve a financially strong parent company. We strictly adhere to this policy, which means that all debt financing is within our operating companies and each company is required to support its own debt.

Total long-term debt (including the current portion) was \$2.5 billion at September 30, 2004 compared to \$1.5 billion at December 31, 2003. The approximate \$1 billion change in long-term debt resulted primarily from the inclusion of debt of Magellan, which totalled \$477 million at September 30, 2004, and new subordinated debt issued by Celestica.

In June 2004, Celestica issued US\$500 million of senior subordinated notes with a 7.875 percent fixed interest rate that are due in 2011. Approximately US\$300 million of the

proceeds from this issue were used to repurchase a portion of Celestica's Liquid Yield Option Notes ("LYONs") having a principal amount at maturity of approximately US\$540 million. LYONs are currently recorded as non-controlling interest on Onex' consolidated balance sheet. Under revised *CICA Handbook* Section 3860, "Financial Instruments – Disclosure and Presentation", which becomes effective January 1, 2005, a portion of these LYONs will be required to be reclassified as debt on a retroactive basis. At September 30, 2004, Celestica had LYONs outstanding of a principal amount at maturity of US\$614 million.

In August 2004, J.L. French Automotive completed a refinancing of its debt, which included the repurchase and retirement of a significant portion of the company's 11.5 percent senior subordinated notes at a discount; the company also arranged new credit facilities with total borrowings of US\$465 million that mature in 2011 and 2012. These new credit facilities replaced the company's previous senior secured credit facilities.

In connection with the acquisition of Leaseway Auto Carrier Group, PLG entered into an amended and restated credit agreement during the first quarter of 2004. As a result, PLG achieved compliance with its debt covenants.

Other liabilities

Other liabilities totalled \$1.1 billion at September 30, 2004 compared to \$0.9 billion at December 31, 2003. Included in other liabilities were deferred gains of \$730 million related to the Celestica exchangeable debentures and forward sales contracts.

Non-controlling interests

The non-controlling interest amounts on Onex' unaudited interim consolidated balance sheet as at September 30, 2004 primarily represents the ownership interests of shareholders other than Onex in Onex' operating companies. At September 30, 2004, the non-controlling interest balance totalled \$4.6 billion compared to \$4.3 billion at December 31, 2003. The change in the non-controlling interest balance from December 31, 2003 was due primarily to the inclusion of other shareholders' interests in Magellan, which has been consolidated from January 2004, and to Celestica's issuance of 14.1 million shares for the purchase of MSL, which was completed in mid-March 2004.

Partially offsetting the increase in the non-controlling interest balance was Celestica's repurchase of its LYONs in the second quarter of 2004, which are recorded as non-controlling interest.

Shareholders' equity

Shareholders' equity increased to \$456 million at September 30, 2004 from \$293 million at December 31, 2003 due primarily to the \$249 million of net earnings reported for the first nine months of 2004, substantially offset by the repurchases of Subordinate Voting Shares by Onex

under its Normal Course Issuer Bids (the "Bids") for \$150 million. The amount paid for the shares repurchased under the Bids that was in excess of the book value of the shares was charged to retained earnings; that amount totalled \$113 million for the nine months ended September 30, 2004. The unaudited interim consolidated statements of shareholders' equity show the changes to the components of shareholders' equity for the nine months ended September 30, 2004 and 2003.

At September 30, 2004, Onex had 138,963,816 Subordinate Voting Shares issued and outstanding. Table 7 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2003. In mid-October 2004, the Toronto Stock Exchange changed Onex' trading symbol from OCX to OCX.SV.

Change in Subordinate Voting Shares Outstanding

TABLE 7 | (Unaudited)

Subordinate Voting Shares outstanding at December 31, 2003	148,015,300
Issue of shares – Dividend Reinvestment Plan	70,616
Issue of shares – Stock options exercised	21,000
Shares repurchased and cancelled under Onex' Normal Course Issuer Bids	(9,143,100)
Subordinate Voting Shares outstanding at September 30, 2004	138,963,816

Onex had Bids in place during the first nine months of 2004 that enabled it to repurchase up to 10 percent of the public float of its Subordinate Voting Shares. Onex believes that it is advantageous to Onex and its shareholders to continue to repurchase Onex' Subordinate Voting Shares from time to time when the shares are trading at prices that reflect a significant discount to their intrinsic value. For the nine months ended September 30, 2004, Onex repurchased 9,143,100 Subordinate Voting Shares at a total cost of \$150 million, of which 417,500 Subordinate Voting Shares were repurchased in the third quarter of 2004 at a total cost of \$7 million. Under similar Bids, Onex repurchased 6,903,200 shares at a total cost of \$97 million in the nine months ended September 30, 2003.

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. In early March, Onex amended its Plan to remove the discount to market so that future shares acquired would be priced according to their market value. Eliminating the discount brought the terms of the Plan in line with the dividend reinvestment plans of most other Toronto Stock Exchange-listed issuers. During the nine months ended September 30, 2004, Onex issued 70,616 Subordinate Voting Shares under the Plan at an average cost of \$15.02 per share, providing cash savings of approximately \$1 million. During the nine months ended September 30, 2003, 243,485 Subordinate Voting Shares were issued under the Plan at an average cost of \$14.26 per share, providing cash savings of approximately \$3 million.

In February 2004, Onex issued 7,260,000 options to acquire Subordinate Voting Shares at an exercise price of \$15.87, which was the market price of Onex shares at the time of issuance of

the options. These options vest over five years and are not exercisable unless the market price is at least 25 percent above the option exercise price. During the third quarter of 2004, 242,200 options were exercised, of which 221,200 options were exercised for cash consideration, which totalled \$3 million, and 21,000 options were exercised for Subordinate Voting Shares of Onex. At September 30, 2004, there were 11,235,900 options outstanding to acquire Subordinate Voting Shares. Of that amount, 2,067,400 options were vested and exercisable at September 30, 2004.

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, 2004 and 2003 and related notes to the unaudited interim consolidated financial statements.

Major Cash Flow Components

TABLE 8	<i>(Unaudited) (\$ millions)</i>	Three months ended September 30		Nine months ended September 30	
		2004	2003	2004	2003
	Cash from (used in) operating activities, excluding changes in non-cash net working capital and other liabilities	6	(115)	297	4
	Decrease (increase) in non-cash net working capital and other liabilities	109	(73)	(156)	(206)
	Cash from (used in) financing activities	45	(95)	180	(642)
	Cash from (used in) investing activities	146	36	(186)	(130)
	Cash from (used in) discontinued operations	557	(164)	350	(194)
	Consolidated cash ^(a)	3,189	2,933	3,189	2,933

(a) Includes cash from discontinued operations.

Cash from (used in) operating activities

Cash from operating activities, excluding changes in non-cash net working capital and other liabilities, totalled \$6 million in the third quarter of 2004 compared to cash used in operating activities of \$115 million reported in the same quarter last year. For the nine months ended September 30, 2004, cash from operations, excluding changes in non-cash net working capital and other liabilities, was \$297 million compared to cash from operations of \$4 million reported in the same period of 2003.

The increase in cash generated from operations for both the three and nine months ended September 30, 2004 compared to the same periods last year was related primarily to the inclusion of Magellan for the three and nine months ended September 30, 2004, which added approximately \$46 million and \$148 million, respectively. Improved operating results, primarily at Celestica and ClientLogic, also contributed to the growth in cash generated from operating activities. A detailed discussion of the consolidated operating results can be found under the heading "Consolidated Operating Results" beginning on page 11 of this MD&A.

For the quarter ended September 30, 2004, non-cash net working capital related to operations and other liabilities provided cash of \$109 million compared to cash used of \$73 million for the three months ended September 30, 2003. Cash inflow from the reduction in accounts receivable, primarily at Celestica, accounted for most of the increase in cash from non-cash working capital and other liabilities. For the first nine months of 2004, cash used in non-cash working capital and other liabilities was \$156 million compared to \$206 million in the same period of 2003. Most of the cash used was recorded by Celestica, which used cash primarily to fund higher level of operations.

Cash from (used in) financing activities

Cash from financing activities totalled \$45 million in the third quarter of 2004 compared to cash used of \$95 million in the same quarter last year. The refinancing of J.L. French Automotive's debt, which included the repurchase and retirement of a significant portion of that company's 11.5 percent senior subordinated notes at a discount, and the replacement of credit facilities with new credit facilities with total borrowings of US\$465 million that mature in 2011 and 2012, accounted for most of the cash provided by financing activities in the third quarter of 2004. Included in the third quarter of 2003 was \$186 million of cash used by Celestica to repurchase some of its subordinate voting shares and a portion of its LYONs.

For the nine months ended September 30, 2004, cash from financing activities was \$180 million compared to cash used of \$642 million in the same period of 2003. Approximately \$680 million of year-to-date cash from financing activities was related to Celestica's 7.875 percent senior subordinated notes offering completed in the second quarter of 2004. In addition, included in the cash from financing activities was \$87 million of cash received from the limited partners of Onex Partners LP for the investment in ResCare in the second quarter of 2004.

Partially offsetting these amounts were the uses of cash in financing activities, including: J.L. French Automotive refinancing discussed above; Onex' repurchase of shares under its Normal Course Issuer Bid, which used \$150 million of cash in the first nine months of 2004 compared to \$97 million in the first nine months of 2003; and Celestica's repurchase of LYONs, which used cash of \$405 million for the nine months ended September 30, 2004 compared to \$672 million in the same period last year for the repurchase of that company's subordinate voting shares and LYONs.

Cash from (used in) investing activities

Cash from investing activities was \$146 million for the third quarter of 2004 compared to \$36 million for the same quarter of 2003. Included in the cash from investing activities in the third quarter of 2004 was cash proceeds of \$81 million received by Onex from CVG's initial public offering and debt repayment in August 2004 as well as \$68 million in proceeds recorded by Celestica on the sale of its Power Systems business in the third quarter.

For the nine months ended September 30, 2004, cash used in investing activities totalled \$186 million compared to \$130 million of cash used for the nine months ended September 30, 2003. Acquisitions completed in 2004 used cash of \$84 million. This compares to \$67 million of cash used for acquisitions for the nine months ended September 30, 2003. Note 3 to the unaudited interim consolidated financial statements provides more details of acquisitions completed in 2004. In addition, year-to-date cash used in investing activities includes the \$114 million investment in ResCare completed by Onex and Onex Partners in the second quarter of 2004.

Cash from (used in) discontinued operations

Cash from (used in) discontinued operations represents the cash received on the sale of businesses adjusted for the opening cash positions of those businesses that have been discontinued. The companies that have been reported as discontinued are Loews Cineplex, Armtec, Cincinnati Electronics and Dura Automotive. Cash from discontinued operations for the third quarter of 2004 was \$557 million compared to cash used of \$164 million in the same quarter last year.

For the nine months ended September 30, 2004, cash from discontinued operations was \$350 million compared to \$194 million of cash used in discontinued operations during the same period last year. Included in the cash from discontinued operations for the nine months ended September 30, 2004 were proceeds of: \$739 million on the sale of Loews Cineplex in the third quarter of 2004; \$25 million on the sale of Armtec; and \$23 million on the sale of Dura Automotive.

Consolidated cash resources

At September 30, 2004, the consolidated cash balance was \$3.2 billion compared to \$2.4 billion as at December 31, 2003. Onex, the parent company, represented approximately \$1.4 billion of cash on hand, Celestica approximately \$1.2 billion of cash and Magellan approximately \$0.4 billion of cash at September 30, 2004. In addition, there was approximately \$0.3 billion of near-cash items at Onex, the parent company, at September 30, 2004.

Summary quarterly information

The following table summarizes Onex' key consolidated financial information for the last eight quarters.

	2004			2003			2002	
	Sept.	June	March	Dec.	Sept.	June	March	Dec.
Revenues	4,008	4,425	3,898	3,223	2,892	2,889	3,117	3,691
Earnings (loss) from continuing operations	136	(80)	41	(119)	(286)	(148)	(17)	(188)
Net earnings (loss)	281	(69)	37	152	(287)	(162)	(35)	(250)
Earnings (loss) per Subordinate Voting Share								
Basic:								
Continuing operations	0.97	(0.56)	0.28	(0.79)	(1.87)	(0.97)	(0.11)	(1.17)
Net earnings (loss)	2.02	(0.49)	0.25	1.01	(1.88)	(1.06)	(0.23)	(1.56)
Diluted:								
Continuing operations	0.97	(0.56)	0.28	(0.79)	(1.87)	(0.97)	(0.11)	(1.17)
Net earnings (loss)	2.02	(0.49)	0.25	1.01	(1.88)	(1.06)	(0.23)	(1.56)

Outlook

The following provides an update to the outlooks that were included in the December 31, 2003 annual report and the report for the quarter ended June 30, 2004.

Acquisitions by Onex Partners LP

Onex and Onex Partners have made commitments to acquire majority ownership interests in two new businesses, Center for Diagnostic Imaging (“CDI”) and Cosmetic Essence, Inc. (“CEI”), in transactions valued at approximately \$225 million and \$300 million, respectively. Onex’ portion of these investments is expected to total approximately \$55 million.

CDI is a leading provider of diagnostic and therapeutic radiology services with 31 diagnostic imaging centers in nine markets in the United States. CDI’s imaging services include magnetic resonance imaging (“MRI”), computed tomography, diagnostic and therapeutic injection procedures and other procedures such as conventional x-ray, mammography and ultrasound. Annual revenues of CDI are more than \$125 million.

CEI is a leading provider of outsourced manufacturing, filling, packaging and distribution services to the personal care products industry. The company manufactures and distributes personal care products such as fragrances, crèmes, lotions and colour cosmetics to a diversified customer base of leading branded manufacturers and major retailers. Annual revenues of CEI are more than \$250 million.

These investments are subject to customary regulatory approvals. It is currently planned that these acquisitions would be completed in the fourth quarter of 2004.

Investment in Compagnie Générale de Géophysique

In early November 2004, Onex and Onex Partners LP made an investment of \$104 million in convertible subordinated notes of Compagnie Générale de Géophysique (“CGG”). Onex’ portion of that investment was \$24 million. CGG (GA_FP: Paris, GGY: NYSE) is a publicly traded French company that operates in the land and marine seismic services industry and is a global leader in the manufacture of geophysical equipment.

Electronics manufacturing services

The softer demand experienced by Celestica in the third quarter of 2004 is expected to continue into the fourth quarter due to reduced orders from its communications and computing customers. As a result of this demand environment, the company expects normal seasonality to be somewhat muted. Despite the potential revenue weakness, Celestica expects additional improvement in operating margins as a result of cost savings from previously announced restructuring activities and better operational efficiencies.

Celestica will continue to evaluate its operations and could propose future restructuring actions as a result of changes in the marketplace, including the exiting of less profitable operations or service offerings no longer demanded by its customers. In April 2004, Celestica announced restructuring plans totalling between US\$175 million and US\$200 million to be recorded throughout 2004 and into the first quarter of 2005, of which US\$109 million has been recorded in the first nine months of 2004.

Consolidated Balance Sheets

<i>(in millions of dollars)</i>	<i>(Unaudited)</i> As at September 30 2004	As at December 31 2003
Assets		
Current assets		
Cash and short-term investments	\$ 3,187	\$ 2,364
Accounts receivable	1,571	1,379
Inventories	1,603	1,492
Other current assets	594	478
Current assets held by discontinued operations (note 2)	23	1,201
	6,978	6,914
Property, plant and equipment	1,788	1,764
Investments and other assets (note 4)	1,051	613
Intangible assets	325	302
Goodwill	2,386	1,473
Long-lived assets held by discontinued operations (note 2)	109	3,555
	\$ 12,637	\$ 14,621
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness, without recourse to Onex	\$ 7	\$ 1
Accounts payable and accrued liabilities	2,897	2,520
Current portion of long-term debt and obligations under capital leases of operating companies, without recourse to Onex	254	298
Current liabilities held by discontinued operations (note 2)	44	942
	3,202	3,761
Long-term debt of operating companies, without recourse to Onex (note 5)	2,252	1,256
Obligations under capital leases of operating companies, without recourse to Onex	24	28
Exchangeable debentures	148	180
Future income taxes	836	722
Other liabilities	1,062	875
Long-term liabilities held by discontinued operations (note 2)	74	3,235
	7,598	10,057
Non-controlling interests	4,583	4,271
Shareholders' equity	456	293
	\$ 12,637	\$ 14,621

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2003 audited annual consolidated financial statements.

The December 31, 2003 balance sheet is taken from the audited annual consolidated financial statements and has been restated for discontinued operations.

Consolidated Statements of Earnings

<i>(Unaudited)</i> <i>(in millions of dollars, except per share data)</i>	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Revenues	\$ 4,008	\$ 2,892	\$12,331	\$ 8,898
Cost of sales	(3,518)	(2,596)	(10,801)	(7,968)
Selling, general and administrative expenses	(252)	(208)	(780)	(602)
Earnings before the undernoted items	\$ 238	\$ 88	\$ 750	\$ 328
Amortization of property, plant and equipment	(106)	(97)	(319)	(310)
Amortization of intangible assets and deferred charges	(25)	(23)	(68)	(72)
Interest expense of operating companies	(61)	(36)	(164)	(123)
Interest and other income	11	5	19	40
Equity accounted investments	(6)	-	(4)	-
Foreign exchange gains (loss)	(79)	12	(64)	(83)
Stock-based compensation (note 8)	9	7	(70)	8
Derivative instruments	117	-	38	-
Gains (loss) on shares of operating companies, net (note 9)	83	(1)	177	13
Acquisition, restructuring and other expenses (note 10)	(50)	(72)	(151)	(106)
Debt prepayment costs	(4)	-	(6)	(9)
Writedown of goodwill and intangible assets	-	(222)	(5)	(222)
Writedown of long-lived assets	-	(9)	(2)	(9)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	127	(348)	131	(545)
Recovery of (provision for) income taxes	(17)	(3)	(29)	6
Non-controlling interests of operating companies	26	65	(5)	88
Earnings (loss) from continuing operations	136	(286)	97	(451)
Earnings (loss) from discontinued operations (note 2)	145	(1)	152	(33)
Net Earnings (Loss) for the Period	\$ 281	\$ (287)	\$ 249	\$ (484)
Net Earnings (Loss) per Subordinate Voting Share (note 7)				
Basic:				
Continuing operations	\$ 0.97	\$ (1.87)	\$ 0.68	\$ (2.92)
Discontinued operations	\$ 1.05	\$ (0.01)	\$ 1.07	\$ (0.21)
Net earnings (loss)	\$ 2.02	\$ (1.88)	\$ 1.75	\$ (3.13)
Diluted:				
Continuing operations	\$ 0.97	\$ (1.87)	\$ 0.68	\$ (2.92)
Discontinued operations	\$ 1.05	\$ (0.01)	\$ 1.07	\$ (0.21)
Net earnings (loss)	\$ 2.02	\$ (1.88)	\$ 1.75	\$ (3.13)

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2003 audited annual consolidated financial statements.

The September 30, 2003 unaudited interim consolidated statements of earnings have been restated for discontinued operations.

Consolidated Statements of Shareholders' Equity

<i>(Unaudited)</i> <i>(in millions of dollars, except per share data)</i> Nine months ended September 30	Share Capital (note 6)	Retained Earnings	Cumulative Translation Adjustment	Total Shareholders' Equity
Balance – December 31, 2002	\$ 658	\$ 279	\$ 107	\$ 1,044
Dividends declared ^(a)	-	(13)	-	(13)
Issue of shares – dividend reinvestment plan and exercise of options	4	-	-	4
Purchase and cancellation of shares	(27)	(70)	-	(97)
Currency translation adjustment	-	-	(162)	(162)
Net loss for the period	-	(484)	-	(484)
Balance – September 30, 2003	\$ 635	\$ (288)	\$ (55)	\$ 292
Balance – December 31, 2003	\$ 618	\$ (190)	\$ (135)	\$ 293
Change in stock-based compensation accounting policy ^(b)	-	(5)	-	(5)
Dividends declared ^(a)	-	(12)	-	(12)
Issue of shares – dividend reinvestment plan and exercise of options	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

(a) Dividends declared per Subordinate Voting Share for the nine months ended September 30, 2004 were \$0.0825 (2003 – \$0.0825).

(b) Adoption of the revised *CICA Handbook* Section 3870, "Stock-based Compensation and Other Stock-based Payments" (see note 1).

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2003 audited annual consolidated financial statements.

Consolidated Statements of Cash Flows

<i>(Unaudited)</i> <i>(in millions of dollars)</i>	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Operating Activities				
Net earnings (loss) for the period from continuing operations	\$ 136	\$ (286)	\$ 97	\$ (451)
Items not affecting cash:				
Amortization of property, plant and equipment	106	97	319	310
Amortization of intangible assets and deferred charges	25	23	68	72
Writedown of goodwill and intangible assets	-	222	5	222
Writedown of long-lived assets	-	9	2	9
Non-controlling interests in results of operating companies	(26)	(65)	5	(88)
Future income taxes	(8)	3	(23)	(32)
Stock-based compensation	(9)	(7)	70	(8)
Derivative instruments	(117)	-	(38)	-
Non-cash component of acquisition, restructuring and other expenses	(11)	-	(7)	-
Gains (loss) on shares of operating companies, net (note 9)	(83)	1	(177)	(13)
Other	(7)	(112)	(24)	(17)
Increase (decrease) in other liabilities	6	(115)	297	4
	(69)	4	35	13
Changes in non-cash working capital items:				
Accounts receivable	139	(53)	(22)	205
Inventories	7	(82)	(10)	(156)
Other current assets	(22)	(7)	170	(106)
Accounts payable and accrued liabilities	54	65	(329)	(162)
Decrease (increase) in non-cash net working capital related to operations	178	(77)	(191)	(219)
	115	(188)	141	(202)
Financing Activities				
Issuance of long-term debt	878	111	2,231	418
Repayment of long-term debt	(863)	(99)	(1,667)	(350)
Cash dividends paid	(3)	(3)	(11)	(9)
Repurchase of share capital	(7)	(6)	(150)	(97)
Issuance of share capital by operating companies	19	-	199	32
Repurchase of share capital by operating companies	-	(186)	(405)	(672)
Increase (decrease) in other financing activities	21	88	(17)	36
	45	(95)	180	(642)
Investing Activities				
Acquisition of operating companies, net of cash in acquired companies ^(a) (note 3)	4	-	(84)	(67)
Purchase of property, plant and equipment	(62)	(87)	(261)	(231)
Proceeds from sales of shares of operating companies	110	-	141	26
Net decrease (increase) in investments and other investing activities	94	123	18	142
	146	36	(186)	(130)
Cash from (used in) discontinued operations	557	(164)	350	(194)
Increase (Decrease) in Cash and Short-term Investments for the Period	863	(411)	485	(1,168)
Increase (decrease) in cash and short-term investments due to changes in foreign exchange rates	(149)	20	(96)	(541)
Cash and short-term investments – beginning of the period	2,475	3,324	2,800	4,642
Cash and Short-term Investments – End of the Period	\$ 3,189	\$ 2,933	\$ 3,189	\$ 2,933

(a) Cash in the acquired companies for the quarter was nil (2003 – nil) and \$313 (2003 – \$6) for the nine months ended September 30, 2004.

These unaudited interim consolidated financial statements should be read in conjunction with the 2003 audited annual consolidated financial statements.

The September 30, 2003 unaudited interim consolidated statement of cash flows has 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, 2003. Certain amounts presented in the comparative prior periods have been reclassified to conform to the presentation adopted in the current period 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.

In the first quarter of 2004, the Company adopted Section 1100 of the *Canadian Institute of Chartered Accountants* (“CICA”) *Handbook*, “Generally Accepted Accounting Principles”, and Section 1400, “General Standards of Financial Statement Presentation”. Section 1100 establishes standards for financial reporting in accordance with GAAP and provides guidance on sources to consult when selecting accounting policies and determining the appropriate disclosures when a matter is not explicitly dealt with in the primary sources of GAAP. Section 1400 provides updated guidance on general concepts associated with financial statements. Adoption did not have a material effect on these unaudited interim consolidated financial statements.

Effective January 1, 2004, the Company adopted Accounting Standards Board Accounting Guideline 13 (“AcG-13”), “Hedging Relationships”, which addresses the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. AcG-13 also establishes certain conditions for applying hedge accounting and deals with discontinuance of hedge accounting. The Company also adopted Emerging Issues Committee Abstract 128 (“EIC-128”), “Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments”. This EIC requires that any derivative financial instrument that is not designated as a compliant hedge under AcG-13 be measured at fair value, with changes in fair value recorded in current year income. Upon adoption of this standard, the Company’s hedge relationships for its exchangeable debentures and forward sales contracts no longer qualify for hedge accounting and thus, on a prospective basis, the changes in fair values of these instruments from January 1, 2004 have been reflected in the statements of earnings under “Derivative Instruments”. Previously deferred gains on these instruments, which at January 1, 2004 amounted to \$730 included in other liabilities, will continue to be deferred. At the date of adoption, the fair value of the exchangeable debentures was a liability of \$180 and for the forward sales contracts an asset of \$181.

In the first quarter of 2004, the Company adopted *CICA Handbook* Section 3110, “Asset Retirement Obligations”, which establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated retirement costs. This section applies to all legal obligations associated with the retirement of tangible long-lived assets that result from their acquisition, construction, development or normal operation. Adoption did not have a material impact on these unaudited interim consolidated financial statements.

Effective January 1, 2004, the Company adopted revised *CICA Handbook* Section 3870, “Stock-based Compensation and Other Stock-based Payments”, which requires that a fair value-based method of accounting be applied to all stock-based compensation payments to both employees and non-employees. Previously, only awards that called for settlement in cash or other assets, or stock appreciation rights that called for settlement by the issuance of equity instruments, were required to be recorded as compensation expense. Onex has been recording the change in value of options on its shares and investment rights under the Management Investment Plan (the “MIP”) as a charge or credit to earnings since January 1, 2002. This change will affect the accounting for certain stock option plans at the operating companies. The adoption of this section by the operating companies will be on a retroactive basis for awards made since January 1, 2002 that have not been previously recognized as compensation expense in the consolidated statements of earnings, with no restatement of prior periods. Retained earnings as at January 1, 2004 were reduced by \$5 and non-controlling interests were reduced by \$5.

Effective January 1, 2004, the Company adopted EIC-141, “Revenue Recognition”, EIC 142, “Revenue Arrangements with Multiple Deliverables” and EIC 143, “Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts”. These sections provide more detailed guidance on *CICA Handbook* Section 3400, “Revenue”, and improve the harmonization of

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revenue standards between Canadian and U.S. GAAP. Adoption did not have a material impact on these unaudited interim consolidated financial statements.

In January 2004, the CICA amended Section 3461, "Employee Future Benefits" ("CICA 3461R"), to require additional disclosures about the assets, cash flows and net periodic benefit cost of defined benefit pension plans and other post-retirement benefit plans. The new annual disclosures are effective for years ending on or after June 30, 2004, and the new interim disclosures are also effective for periods ending on or after that date. In the second quarter of 2004, the Company implemented CICA 3461R and the additional interim period disclosures for pension plans is provided in note 11.

2. DISCONTINUED OPERATIONS

The following table shows the net after-tax results from discontinued operations.

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Dura Automotive ^(a)	\$ -	\$ -	\$ 1	\$ 3
Loews Cineplex Group ^(b)	135	9	140	7
Cincinnati Electronics ^(c)	1	-	2	3
Armtec ^(d)	9	-	9	-
MAGNATRAX	-	(63)	-	(106)
Lantic Sugar/Rogers Sugar	-	53	-	60
	\$ 145	\$ (1)	\$ 152	\$ (33)

a) In April 2004, the Company sold its remaining interest in Dura Automotive Systems, Inc. ("Dura Automotive") for net proceeds of \$23. The gain on the disposition amounted to \$4 before a tax provision of \$3. The revenue from these operations totalled \$764 and \$2,504 for the three and nine months ended September 30, 2003.

b) In July 2004, the Company sold its interest in the Loews Cineplex Group, excluding the Canadian operations of Cineplex Galaxy, for net proceeds of \$739 and a pre-tax gain on the disposition of \$238. A tax provision of \$103 was recorded relating to the disposition and the Canadian operations. The revenue from these operations totalled nil (2003 - \$359) and \$702 (2003 - \$1,072) for the three and nine months ended September 30, 2004. Onex' share of the net earnings up to the date of sale of the Loews Cineplex Group, excluding the Canadian operations, totalled \$5 (2003 - \$7).

Under the terms of the MIP as described in note 24(d) of the audited annual consolidated financial statements, management members participated in the realizations the Company achieved on the Loews Cineplex Group. Amounts paid on account of the sale related to the MIP amounted to \$32 and have been deducted in determining the gain on discontinued operations for the Loews Cineplex Group noted above.

c) In June 2004, CMC Electronics Inc. ("CMC Electronics") entered into an agreement to divest its Cincinnati Electronics business unit ("Cincinnati Electronics"), which was not completed at September 30, 2004. The results of Cincinnati Electronics have been reclassified in the unaudited interim consolidated financial statements as discontinued operations. The revenue from these operations totalled \$28 (2003 - \$22) for the three months ended September 30 and \$66 (2003 - \$73) for the nine months ended September 30. Onex' share of the net earnings of Cincinnati Electronics was \$1 (2003 - nil) for the three months ended September 30 and \$2 (2003 - \$3) for the nine months ended September 30.

d) In July 2004, ONCAP's operating company, Armtec Limited ("Armtec"), completed an initial public offering in Canada of units of Armtec Infrastructure Income Fund ("Armtec Fund"). The proceeds from the Armtec Fund were used to acquire all the securities and assets of Armtec from ONCAP and other shareholders and to repay certain existing indebtedness of Armtec. ONCAP sold all of its shares in Armtec in this offering for net proceeds of \$76, of which Onex' share was \$25. Onex' gain on the disposition amounted to \$12 before a tax provision of \$3. The revenue from these operations totalled nil (2003 - \$41) and \$50 (2003 - \$88) for the three and nine months ended September 30.

ONCAP management, and Onex' management members under the terms of the MIP, participated in the realizations the Company achieved on Armtec. Amounts paid on account of the sale related thereto amounted to \$3 and have been deducted in determining the gain on discontinued operations for Armtec noted above.

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The results of operations for the businesses described above 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 and 2003 as discontinued operations. The amounts for operations now discontinued that were included in the September 30, 2004 and December 31, 2003 consolidated balance sheets are as follows:

As at September 30, 2004	Cincinnati Electronics
Cash and short-term investments	\$ 2
Accounts receivable	13
Inventories	3
Other current assets	5
Current assets held by discontinued operations	23
Property, plant and equipment	27
Other assets	11
Intangible assets	27
Goodwill	44
Long-lived assets held by discontinued operations	109
Accounts payable and accrued liabilities	43
Current portion of long-term debt, without recourse to Onex	1
Current liabilities held by discontinued operations	44
Long-term debt, without recourse to Onex	63
Future income taxes	11
Long-term liabilities held by discontinued operations	74
Net assets of discontinued operations	\$ 14

As at December 31, 2003	Dura Automotive	Loews Cineplex Group	Cincinnati Electronics	Armtec	Total Discontinued
Cash and short-term investments	\$ 236	\$ 196	\$ 4	\$ -	\$ 436
Accounts receivable	356	44	13	15	428
Inventories	165	6	2	12	185
Other current assets	123	23	5	1	152
Current assets held by discontinued operations	880	269	24	28	1,201
Property, plant and equipment	633	964	27	37	1,661
Other assets	158	61	11	-	230
Intangible assets	17	152	29	2	200
Goodwill	1,114	278	45	27	1,464
Long-lived assets held by discontinued operations	1,922	1,455	112	66	3,555
Accounts payable and accrued liabilities	560	271	37	12	880
Current portion of long-term debt, without recourse to Onex	7	45	-	10	62
Current liabilities held by discontinued operations	567	316	37	22	942
Long-term debt, without recourse to Onex	1,544	545	64	19	2,172
Obligations under capital leases, without recourse to Onex	3	29	-	-	32
Other liabilities	156	47	-	3	206
Future income taxes	85	-	13	4	102
Non-controlling interests and cumulative translation adjustment	428	285	-	10	723
Long-term liabilities held by discontinued operations	2,216	906	77	36	3,235
Net assets of discontinued operations	\$ 19	\$ 502	\$ 22	\$ 36	\$ 579

3. CORPORATE INVESTMENTS

During the first nine months of 2004 the following acquisitions, which were accounted for as purchases, were completed 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 2004, the Company and Onex Partners LP completed an investment in Magellan Health Services, Inc. ("Magellan"), which has been accounted for as an acquisition. Magellan, headquartered in Connecticut, United States, is a behavioural managed healthcare organization in the United States. The Company and Onex Partners LP invested a total of \$131 financed with cash on hand. Onex' portion of this net investment in this acquisition was \$30 for a 6% equity ownership at the time of the acquisition. Onex has effective voting control of Magellan through Onex Partners LP.

b) In March 2004, Celestica Inc. ("Celestica") acquired Manufacturers' Services Limited ("MSL"), a full-service global electronics manufacturing and supply chain services company headquartered in Massachusetts, United States. The purchase price was financed with the issuance of 14.1 million subordinate voting shares of Celestica, the issuance of options to purchase 2.1 million subordinate voting shares of Celestica, the issuance of warrants to purchase 1.1 million subordinate voting shares of Celestica and \$69 of cash provided by Celestica. The value of the shares was determined based on the average market price of the shares for a reasonable period before and after the date on which the terms of the acquisition were agreed to and announced. In April 2004, Celestica paid approximately \$10 in cash to acquire certain assets located in the Philippines from NEC Corporation.

The purchase prices of the acquisitions were allocated to the net assets acquired based on their relative fair values at the date of acquisition. The companies are obtaining third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of the purchase price. The results of operations for all acquired operations are included in the consolidated statements of earnings of the Company from their respective dates of acquisition.

Details of the 2004 acquisitions, which were accounted for as purchases, are as follows:

	Magellan ^(a)	Celestica ^(b)	Other
Cash	\$ 282	\$ 27	\$ 4
Current assets	511	373	26
Intangible assets	74	13	-
Goodwill	576	339	172
Property, plant and equipment and other long-term assets	186	62	74
	1,629	814	276
Current liabilities	(508)	(300)	(68)
Acquisition financing	(617)	-	(133)
Long-term liabilities	(7)	(77)	-
	497	437	75
Non-controlling interests in net assets	(366)	(358)	(21)
Increase in net assets acquired	\$ 131	\$ 79	\$ 54

4. INVESTMENTS AND OTHER ASSETS

Included in investments and other assets is the June 2004 investment in Res-Care, Inc. ("ResCare"). The Company and Onex Partners LP completed a \$114 equity investment in ResCare for an approximate 28% ownership interest. Onex' portion of the investment was approximately \$27, representing a 7% ownership interest of ResCare. ResCare provides residential, therapeutic, job training and educational support to people with developmental or other disabilities, to youth with special needs and to adults who are experiencing barriers to employment. Onex does not control this investment and will account for its interest using the equity method.

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

The following describes the significant changes to Onex' consolidated long-term debt compared to the information provided in the December 31, 2003 audited annual consolidated financial statements.

a) Magellan

The accounting for the January 2004 investment in Magellan as a purchase resulted in the debt of Magellan being recorded in the unaudited interim consolidated financial statements. Magellan has a credit agreement which provides for a term loan facility in an original aggregate principal amount of US\$100, a revolving loan facility providing up to US\$50 and a credit-linked facility for the issuance of letters of credit to Magellan in an aggregate principal amount of up to US\$50. Borrowings under the credit agreement will mature on August 15, 2008 and certain quarterly principal payments on the term loan facility are also required. As of September 30, 2004, Magellan had outstanding US\$89 under the term loan facility, had not drawn on the revolving loan facility and had issued letters of credit in the amount of US\$45.

Magellan also has US\$233 outstanding of Series A Notes, which mature on November 15, 2008, and are general senior unsecured obligations of that company. Interest on the Series A notes is payable semi-annually on each May 15 and November 15, commencing on May 15, 2004.

Through September 30, 2004, the company has issued US\$7 of Series B notes, which mature on November 15, 2008. The Series B notes were issued to the holders of the general unsecured claims and to others for services rendered during the financial restructuring of Magellan. Interest on the Series B notes is payable semi-annually on each May 15 and November 15, commencing on May 15, 2004.

Magellan also has outstanding an interest-bearing note for US\$49 to Aetna, Inc. ("Aetna"), which will mature on December 31, 2005 as part of a renewed behavioural health services contract. Under this agreement, the company will manage the behavioural healthcare of members of Aetna's healthcare programs through December 31, 2005, with an option for Aetna at that time to either extend the agreement or to purchase certain assets of the company used solely in the management of the behavioural healthcare of Aetna members (the "Aetna-dedicated assets"). The Aetna note is secured by a second lien on substantially all of the assets of Magellan. Additionally, if the behavioural health services contract is extended by Aetna, at its option, through at least December 31, 2006, one-half of the Aetna note would be payable on December 31, 2005 and the remainder would be payable on December 31, 2006. If Aetna opts to purchase the Aetna-dedicated assets, the purchase price could be offset against any amounts owing under the Aetna note.

b) Celestica

In June 2004, Celestica amended its existing 364-day revolving term credit facility from US\$250 to US\$600 and extended the maturity from October 2004 to June 2007. Concurrent with this amendment and extension, Celestica elected to terminate its US\$500 four-year revolving facility, which would have otherwise matured in June 2005. There were no borrowings under this facility at September 30, 2004.

In June 2004, Celestica also issued senior subordinated notes with an aggregate principal amount of US\$500 and a fixed interest rate of 7.875% that are due in 2011. A portion of the proceeds were used to repurchase US\$300 of Liquid Yield Option Notes ("LYONs") with a principal amount at maturity of US\$540. The LYONs are recorded as non-controlling interests in these unaudited interim consolidated financial statements. In connection with the notes offering, Celestica entered into interest rate swap agreements that swap the fixed interest rate on the notes with a variable interest rate based on LIBOR plus a margin.

c) ONCAP Companies – CMC Electronics

In May 2004, CMC Electronics repaid the subordinated term credit facilities in the amounts of \$29 and US\$12, and signed new senior secured credit facilities of US\$34 due April 2007, bearing interest at LIBOR plus a margin.

d) J.L. French Automotive

In August 2004, J.L. French Automotive Castings, Inc. ("J.L. French Automotive") completed a series of refinancing transactions, which included issuing 75,871,089 shares of New Class A voting common stock and 4,881,369 shares of New Class A non-voting common stock to existing shareholders for total consideration of US\$1. Concurrently, the company's former Class Q-1 and Class Q-2 common shares were exchanged for 65,118 New Class A voting and 11,594 New Class A non-voting common shares. Also issued was US\$164 of preferred stock, US\$49 of which was purchased by the company's existing common shareholders. Detachable warrants were also issued with the preferred stock to acquire 11,686,157 shares of New Class A voting common stock. The warrants are exercisable at \$0.01 per share at pre-determined allotments on each anniversary date up through the fourth anniversary, but only in the event that all of the preferred stock has not been redeemed in full. Total warrants issued and outstanding at September 30, 2004 is 16,555,389. In addition, the company entered into new senior secured credit facilities, which provide for total borrowings of US\$465 maturing in 2011 and 2012.

The proceeds from these new sources of financing were used to repurchase substantially all of the company's 11½% senior subordinated notes. Notes with a face value of US\$146 were repurchased for US\$124, resulting in a gain on early extinguishment of debt. Also repaid was US\$313 outstanding under the old senior credit facility, US\$106 outstanding of 2nd lien term loan, US\$22 related to tender/call premiums and accrued interest. The company also paid US\$15 of financing and other transaction costs. After considering the write-off of previously deferred financing costs these transactions resulted in a net loss on the extinguishment of debt in the amount of US\$5.

The company's former outstanding Class P shareholders surrendered their outstanding shares in exchange for 80 New Class A non-voting shares. The Class P shares were previously shown as a liability in these unaudited interim consolidated financial statements. This contribution to the equity of the company by the non-controlling interests has been reflected as an income item representing the funding of the non-controlling interest of past losses. The recovery of losses of other shareholders of J.L. French Automotive recorded in the third quarter of 2004 totalled \$43 and is included in non-controlling interests in the unaudited interim consolidated financial statements.

Interest on the new senior secured credit facilities, depending on the type and amount of the borrowings under these facilities, can range from prime rate plus 3.50% to 6.0% per annum, or the LIBOR rate plus 4.50%, or the Eurocurrency rate plus 7.00% per annum. Interest payments are due quarterly.

Borrowings under the new senior secured credit facilities are secured and guaranteed by a first priority lien on substantially all of J.L. French Automotive's assets, including a pledge of all of the capital stock of each of the company's directly-owned domestic subsidiaries and 65% of the capital stock of directly-owned foreign subsidiaries. An element of the credit facilities is secured and guaranteed by a second priority lien on substantially all of J.L. French Automotive's assets.

The new senior secured credit facilities require the company to maintain certain financial ratios including minimum interest coverage ratios and maximum leverage ratios, and also limits capital expenditures and cash dividends, among other restrictions.

e) ClientLogic

In October 2004, ClientLogic Corporation ("ClientLogic") amended its credit agreement to extend its revolving facility until January 31, 2005 and continues to be classified as current portion of long-term debt.

6. SHARE CAPITAL

As at September 30, 2004, Onex' issued and outstanding share capital consisted of 138,963,816 (2003 – 152,624,086) Subordinate Voting Shares, 100,000 Multiple Voting Shares and 176,078 Series 1 Senior Preferred Shares.

During the first nine months of 2004, under the Dividend Reinvestment Plan, the Company issued 70,616 (2003 – 243,485) Subordinate Voting Shares at a total value of \$1 (2003 – \$3). In the first nine months of 2004, 21,000 (2003 – 55,000) Subordinate Voting Shares were issued upon the exercise of stock options of the Company at a value of nil (2003 – \$1). During the first nine months of 2004, the total cash consideration paid on 8,107,600 (2003 – 429,600) options surrendered was \$69 (2003 – \$3). During the third quarter, the total cash consideration paid on 221,200 (2003 – 113,200) options surrendered was \$3 (2003 – \$1). This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price, both as determined under Onex' Stock Option Plan as described in note 13 of the audited annual consolidated financial statements.

The Company repurchased and cancelled under a Normal Course Issuer Bid during the first nine months of 2004 9,143,100 (2003 – 6,903,200) of its Subordinate Voting Shares at a cost of \$150 (2003 – \$97). During the third quarter, Onex repurchased and cancelled 417,500 (2003 – 342,200) of its Subordinate Voting Shares at a cost of \$7 (2003 – \$5).

Onex renewed its Normal Course Issuer Bid in April 2004 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.

During the first quarter of 2004, 7,260,000 options to acquire Subordinate Voting Shares were issued under the Company's Stock Option Plan with an exercise price of \$15.87, which was the market price of the shares at the time of the issuance of the options. At September 30, 2004, the Company had 11,235,900 options outstanding to acquire Subordinate Voting Shares.

7. EARNINGS PER SHARE

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

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Weighted average number of shares outstanding				
Basic	138,965,000	152,780,000	142,790,000	154,404,000
Diluted	138,965,000	152,780,000	142,790,000	154,404,000

8. STOCK-BASED COMPENSATION

Effective January 1, 2004, the Company adopted revised *CICA Handbook* Section 3870, "Stock-based Compensation and Other Stock-based Payments", as described in note 1.

For the operating companies that did not record the effect of stock options through the consolidated statements of earnings in 2003, the table below shows pro forma net loss and loss per share adjusted for the effect of stock option plans at those operating companies.

	Three months ended September 30, 2003	Nine months ended September 30, 2003
Pro forma after the effect of operating companies' stock option plans		
Pro forma net loss for continuing operations	\$ (287)	\$ (454)
Basic loss per share for continuing operations	\$ (1.88)	\$ (2.94)
Diluted loss per share for continuing operations	\$ (1.88)	\$ (2.94)

9. GAINS (LOSS) ON SHARES OF OPERATING COMPANIES, 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	
	2004	2003	2004	2003
Gain (loss) on:				
Issue of shares of Commercial Vehicle Group ^(a)	\$ 73	\$ -	\$ 75	\$ -
Performance Logistics Group ^(b)	-	-	58	-
Issue of shares by Celestica ^(c)	-	-	9	-
Sale of Tower Automotive ^(d)	-	-	6	(7)
Vencap sale of operating company ^(e)	-	-	-	16
Other, net	10	(1)	29	4
	\$ 83	\$ (1)	\$ 177	\$ 13

a) In May 2004, Commercial Vehicle Group, Inc. ("CVG"), formed from the combination of Bostrom Holding, Inc. and Trim Systems, Inc., filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering of common stock. A \$180 offering of shares (NASDAQ: CVGI) was completed in early August. The offering included both a primary and a secondary component. The primary sale of shares by Commercial Vehicle Group resulted in that company receiving net proceeds of approximately \$66, which it used to reduce outstanding indebtedness and for general corporate purposes.

The secondary sale of shares was by Onex and certain other shareholders, with Onex receiving approximately \$54 in net proceeds, resulting in a gain of \$60 after considering previously recorded losses. In addition, Onex received approximately \$27 on the repayment of debt held by Onex, which resulted in a gain of \$15. As a result of this offering and the sale of shares, Onex held approximately 4.2 million shares of Commercial Vehicle Group. Onex, the largest shareholder in Commercial Vehicle Group with an approximate 24% ownership interest, ceased to have a controlling ownership interest following this offering.

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b) In March 2004, Performance Logistics Group (“PLG”) acquired Leaseway Auto Carrier Group, a subsidiary of Penske Truck Leasing Co., L.P. Onex did not sell or purchase any shares of PLG in this offering, and Onex’ ownership interest in PLG was diluted from a controlling 50% interest to a non-controlling 26% interest as a result of the additional shares issued. Since Onex ceased to control PLG after the issuance of the additional PLG shares, the investment was no longer consolidated but was accounted for using the equity method. As a result of the dilution of Onex’ investment in PLG, Onex has recorded a non-cash gain of \$58, reflecting the net liabilities of PLG, which are now accounted for under the equity method. This gain is comprised of a non-cash dilution gain of \$22 and includes the reversal of \$36 of losses of PLG previously recognized by Onex that were in excess of the other shareholders’ equity in PLG.

c) In March 2004, Celestica acquired MSL and issued approximately 14.1 million Celestica subordinate voting shares as part of the consideration paid. Onex recorded a dilution gain of \$9 as a result of the reduction in Onex’ ownership through the share issuance. Onex’ ownership after the dilution was approximately 18% and it retained voting control of Celestica.

d) In February 2004, Onex completed the sale of its remaining interest in Tower Automotive, Inc. for net cash proceeds of \$8.

e) During the first quarter of 2003, Vencap received proceeds of \$20 on the disposition of its remaining investment.

10. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Restructuring charges are typically to provide for the costs of facility consolidations and workforce reductions. Restructuring expenses incurred in the three- and nine-month periods ended September 30 are set out in the table below.

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Celestica	\$ 43	\$ 67	\$ 130	\$ 96
Magellan	3	-	6	-
ClientLogic	1	-	4	-
J.L. French Automotive	1	1	4	1
Radian	1	-	4	1
Other	1	4	3	8
	\$ 50	\$ 72	\$ 151	\$ 106

The tables below provide a summary of restructuring 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 restructuring activities were first initiated.

	Employee termination costs	Lease and other contractual obligations	Facility exit costs and other	Non-cash charge	Total
Years prior to 2003					
Total estimated expected costs	\$ 301	\$ 165	\$ 44	\$ 355	\$ 865 ^(a)
Cumulative costs expensed to date	\$ 300	\$ 164	\$ 44	\$ 355	\$ 863 ^(b)
Expense for the nine months ended September 30, 2004	\$ 3	\$ 1	\$ 2	\$ 2	\$ 8
Reconciliation of accrued liability					
Closing balance – December 31, 2003	\$ 15	\$ 80	\$ 5		\$ 100
Cash payments	(12)	(32)	(4)		(48)
Charges	3	1	2		6
Closing balance – September 30, 2004	\$ 6	\$ 49	\$ 3		\$ 58

(a) Includes Celestica \$851, J.L. French Automotive \$9 and Radian \$4.

(b) Includes Celestica \$851, J.L. French Automotive \$9 and Radian \$2.

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Initiated in 2003	Employee termination costs	Lease and other contractual obligations	Facility exit costs and other	Non-cash charge	Total
Total estimated expected costs	\$ 94	\$ 7	\$ 7	\$ 11	\$ 119 ^(a)
Cumulative costs expensed to date	\$ 93	\$ 4	\$ 7	\$ 11	\$ 115 ^(b)
Expense for the nine months ended September 30, 2004	\$ 8	\$ 3	\$ 1	\$ -	\$ 12
Reconciliation of accrued liability					
Closing balance – December 31, 2003	\$ 53	\$ -	\$ 4		\$ 57
Cash payments	(37)	(1)	(2)		(40)
Charges	8	3	1		12
Closing balance – September 30, 2004	\$ 24	\$ 2	\$ 3		\$ 29

(a) Includes Celestica \$97, J.L. French Automotive \$8, ClientLogic \$8 and Magellan \$6.

(b) Includes Celestica \$97, J.L. French Automotive \$4, ClientLogic \$8 and Magellan \$6.

Initiated in 2004	Employee termination costs	Lease and other contractual obligations	Facility exit costs and other	Non-cash charge	Total
Total estimated expected costs	\$ 140	\$ 14	\$ 19	\$ 66	\$ 239 ^(a)
Cumulative costs expensed to date	\$ 121	\$ 12	\$ 6	\$ (8)	\$ 131 ^(b)
Expense for the nine months ended September 30, 2004	\$ 121	\$ 12	\$ 6	\$ (8) ^(c)	\$ 131
Reconciliation of accrued liability					
Cash payments	\$ (66)	\$ -	\$ (3)		\$ (69)
Charges	121	12	6		139
Closing balance – September 30, 2004	\$ 55	\$ 12	\$ 3		\$ 70

(a) Includes Celestica \$228, ClientLogic \$4 and Radian \$4.

(b) Includes Celestica \$121, ClientLogic \$4 and Radian \$4.

(c) In September 2004, Celestica sold certain assets relating to its power operations for proceeds of \$68 and recorded a gain of \$15.

Total	Employee termination costs	Lease and other contractual obligations	Facility exit costs and other	Non-cash charge	Total
Total estimated expected costs ^(a)	\$ 535	\$ 186	\$ 144	\$ 358	\$ 1,223
Cumulative costs expensed to date	\$ 514	\$ 180	\$ 57	\$ 358	\$ 1,109
Expense for the nine months ended September 30, 2004	\$ 132	\$ 16	\$ 9	\$ (6)	\$ 151
Reconciliation of accrued liability					
Closing balance – December 31, 2003	\$ 68	\$ 80	\$ 9		\$ 157
Cash payments	(115)	(33)	(9)		(157)
Charges	132	16	9		157
Closing balance – September 30, 2004	\$ 85	\$ 63	\$ 9		\$ 157

a) In April 2004, Celestica announced further restructuring plans totalling between US\$175 and US\$200 to be recorded throughout 2004 and into the first quarter of 2005, of which US\$109 has been recorded in the first nine months of 2004.

11. 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	
	2004	2003	2004	2003
Defined benefit expense	\$ 6	\$ 7	\$ 19	\$ 20

12. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Interest	\$ 33	\$ 47	\$ 138	\$ 206
Taxes	\$ 6	\$ 24	\$ 23	\$ 40

13. COMMITMENTS AND GUARANTEES

Contingent liabilities in the form of letters of credit, letters of guarantee, surety and performance bonds are provided by certain operating companies to various third parties and include certain bank guarantees. At September 30, 2004, the amounts potentially payable in respect of these guarantees totalled \$110. In addition, certain operating companies have guarantees of \$4 with respect to employee share purchase loans as at September 30, 2004. These guarantees are without recourse to Onex. The Company had commitments at September 30, 2004 in the total amount of approximately \$97 in respect of corporate investments.

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

Onex' operating companies have aggregate capital commitments of \$49 outstanding as at September 30, 2004.

14. 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 early November 2004, Onex and Onex Partners LP made an investment of US\$85 in convertible subordinated notes of Compagnie Générale de Géophysique ("CGG"). CGG is a publicly traded French company that operates in the land and marine seismic services industry and is a global leader in the manufacture of geophysical equipment. This transaction is subject to regulatory and CGG shareholder approval. Onex' share of this investment was approximately US\$20 and is included in the commitment amount presented above in note 13.

Onex and Onex Partners have made commitments to acquire majority ownership interests in each of Center for Diagnostic Imaging, Inc. ("CDI") and Cosmetic Essence, Inc. ("CEI"), which would require cash investments of approximately US\$76 and US\$113, respectively. Onex' share of those investments would be approximately US\$45 and is excluded from note 13 above as the commitments were made after September 30, 2004.

CDI is a leading provider of diagnostic and therapeutic radiology services with 31 diagnostic imaging centers in nine markets in the United States. CDI's imaging services include magnetic resonance imaging, computed tomography, diagnostic and therapeutic injection procedures and other procedures such as conventional x-ray, mammography and ultrasound.

CEI is a leading provider of outsourced manufacturing, filling, packaging and distribution services to the personal care products industry. The company manufactures and distributes personal care products such as fragrances, crèmes, lotions and colour cosmetics to a diversified customer base of leading retailers and marketers that do not have their own manufacturing capabilities.

These investments are subject to customary regulatory approvals. It is currently planned that these acquisitions would be completed in the fourth quarter of 2004.

15. INFORMATION BY INDUSTRY SEGMENT

<i>(Unaudited)</i> <i>(in millions of dollars)</i> <i>Three months ended September 30, 2004</i>	Electronics Manufacturing Services	Theatre Exhibition^(a)	Managed Healthcare	Customer Management Services	Automotive Products	Other^(b)	Consolidated Total
Revenues	\$ 2,833	\$ 96	\$ 574	\$ 182	\$ 154	\$ 169	\$ 4,008
Cost of sales	(2,652)	(71)	(437)	(117)	(126)	(115)	(3,518)
Selling, general and administrative expenses	(90)	(5)	(52)	(49)	(4)	(52)	(252)
Earnings before the undernoted items	91	20	85	16	24	2	238
Amortization of property, plant and equipment	(58)	(6)	(9)	(11)	(15)	(7)	(106)
Amortization of intangible assets and deferred charges	(10)	-	(5)	(4)	-	(6)	(25)
Interest expense of operating companies	(10)	(2)	(11)	(6)	(25)	(7)	(61)
Interest and other income	-	-	2	2	1	6	11
Equity accounted investments	-	-	1	-	-	(7)	(6)
Foreign exchange gains (loss)	(3)	-	-	-	1	(77)	(79)
Stock-based compensation	(5)	(1)	(4)	(1)	-	20	9
Derivative instruments	-	-	-	-	-	117	117
Gains on shares of operating companies, net	-	-	-	-	-	83	83
Acquisition, restructuring and other expenses	(43)	-	(3)	(1)	(1)	(2)	(50)
Debt prepayment costs	-	-	-	-	(3)	(1)	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ (38)	\$ 11	\$ 56	\$ (5)	\$ (18)	\$ 121	127
Provision for income taxes							(17)
Non-controlling interests of operating companies							26
Earnings from continuing operations							136
Earnings from discontinued operations							145
Net earnings							\$ 281

(a) Represents the operations of Cineplex Galaxy LP and Cineplex Odeon Corporation.

(b) Other includes Radian, InsLogic, ONCAP and parent company.

Notes to Interim Consolidated Financial Statements

15. INFORMATION BY INDUSTRY SEGMENT (cont'd)

<i>(Unaudited)</i> <i>(in millions of dollars)</i> <i>Three months ended September 30, 2003</i>	Electronics Manufacturing Services	Theatre Exhibition ^(a)	Customer Management Services	Automotive Products	Other ^(b)	Consolidated Total
Revenues	\$ 2,250	\$ 87	\$ 148	\$ 311	\$ 96	\$ 2,892
Cost of sales	(2,118)	(66)	(103)	(247)	(62)	(2,596)
Selling, general and administrative expenses	(87)	(3)	(47)	(27)	(44)	(208)
Earnings (loss) before the undernoted items	45	18	(2)	37	(10)	88
Amortization of property, plant and equipment	(58)	(5)	(11)	(18)	(5)	(97)
Amortization of intangible assets and deferred charges	(16)	-	(4)	(1)	(2)	(23)
Interest expense of operating companies	(2)	-	(5)	(30)	1	(36)
Interest and other income	2	-	-	-	3	5
Foreign exchange gains (loss)	6	-	3	(2)	5	12
Stock-based compensation	-	-	(1)	-	8	7
Loss on shares of operating companies, net	-	-	-	-	(1)	(1)
Acquisition, restructuring and other expenses	(67)	-	-	(4)	(1)	(72)
Writedown of goodwill and intangible assets	-	-	-	(214)	(8)	(222)
Writedown of long-lived assets	-	-	-	(9)	-	(9)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ (90)	\$ 13	\$ (20)	\$ (241)	\$ (10)	(348)
Provision for income taxes						(3)
Non-controlling interests of operating companies						65
Loss from continuing operations						(286)
Loss from discontinued operations						(1)
Net loss						\$ (287)

(a) Represents the operations of Cineplex Galaxy LP, Cineplex Odeon Corporation and Galaxy Entertainment, Inc.

(b) Other includes Radian, InsLogic, ONCAP and parent company.

15. INFORMATION BY INDUSTRY SEGMENT (cont'd)

<i>(Unaudited)</i> <i>(in millions of dollars)</i> <i>Nine months ended September 30, 2004</i>	Electronics Manufacturing Services	Theatre Exhibition^(a)	Managed Healthcare	Customer Management Services	Automotive Products	Other^(b)	Consolidated Total
Revenues	\$ 8,639	\$ 269	\$ 1,682	\$ 548	\$ 780	\$ 413	\$ 12,331
Cost of sales	(8,084)	(205)	(1,285)	(340)	(619)	(268)	(10,801)
Selling, general and administrative expenses	(276)	(14)	(167)	(149)	(31)	(143)	(780)
Earnings before the undernoted items	279	50	230	59	130	2	750
Amortization of property, plant and equipment	(175)	(18)	(28)	(31)	(51)	(16)	(319)
Amortization of intangible assets and deferred charges	(30)	(1)	(14)	(12)	-	(11)	(68)
Interest expense of operating companies	(14)	(5)	(36)	(14)	(80)	(15)	(164)
Interest and other income	(1)	-	5	3	1	11	19
Equity accounted investments	-	-	1	-	-	(5)	(4)
Foreign exchange gains (loss)	(11)	-	-	5	1	(59)	(64)
Stock-based compensation	(16)	(1)	(24)	(2)	(14)	(13)	(70)
Derivative instruments	-	-	-	-	-	38	38
Gains on shares of operating companies, net	-	-	-	-	-	177	177
Acquisition, restructuring and other expenses	(130)	-	(6)	(4)	(4)	(7)	(151)
Debt prepayment costs	(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)	\$ 25	\$ 128	\$ (1)	\$ (22)	\$ 101	131
Provision for income taxes							(29)
Non-controlling interests of operating companies							(5)
Earnings from continuing operations							97
Earnings from discontinued operations							152
Net earnings							\$ 249
Total assets ^(c)	\$ 7,147	\$ 338	\$ 1,665	\$ 301	\$ 494	\$ 2,692	\$ 12,637
Long-term debt ^(d)	\$ 631	\$ 125	\$ 477	\$ 239	\$ 806	\$ 205	\$ 2,483

(a) Represents the operations of Cineplex Galaxy LP and Cineplex Odeon Corporation.

(b) Other includes Radian, InsLogic, ONCAP and parent company.

(c) Assets relating to discontinued operations are included in Other and total \$132.

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

Notes to Interim Consolidated Financial Statements

15. INFORMATION BY INDUSTRY SEGMENT (cont'd)

<i>(Unaudited)</i> <i>(in millions of dollars)</i> <i>Nine months ended September 30, 2003</i>	Electronics Manufacturing Services	Theatre Exhibition ^(a)	Customer Management Services	Automotive Products	Other ^(b)	Consolidated Total
Revenues	\$ 6,865	\$ 234	\$ 452	\$ 1,057	\$ 290	\$ 8,898
Cost of sales	(6,452)	(181)	(297)	(823)	(215)	(7,968)
Selling, general and administrative expenses	(248)	(9)	(140)	(90)	(115)	(602)
Earnings (loss) before the undernoted items	165	44	15	144	(40)	328
Amortization of property, plant and equipment	(185)	(15)	(34)	(61)	(15)	(310)
Amortization of intangible assets and deferred charges	(52)	-	(13)	(1)	(6)	(72)
Interest expense of operating companies	(6)	(2)	(12)	(99)	(4)	(123)
Interest and other income	13	3	-	1	23	40
Foreign exchange gains (loss)	11	1	1	(2)	(94)	(83)
Stock-based compensation	-	-	(1)	-	9	8
Gains on shares of operating companies, net	-	-	-	-	13	13
Acquisition, restructuring and other expenses	(96)	-	-	(4)	(6)	(106)
Debt prepayment costs	-	-	-	(9)	-	(9)
Writedown of goodwill and intangible assets	-	-	-	(214)	(8)	(222)
Writedown of long-lived assets	-	-	-	(9)	-	(9)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ (150)	\$ 31	\$ (44)	\$ (254)	\$ (128)	(545)
Recovery of income taxes						6
Non-controlling interests of operating companies						88
Loss from continuing operations						(451)
Loss from discontinued operations						(33)
Net loss						\$ (484)
Total assets as at December 31, 2003 ^(c)	\$ 6,645	\$ 2,112	\$ 338	\$ 3,581	\$ 1,945	\$ 14,621
Long-term debt as at December 31, 2003 ^(d)	\$ -	\$ 114	\$ 206	\$ 1,026	\$ 186	\$ 1,532

(a) Represents the operations of Cineplex Galaxy LP, Cineplex Odeon Corporation and Galaxy Entertainment, Inc.

(b) Other includes Radian, InsLogic, ONCAP and parent company.

(c) Assets relating to discontinued operations are included totalling \$1,724 in Theatre Exhibition, \$2,802 in Automotive Products and \$230 in Other.

(d) 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 29, 2004 to shareholders of record as of October 8, 2004.

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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