

Management's Discussion and Analysis and Financial Statements

ONEX

Third Quarter Ended September 30, 2006

ONEX CORPORATION

Onex manages third party private equity investments through the Onex Partners and ONCAP family of funds and invests in real estate and public equities through Onex Real Estate Partners and Onex Capital Management. It generates annual management fee income and is entitled to a carried interest on more than \$3.5 billion of third party capital.

Onex is a diversified company with annual revenues of approximately \$19 billion, assets of \$15 billion and 136,000 employees worldwide. It operates through autonomous subsidiaries in a variety of industries, including electronics manufacturing services, aerostructures manufacturing, healthcare, theatre exhibition, customer management services, personal care products and communications infrastructure.

Onex is listed on the Toronto Stock Exchange under the symbol OCX.

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

This report includes Onex Corporation's Management's Discussion and Analysis and Financial Statements for the third quarter ended September 30, 2006.

We invite you to visit our website, www.onex.com, for your complete and up-to-date source of information about Onex.

Get to know our people and the individual strengths they bring to our team.	Here is what we look for in businesses we want to own and what we provide.	Get our financial results in a simple, comprehensible format, with interactive annual and quarterly financial statements.	
Learn about our operating principles and values, and what we do.	See how Onex has performed against key market indices.	Find out about our companies.	Learn about our directors and corporate governance practices.



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ABOUT ONEX ONEX TEAM TRACK RECORD PARTNERING WITH ONEX ONEX BUSINESSES INVESTOR INFORMATION GOVERNANCE

Onex is a diversified company.

REVENUES	\$19 billion
ASSETS	\$15 billion
EMPLOYEES	136,000

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following MD&A is the responsibility of management and is as of November 7, 2006. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, comprised exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and approved the disclosure.

The MD&A is presented in the following sections:

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Forward-Looking/Safe Harbour Statements

This interim MD&A may contain, without limitation, certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements, including without limitations, those discussed on pages 4 through 8 of this MD&A. 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.

In addition, this interim MD&A refers to a proposed public offering of securities of an Onex operating company. A registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy them be accepted prior to the time, if any, that the applicable registration statement becomes effective.

INDUSTRY SEGMENTS

A descriptive listing of the significant Onex operating companies at September 30, 2006 by industry segment is provided below.

Industry Segments	Companies	Ownership (Onex Owns/Onex Votes)
Electronics Manufacturing Services	Celestica Inc. (TSX/NYSE: CLS), one of the world's largest electronics manufacturing services companies for original equipment manufacturers ("OEMs").	13%/79%
Aerostructures	Spirit AeroSystems, Inc. , the largest independent non-OEM designer and manufacturer of aerostructures in the world. Aerostructures are structural components such as fuselages, propulsion systems and wing systems for commercial and military aircraft.	28%/100%
Healthcare	Emergency Medical Services Corporation (NYSE: EMS), a leading provider of emergency medical services in the United States.	29%/97%
	Center for Diagnostic Imaging, Inc. , a leading provider of diagnostic and therapeutic radiology services in the United States.	20%/100%
	Skilled Healthcare Group, Inc. , a leading operator of skilled nursing and assisted living facilities in the United States, specifically in California, Texas, Kansas, Missouri and Nevada, that is focused on treating patients that require a high level of skilled nursing care and extensive rehabilitation therapy.	21%/100%
	Res-Care, Inc. (NASDAQ: RSCR), a leading U.S. provider of residential, training, educational and support services for people with disabilities and special needs.	6%/26%
Theatre Exhibition	Cineplex Entertainment Limited Partnership (TSX: CGX.UN), Canada's largest film exhibition company operating 132 theatres with a total of 1,309 screens under the Cineplex Odeon, Famous Players and Galaxy Entertainment brands.	22%/100%
Customer Management Services	ClientLogic Corporation , a leading global business process outsourcing provider in the customer care and back-office processing industries.	67%/89%
Other Businesses	ONCAP , a private equity fund focused on acquiring and building the value of mid-capitalization companies based in North America, which actively manages investments in: <i>ONCAP I</i> <ul style="list-style-type: none"> • CMC Electronics Inc. • Western Inventory Service Ltd. <i>ONCAP II</i> <ul style="list-style-type: none"> • CSI Global Education Inc. • Environmental Management Solutions, Inc. (TSX: EMS) 	ONCAP I – 30%/100% ONCAP II – 45%/100%
	Cosmetic Essence, Inc. , a leading provider of outsourced supply chain management services, including manufacturing, filling, packaging and distribution, to the personal care products industry.	22%/100%
	Radian Communication Services Corporation , a leading North American wireless communications infrastructure and network services company.	89%/100%
	Onex Real Estate Partners LP , a partnership dedicated to acquiring and improving real estate assets in North America.	86%/100%

FINANCIAL REVIEW

This section discusses the significant changes in Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three and nine months ended September 30, 2006 compared to those for the same periods ended September 30, 2005 and compares Onex' financial condition at September 30, 2006 to that at December 31, 2005.

Accounting policies and estimates

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

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the unaudited interim consolidated financial statements. Significant accounting policies and methods used in preparation of the financial statements are described in note 1 to the unaudited interim consolidated financial statements and in note 1 to the December 31, 2005 audited annual consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in Onex' unaudited interim consolidated financial statements are significant estimates used in determining the allowance for doubtful accounts, inventory valuation, income tax valuation allowances, the useful lives of property, plant and equipment and intangible assets, revenue recognition under contract accounting, pension and post-employment benefits, restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

SIGNIFICANT EVENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2006

A number of significant events occurred during the first nine months of 2006 that affected Onex' unaudited interim consolidated operating results for the three and nine months ended September 30, 2006 and their comparability to the results for the same periods of 2005. These significant events are presented with the most recent events first.

Onex closes second private equity fund, Onex Partners II LP

In August 2006, Onex closed its second large-cap private equity fund, Onex Partners II LP ("Onex Partners II"), with total capital commitments of approximately US\$3.45 billion. Virtually all of the existing investors in Onex Partners LP ("Onex Partners I") have committed to Onex Partners II and several significant new investors have been added. Onex has committed to a 41 percent participation in Onex Partners II, a much larger portion than the 24 percent it had committed to Onex Partners I. This will enable Onex to put its cash resources to work at a faster pace than before. Onex will benefit from management fees paid by other investors in Onex Partners II and is entitled to earn a carried interest on the overall profits received by the investors in the second fund. The management fees to Onex that will be generated on an annualized basis from the Onex Partners I and II funds, as well as the ONCAP II fund, will total approximately \$60 million.

Emergency Medical Services acquires air ambulance services provider

In July 2006, Emergency Medical Services Corporation ("EMSC") completed its acquisition of Air Ambulance Specialists, Inc. ("Air Ambulance Specialists") in a transaction valued at US\$12 million. Air Ambulance Specialists is a leader in the management of domestic and international air ambulance transportation. This acquisition is a natural complement to American Medical Response's extensive ground ambulance service network.

Cineplex Entertainment secondary unit offering

In June 2006, Cineplex Entertainment Limited Partnership ("Cineplex Entertainment") and Cineplex Galaxy Income Fund ("CGIF") completed a treasury and secondary offering of trust units. The offering consisted of the issuance and sale of 2 million trust units from treasury and the sale of 3.2 million trust units controlled by Onex, the parent company. In conjunction with Onex' sale of its units, Onex entered into a forward contract to purchase 1.4 million units in or after January 2007 at a price computed with reference to the secondary offering.

Onex received net proceeds of \$28 million and recorded a \$25 million pre-tax gain on the net sale of those trust units. Cineplex Entertainment received net proceeds of \$30 million for its 2 million treasury unit offering. The effect of the additional units being issued resulted in a non-cash accounting dilution gain of \$12 million being recorded in the second quarter, of which Onex' share was \$6 million. Cineplex Entertainment used its net proceeds from the offering to indirectly repay indebtedness under the company's senior secured revolving credit facility. Onex' ownership in Cineplex Entertainment was reduced to 22 percent from 27 percent as a result of the above transactions.

These gains are reported as gains on sales of operating investments in Onex' unaudited interim consolidated financial statements for the nine months ended September 30, 2006. Note 7 to the unaudited interim consolidated financial statements provides additional information on these gains.

Spirit AeroSystems acquires BAE Systems' aerostructures business

On April 1, 2006, Spirit AeroSystems, Inc. ("Spirit AeroSystems"), the largest independent non-OEM designer and manufacturer of aerostructures in the world, acquired the aerostructures business unit of BAE Systems plc in a transaction valued at \$171 million. This purchase was fully funded by Spirit AeroSystems and this business is now operating as Spirit AeroSystems (Europe) Ltd. ("Spirit Europe"). Spirit Europe has operations in Prestwick, Scotland and Samlesbury, England. Its largest customer is Airbus, which provides approximately 80 percent of Spirit Europe's revenues. The unit produces structural components, primarily for wings, for such Airbus aircraft as the A320 family, the A330, the A340 and the A380. In addition, the company supplies components for The Boeing Company's ("Boeing") 767 and 777, as well as the Raytheon Hawker 8500XP. Annual revenues for this business were approximately \$419 million in 2005. This acquisition enhances Spirit AeroSystems' manufacturing operations and adds important new customers. These operations are consolidated and reported in the aerostructures segment.

Onex Real Estate acquires Town and Country Trust

In March 2006, Onex Real Estate Partners ("OREP"), in a joint venture with Morgan Stanley Real Estate and Sawyer Realty Holdings LLC, acquired Town and Country Trust ("Town and Country") in an all-cash transaction valued at approximately \$1.7 billion, including the assumption of debt. OREP invested approximately \$116 million for a 48 percent equity interest in the Town and Country joint venture. Onex' share of that investment was \$100 million, representing a 41 percent equity interest.

Town and Country is a real estate investment trust that owns and operates 37 apartment communities in the Mid-Atlantic States and Florida. Note 2 to the unaudited interim consolidated financial statements provides additional information on this acquisition.

During the second quarter of 2006, OREP reorganized the Town and Country assets into five regional components and determined that it would divest of the assets in those components. As a result of a plan to sell the assets, the results of Town and Country's operations have been accounted for as discontinued in Onex' unaudited interim consolidated financial statements beginning in the second quarter of 2006. There were no sales of Town and Country's assets completed by the end of the third quarter of 2006 and the duration of the sale process is not known at this time.

Skilled Healthcare completes first acquisitions

In early March 2006, Skilled Healthcare Group, Inc. ("Skilled Healthcare"), a leading skilled nursing and assisted living facility operator in the United States, expanded with the acquisition of a group of three long-term care facilities in the state of Missouri. This acquisition added 436 skilled nursing and assisted living beds and broadened Skilled Healthcare's operations beyond the company's existing operations in the states of California, Texas, Kansas and Nevada. In June 2006, Skilled Healthcare purchased the leasehold interest of one skilled nursing facility with 100 beds in Nevada. Skilled Healthcare's subsidiaries now operate 72 skilled nursing and assisted living facilities and also provide hospice and rehabilitation therapy services in its affiliated facilities and for third parties. These purchases, which were funded entirely by Skilled Healthcare, have been consolidated and reported in the healthcare segment from the dates of acquisition.

ONCAP's sale of Canadian Securities Registration Systems

In mid-March 2006, ONCAP I completed the sale of its operating company, Canadian Securities Registration Systems Ltd. ("CSRS"), to Resolve Business Outsourcing Income Fund ("Resolve"). ONCAP I received cash proceeds of \$90 million compared to its investment of \$29 million in CSRS made in April 2004. In addition, as part of this sale, ONCAP I received one million units of Resolve for a 3 percent equity interest. As a result of this sale, Onex received

proceeds of \$30 million and recorded a pre-tax gain of \$25 million in the first quarter of 2006. Following this sale, ONCAP I ceased to have control of CSRS and therefore, for accounting purposes, the gain on the sale and CSRS' results are reported as earnings from discontinued operations in the unaudited interim consolidated financial statements.

The comparative 2005 third-quarter and nine-month period results of CSRS have been reclassified to be presented as discontinued. Note 3 to the unaudited interim consolidated financial statements discloses the assets and liabilities in the December 31, 2005 balance sheet that have been restated to be shown as discontinued.

Cineplex Entertainment completes sale of seven theatres

In late March 2006, Cineplex Entertainment completed the sale of seven theatres with 78 screens located in the province of Quebec in a transaction valued at approximately \$2 million. Onex' share of the gain on those theatres was nominal. These seven theatres were required to be sold as a condition of the regulatory approval obtained for the Famous Players acquisition in mid-July 2005 under which Cineplex Entertainment agreed to sell a total of 34 theatres. The company sold the other 27 theatres in 2005.

The comparative results for the three and nine months ended September 30, 2005 of the theatres that have been sold have been reclassified and presented as discontinued. Note 3 to the unaudited interim consolidated financial statements discloses those assets and liabilities in the December 31, 2005 balance sheet that have been restated as discontinued.

Accounting gain recorded on J.L. French Automotive

J.L. French Automotive Castings, Inc. ("J.L. French Automotive") was unable to meet the financial requirements under certain of its lending agreements as a result of the difficult market conditions affecting the North American automotive supply sector. Consequently, in February 2006, J.L. French Automotive filed a voluntary petition for reorganization under Chapter 11 in the United States. In July

2006, the restructured company emerged from bankruptcy following the U.S. Bankruptcy Court's approval of J.L. French Automotive's plan of reorganization. Onex no longer has an ownership interest in J.L. French Automotive. The disposition of Onex' interest in J.L. French Automotive resulted in an accounting gain of \$605 million being recorded by Onex in the first quarter of 2006. This gain arises as Onex had recorded in prior years, for accounting purposes, losses of J.L. French Automotive that were in excess of Onex' investment in J.L. French Automotive. A significant portion of these prior year losses was due to the write-off and amortization of goodwill. The accounting gain is included in earnings from discontinued operations. Onex' prior period consolidated financial results have been restated to report those operations of J.L. French Automotive as discontinued. During the third quarter of 2006, Onex recorded a further accounting gain of \$12 million on its disposition of J.L. French Automotive primarily associated with taxes.

Note 3 to the unaudited interim consolidated financial statements discloses J.L. French Automotive's assets and liabilities in the December 31, 2005 balance sheet that have been restated to be shown as discontinued.

Acquisition of CSI Global Education by ONCAP

In early January 2006, ONCAP's second fund, ONCAP II, completed its acquisition of CSI Global Education Inc. ("CSI"). ONCAP II invested \$8 million in the equity for a 90 percent ownership interest in the company; Onex' portion of that investment was \$4 million. In addition, ONCAP II invested \$17 million in the debt of CSI, of which Onex' portion was \$8 million. CSI is Canada's leader in interactive investment education for the securities and financial services industries. CSI's operations have been consolidated from the date of acquisition and reported with other ONCAP investments in the Other segment. Note 2 to the unaudited interim consolidated financial statements provides additional information on this acquisition.

Sale of Futuremed

In early January 2006, Futuremed Health Care Products Limited Partnership ("Futuremed"), an operating company of ONCAP I, completed a \$120 million initial public offering. In that offering, ONCAP I sold all of its Futuremed shares, receiving \$74 million in net proceeds. Including prior distributions, ONCAP I has received net proceeds of \$100 million compared to its investment in Futuremed of \$25 million made in February 2004. Onex' share of those proceeds was \$32 million.

At the time of filing Futuremed's registration statement in December 2005, management of ONCAP had determined that it intended to sell the majority of its holdings in Futuremed. As a result, Onex presented Futuremed's results as discontinued operations in the audited annual consolidated financial statements for the year ended December 31, 2005 and the comparative 2005 third-quarter and nine-month period results of Futuremed have been reclassified to be presented as discontinued. Note 3 to the unaudited interim consolidated financial statements discloses the assets and liabilities in the December 31, 2005 balance sheet that have been restated to be shown as discontinued.

Share repurchases under Onex' Normal Course Issuer Bid

During the first nine months of 2006, Onex repurchased 8,622,100 Subordinate Voting Shares under its Normal Course Issuer Bid at an average cost per share of \$22.04, for a total cost of approximately \$190 million. Onex' shareholders' equity at September 30, 2006 has been reduced for the effect of Onex' repurchases of Subordinate Voting Shares under its Normal Course Issuer Bid. During the third quarter of 2006, 2,142,600 Subordinate Voting Shares were repurchased for a total cost of \$51 million, or \$23.74 per share.

SIGNIFICANT PENDING TRANSACTIONS

The significant events below are transactions that are pending but were not completed by September 30, 2006. Therefore, these events did not affect Onex' unaudited interim consolidated operating results for the three and nine months ended September 30, 2006. Further details on these events are provided in the Outlook section on page 25 of this report. There can be no assurance that any or all of the transactions mentioned below will be completed or if so, when.

Spirit AeroSystems initial public offering

In June 2006, Spirit AeroSystems filed a registration statement with the U.S. Securities and Exchange Commission for a proposed initial public offering of shares. In an amended S-1 filing on October 30, 2006, Spirit AeroSystems indicated an expected offering price range of US\$23.00 to US\$25.00 per share, following a 3:1 stock split, and a proposed offering size of approximately US\$1.25 billion at that range. Giving effect to that stock split, Onex' purchase price of Spirit AeroSystems' stock was US\$3.33 per share.

Onex to acquire The Warranty Group

In late June 2006, Onex announced that it had agreed to acquire the Aon Warranty Group division, one of the world's largest providers of extended warranty contracts, for approximately \$800 million (US\$710 million) from Aon Corporation. Subsequent to the completion of the purchase, which is currently planned for the end of November 2006, the company will be named The Warranty Group ("TWG"). TWG underwrites and administers extended warranties on a wide variety of consumer goods, including automobiles, consumer electronics and major home appliances. The company also provides consumer credit and other specialty insurance products primarily through automobile dealers.

ClientLogic to acquire SITEL Corporation

In October 2006, ClientLogic Corporation ("ClientLogic") announced that it had agreed to acquire SITEL Corporation ("SITEL") (NYSE: SWW) for approximately US\$450 million. SITEL is a global provider of outsourced customer support services, handling more than two million customer interactions daily. If completed, this acquisition will create one of the world's largest providers of outsourced customer support services with annual revenues in excess of US\$1.7 billion. The combined company will operate from more than 145 centres in 28 countries and will offer the industry's largest array of customer care services.

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, 2006 and 2005, the corresponding notes thereto and the December 31, 2005 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 one or more 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 for both the parent company and its operating companies; changes in the market value of Onex' publicly-traded operating companies; and activities at Onex' operating companies. These activities may include the purchase or sale of businesses; fluctuations in customer demand and materials and employee-related costs; changes in the mix of products and services produced or delivered; and charges to restructure operations. The discussion that follows identifies some of the material factors that affected Onex' unaudited interim consolidated results for the three and nine months ended September 30, 2006.

The statements of earnings for the three and nine months ended September 30, 2005 have been restated from those previously reported in accordance with required accounting policies for discontinued operations for those businesses that were disposed of or planned to be disposed of in the first nine months of 2006. These include the operations of:

- J.L. French Automotive;
- Futuremed;
- CSRS;
- certain Cineplex Entertainment theatres that have been sold;
- ClientLogic's warehouse management business; and
- Town and Country.

Consolidated revenues

Consolidated revenues grew by \$726 million, or 17 percent, to \$4.9 billion for the three months ended September 30, 2006 from \$4.2 billion for the same quarter of 2005. Third-quarter revenue growth was driven primarily by:

- Celestica's revenue growth of \$292 million resulting from higher volumes and new customers in Asia and the Americas; Asia's and the Americas' revenues increased 31 percent and 21 percent, respectively, but were partially offset by a 14 percent decline in revenues in Europe due to weaker demand;
- higher revenues of \$241 million at Spirit AeroSystems resulting from the inclusion of a full quarter of revenues of Spirit Europe, acquired in April 2006 (\$105 million), and higher shipments quarter-over-quarter due to the effect in September 2005 of the strike at Boeing, which reduced shipments in that period;
- Onex' acquisition of Skilled Healthcare in late December 2005, which added revenues of \$151 million in the quarter; and
- Cineplex Entertainment's revenue increase of \$47 million due primarily to its Famous Players acquisition in mid-July 2005 (\$34 million), as well as improved box office and concession revenues from its Cineplex Odeon and Galaxy brand theatres (\$13 million).

For the nine months ended September 30, 2006, consolidated revenues increased \$2.4 billion, or 21 percent, to \$14 billion from \$11.6 billion reported for the first nine months of 2005 due primarily to:

- the inclusion of a full nine months of results of Spirit AeroSystems, acquired in mid-June 2005 (\$1.7 billion), as well as the April 2006 acquisition of Spirit Europe (\$220 million);
- Onex' acquisition of Skilled Healthcare in December 2005 (\$444 million); and
- Cineplex Entertainment's July 2005 acquisition of Famous Players (\$220 million).

Partially offsetting the above factors was a \$424 million decrease in revenues at Celestica, which were \$7.4 billion for the nine months ended September 30, 2006 compared to \$7.8 billion in the same period last year. The effect of currency translation with the strengthening of the Canadian dollar relative to the U.S. dollar accounted for most of the decline in Canadian dollar revenues on a year-to-date basis. Excluding the impact of foreign currency translation, Celestica reported a 2 percent increase in revenues in its functional currency due primarily to higher revenues in Asia, partially offset by lower revenues in Europe.

Table 1 below provides a breakdown of revenues by industry segment for the three and nine months ended September 30, 2006 and 2005 and the percentage change in revenues for those periods in both the Canadian dollar and the functional currency of the companies. Onex believes that showing the revenues in the

operating companies' functional currencies is useful in evaluating the performance of those businesses quarter-over-quarter since it eliminates the impact of foreign currency translation on revenues. Note 15 to the unaudited interim consolidated financial statements also shows revenues by industry segment.

Revenues by Industry Segment

TABLE 1	(Unaudited) (\$ millions)	Canadian Dollars			Functional Currency		
		2006	2005	Change (%)	2006	2005	Change (%)
Three months ended September 30							
Electronics Manufacturing Services	\$ 2,680	\$ 2,388	12 %	US\$ 2,392	US\$ 1,995	20 %	
Aerostructures	925	684	35 %	US\$ 825	US\$ 568	45 %	
Healthcare	726	579	25 %	US\$ 647	US\$ 482	34 %	
Theatre Exhibition	199	152	31 %	C\$ 199	C\$ 152	31 %	
Customer Management Services	184	163	13 %	US\$ 163	US\$ 136	20 %	
Other ^(a)	209	231	(10)%	C\$ 209	C\$ 231	(10)%	
Total	\$ 4,923	\$ 4,197	17 %				

	(Unaudited) (\$ millions)	Canadian Dollars			Functional Currency		
		2006	2005	Change (%)	2006	2005	Change (%)
Nine months ended September 30							
Electronics Manufacturing Services	\$ 7,402	\$ 7,826	(5)%	US\$ 6,550	US\$ 6,396	2 %	
Aerostructures	2,665	794	236 %	US\$ 2,357	US\$ 657	259 %	
Healthcare	2,157	1,548	39 %	US\$ 1,905	US\$ 1,265	51 %	
Theatre Exhibition	545	298	83 %	C\$ 545	C\$ 298	83 %	
Customer Management Services	543	506	7 %	US\$ 479	US\$ 414	16 %	
Other ^(a)	704	647	9 %	C\$ 704	C\$ 647	9 %	
Total	\$14,016	\$11,619	21 %				

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

(a) Includes Cosmetic Essence, Inc. ("CEI"), Radian Communication Services Corporation ("Radian"), OREP, ONCAP I, ONCAP II and parent company.

Consolidated cost of sales

Consolidated cost of sales was up 15 percent to \$4.3 billion for the third quarter of 2006 and up 18 percent to \$12.1 billion for the first nine months of 2006. This compares to consolidated cost of sales of \$3.7 billion and \$10.3 billion for the three and nine months ended September 30, 2005, respectively.

Table 2 provides a breakdown of cost of sales by industry segment for the three and nine months ended

September 30, 2006 and 2005 and the percentage change in cost of sales between those periods in both Canadian dollars and the companies' functional currencies, as indicated. Cost of sales is provided in the companies' functional currencies to eliminate the impact of foreign currency translation fluctuations. 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)	Canadian Dollars			Functional Currency		
Three months ended September 30	2006	2005	Change (%)	2006	2005	Change (%)	
Electronics Manufacturing Services	\$ 2,507	\$ 2,229	12 %	US\$ 2,238	US\$ 1,860	20 %	
Aerostructures	745	617	21 %	US\$ 665	US\$ 513	30 %	
Healthcare	601	496	21 %	US\$ 536	US\$ 413	30 %	
Theatre Exhibition	157	126	25 %	C\$ 157	C\$ 126	25 %	
Customer Management Services	110	98	12 %	US\$ 98	US\$ 81	21 %	
Other ^(a)	143	148	(3)%	C\$ 143	C\$ 148	(3)%	
Total	\$ 4,263	\$ 3,714	15 %				

	(Unaudited) (\$ millions)	Canadian Dollars			Functional Currency		
Nine months ended September 30	2006	2005	Change (%)	2006	2005	Change (%)	
Electronics Manufacturing Services	\$ 6,922	\$ 7,266	(5)%	US\$ 6,125	US\$ 5,937	3 %	
Aerostructures	2,152	715	201 %	US\$ 1,904	US\$ 592	222 %	
Healthcare	1,794	1,315	36 %	US\$ 1,584	US\$ 1,075	47 %	
Theatre Exhibition	443	242	83 %	C\$ 443	C\$ 242	83 %	
Customer Management Services	330	309	7 %	US\$ 291	US\$ 252	15 %	
Other ^(a)	440	407	8 %	C\$ 440	C\$ 407	8 %	
Total	\$12,081	\$10,254	18 %				

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

(a) Includes CEI, Radian, ONCAP I, ONCAP II and parent company.

The growth in cost of sales in the third quarter of 2006 over the same quarter last year was due primarily to:

- higher cost of sales at Celestica of \$278 million, resulting primarily from higher revenues in the quarter;
- an increase in cost of sales of \$128 million at Spirit AeroSystems resulting from the inclusion of a full quarter of cost of sales of Spirit Europe, acquired in April 2006, and additional cost of sales associated with higher revenues quarter-over-quarter due to the September 2005 strike at Boeing, which reduced shipments; and
- Onex' acquisition of Skilled Healthcare in December 2005, which added \$115 million in additional cost of sales in the quarter.

For the nine months ended September 30, 2006, the primary drivers of the cost of sales growth were:

- the inclusion of a full nine months of Spirit AeroSystems' cost of sales (\$1.2 billion), which was acquired in mid-June 2005, as well as the cost of sales of Spirit Europe (\$202 million), acquired in April 2006;
- the acquisition of Skilled Healthcare in December 2005, which included cost of sales of \$338 million; and
- Cineplex Entertainment's purchase of Famous Players in mid-July 2005 (\$184 million).

Partially offsetting the cost of sales increase in the nine months ended September 30, 2006 was a \$344 million decline in Celestica's Canadian dollar cost of sales for the first nine months of 2006. This change was due to foreign currency translation. For the first nine months of 2006, Celestica's cost of sales in its functional currency increased 3 percent compared to a 2 percent increase in revenues. Gross profit for Celestica of US\$425 million for the nine months ended September 30, 2006 decreased 7 percent from US\$459 million for the same period of 2005. Gross profit decreased due to an inventory charge taken in one of its facilities in the Americas and the continued inefficiencies in its Mexican and European facilities associated with supporting program transfers and ramping up new customers. Partially offsetting these declines were lower costs due to the various restructuring programs and higher volumes and utilization in Asia.

Table 3 provides additional details on cost of sales as a percentage of revenues by industry segment for the third quarters and first nine months of 2006 and 2005.

Cost of Sales as a Percentage of Revenues by Industry Segment

TABLE 3 (Unaudited)	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Electronics Manufacturing Services	94%	93%	94%	93%
Aerostructures	81%	90%	81%	90%
Healthcare	83%	86%	83%	85%
Theatre Exhibition	79%	83%	81%	81%
Customer Management Services	60%	60%	61%	61%
Other ^(a)	68%	64%	63%	63%
Total	87%	88%	86%	88%

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) Includes CEI, Radian, ONCAP I, ONCAP II and parent company.

The decline in cost of sales as a percentage of revenue of Spirit AeroSystems for the three and nine months ended September 30, 2006 compared to the same periods last year was due primarily to lower employee benefit costs and the effect of the strike at Boeing in September 2005 that increased costs associated with a reduced number of shipments.

Operating earnings

Operating earnings is defined as EBIAT, or earnings before interest expense, amortization of intangible assets and deferred charges, acquisition, restructuring and other expenses, other non-recurring items, income taxes, non-controlling interests and discontinued operations. Table 4 provides a reconciliation of the unaudited interim consolidated statements of earnings to operating earnings for the three and nine months ended September 30, 2006 and 2005.

Operating Earnings Reconciliation

TABLE 4 (Unaudited) (\$ millions)	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Earnings before the undernoted items	\$ 361	\$ 198	\$ 1,043	\$ 595
Amortization of property, plant and equipment	(88)	(88)	(264)	(251)
Interest and other income	17	51	83	116
Equity-accounted investments	4	(4)	10	1
Foreign exchange gains (loss)	6	(58)	(23)	(24)
Stock-based compensation	(108)	(30)	(164)	(51)
Operating earnings	\$ 192	\$ 69	\$ 685	\$ 386
Amortization of intangible assets and deferred charges	(24)	(22)	(65)	(65)
Interest expense of operating companies	(90)	(75)	(262)	(169)
Derivative instruments	(1)	2	-	3
Gains on sales of operating investments, net	9	54	58	870
Acquisition, restructuring and other expenses	(105)	(56)	(210)	(151)
Debt prepayment	-	(4)	-	(4)
Writedown of goodwill and intangible assets	-	-	(5)	(2)
Writedown of long-lived assets	-	(4)	-	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ (19)	\$ (36)	\$ 201	\$ 864

Onex uses EBIAT as a measure to evaluate each operating company's performance because it eliminates interest charges, which are a function of the operating company's particular financing structure, as well as any unusual or non-recurring charges. Onex' method of determining

operating earnings may differ from other companies' methods and, accordingly, EBIAT may not be comparable to measures used by other companies. EBIAT is not a performance measure under Canadian GAAP and should not be considered either in isolation of or as a substitute

for net earnings prepared in accordance with Canadian GAAP. Table 5 provides a detailed breakdown of operating earnings by industry segment and the change in operating

earnings for the three and nine months ended September 30, 2006 and 2005.

Operating Earnings (Loss) by Industry Segment

TABLE 5	<i>(Unaudited) (\$ millions)</i>	Three months ended September 30			Nine months ended September 30		
		2006	2005	Change (\$)	2006	2005	Change (\$)
	Electronics Manufacturing Services	\$ 69	\$ 59	\$ 10	\$ 160	\$ 206	\$ (46)
	Aerostructures	67	17	50	318	6	312
	Healthcare	60	34	26	181	100	81
	Theatre Exhibition	19	(4)	23	34	5	29
	Customer Management Services	16	11	5	40	27	13
	Other ^(a)	(39)	(48)	9	(48)	42	(90)
	Total	\$ 192	\$ 69	\$ 123	\$ 685	\$ 386	\$ 299

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) Includes CEI, Radian, OREP, ONCAP I, ONCAP II and parent company.

Consolidated operating earnings were \$192 million for the third quarter of 2006, up \$123 million from operating earnings of \$69 million for the same quarter of 2005. The quarter-over-quarter change in operating earnings was due to several factors:

- Spirit AeroSystems contributed \$50 million of the growth in operating earnings. Much of the growth at Spirit AeroSystems was driven by the company's acquisition of Spirit Europe in April 2006 and higher revenues in the quarter compared to 2005 as a result of the September 2005 Boeing strike that reduced production and shipments in the third quarter of 2005. Operating earnings were reduced in the quarter by an increase in the stock-based compensation charge of \$62 million, which includes amounts that apply to prior periods. In addition, Spirit AeroSystems' third-quarter operating earnings exclude \$11 million of development costs that were capitalized under Canadian GAAP and that Spirit AeroSystems expensed under U.S. GAAP;
- an increase of \$23 million at Cineplex Entertainment due to the inclusion of a full quarter of operations from Famous Players, acquired in mid-July 2005, combined with an overall increase in attendance due to the increased commercial appeal of films;
- Onex' acquisition of Skilled Healthcare in December 2005 (\$21 million); and

- a \$6 million foreign exchange gain recorded during the third quarter of 2006 compared to a \$58 million foreign exchange loss in the third quarter of 2005; much of the foreign exchange loss in the third quarter of 2005 resulted from the translation of Onex', the parent company's, significant U.S. dollar cash balance due to the strengthening of the Canadian dollar relative to the U.S. dollar.

Partially offsetting the above factors was a \$33 million increase in stock-based compensation expense at Onex, the parent company, due primarily to the growth in market value of Onex shares affecting the value of stock options.

For the nine months ended September 30, 2006, operating earnings grew by \$299 million to \$685 million from \$386 million in the first nine months of 2005. During the first nine months of 2006 operating earnings grew due primarily to:

- the inclusion of a full nine months of results of Spirit AeroSystems, acquired in June 2005, and that company's purchase of Spirit Europe in April 2006 (\$312 million); Spirit AeroSystems' operating earnings exclude \$86 million of development costs that were capitalized under Canadian GAAP and that Spirit AeroSystems expensed under U.S. GAAP;
- Onex' acquisition of Skilled Healthcare (\$66 million) in December 2005; and
- the inclusion of a full nine months of results of EMSC, acquired in February 2005 (\$19 million).

Partially offsetting the above factors was a decline in operating earnings due to:

- a \$46 million decrease in operating earnings at Celestica resulting from lower Canadian dollar revenues and higher costs in its high growth, low-cost facilities in Mexico and Eastern Europe, partially offset by restructuring benefits and margin improvements in Asia; and
- a \$63 million increase in stock-based compensation expense at Onex, the parent company.

Stock-based compensation

During the third quarter of 2006, stock-based compensation expense was \$108 million. Onex, the parent company, recorded \$37 million of the total expense as a result of the increase in the value of Onex' stock options and investment rights from their value at June 30, 2006. In addition, there was a \$62 million increase in stock-based compensation expense associated with Spirit AeroSystems primarily relating to the revaluation of prior common stock purchases and restricted stock awards to employees of Spirit AeroSystems. This compares to a \$30 million stock-based compensation expense recorded for the third quarter of 2005, the primary components of which were a \$4 million stock-based compensation expense recorded by Onex, a \$13 million expense recorded by Celestica and an \$8 million stock-based compensation charge recorded by Cineplex Entertainment.

For the nine months ended September 30, 2006, stock-based compensation expense was \$164 million compared to \$51 million for the same period last year. The expense recorded in the first nine months of 2006 was due primarily to a \$63 million increase in expense associated with the growth in the value of Onex' stock options and investment rights and a \$66 million increase in expense associated with Spirit AeroSystems as described above, partially offset by a \$7 million decline in stock-based compensation expense at Cineplex Entertainment.

Foreign exchange gains (loss)

Foreign exchange gains (loss) reflect the impact of changes in foreign exchange rates, primarily on U.S.-dollar-denominated cash held at Onex, the parent company. While changes in foreign currency exchange rates may apply to multiple currencies, the primary impact of foreign currency translation on Onex' consolidated results is due to the conversion of the U.S. dollar to the Canadian dollar.

At September 30, 2006, the U.S. dollar to Canadian dollar exchange rate closed at 1.1177 Canadian dollars, slightly stronger than the 1.1162 Canadian dollars at June 30, 2006. As a result, a net foreign exchange gain of \$6 million was recorded for the three months ended September 30, 2006. Celestica accounted for \$5 million of the foreign exchange gain. This compares to a net foreign exchange loss of \$58 million for the same period of 2005 due to the weakening of the U.S. dollar against the Canadian dollar in the third quarter of 2005. The closing value of the U.S. dollar was 1.1627 Canadian dollars at September 30, 2005 compared to 1.2254 Canadian dollars at June 30, 2005. Onex, the parent company, accounted for \$62 million of the foreign exchange loss in the three months ended September 30, 2005 as a result of the decline in value of its significant U.S. cash held.

For the nine months ended September 30, 2006, a net foreign exchange loss of \$23 million was recorded due primarily to the decline in the U.S. dollar to Canadian dollar exchange rate of 1.1177 Canadian dollars at September 30, 2006 from 1.1630 Canadian dollars at December 31, 2005. Since Onex, the parent company, holds a significant portion of its cash in U.S. dollars, Onex, the parent company, recorded a \$35 million foreign exchange loss as a result of the exchange rate movement on the value of the U.S. cash held. There was a net foreign exchange loss of \$24 million recorded in the first nine months of 2005. Onex, the parent company, accounted for \$29 million of the total foreign exchange loss due to the weakening of the U.S. dollar to the Canadian dollar to 1.1627 Canadian dollars at September 30, 2005 from 1.2020 Canadian dollars at December 31, 2004. Note 15 to the unaudited interim consolidated financial statements provides a breakdown of foreign exchange gains (loss) by industry segment.

Interest and other income

Interest and other income was \$17 million for the third quarter of 2006 compared to \$51 million for the third quarter of last year. During the third quarter of 2005, interest and other income at Celestica was higher than 2006 due to \$17 million of other income recorded by Celestica relating to the repurchase of its Liquid Yield Option™ Notes ("LYONs"). Onex, the parent company, reported a decrease of \$8 million of interest and other income also due primarily to lower cash balances.

For the first nine months of 2006, interest and other income was down \$33 million to \$83 million from \$116 million for the same period of 2005. The decline was due primarily to the declines in the third quarter, as mentioned above. Note 15 to the unaudited interim consolidated financial statements provides a breakdown of interest and other income by industry segment.

Interest expense of operating companies

Consolidated interest expense was \$90 million for the third quarter of 2006 compared to \$75 million for the third quarter of 2005. For the nine months ended September 30, 2006, consolidated interest expense was \$262 million, up \$93 million from \$169 million for the same period last year. Much of the increase in the quarter and year-to-date was due to:

- the inclusion of Skilled Healthcare, acquired in December 2005, which added interest expense of \$13 million in the quarter and \$39 million for the first nine months of 2006, respectively;
- a full nine months of interest expense for Spirit Aero-Systems, acquired in mid-June 2005, increased interest expense by \$22 million for the nine months ended September 30, 2006; and
- Cineplex Entertainment reporting increases of \$3 million and \$20 million for the three and nine months ended September 30, 2006, respectively, compared to the same periods last year due to the additional debt associated with the acquisition of Famous Players in mid-July 2005, which included that company's issuance of \$105 million of convertible debentures and other third-party financing.

Gains on sales of operating investments, net

Consolidated gains on sales of operating investments were \$9 million in the third quarter of 2006 compared to gains of \$54 million in the third quarter of 2005. For the nine months ended September 30, 2006, Onex recorded gains of \$58 million on sales of operating investments compared to \$870 million for the same period of 2005. Included in the 2006 year-to-date gains on sales of operating investments are:

- a \$25 million pre-tax gain recorded by Onex, the parent company, as a result of the previously noted sale of some of its Cineplex Entertainment trust units as part of a secondary offering completed in June 2006; in conjunction with its sale of units, Onex also entered into

a forward contract to purchase 1.4 million units in or after January 2007 at a price computed with reference to the secondary offering; and

- a \$12 million non-cash accounting dilution gain relating to Cineplex Entertainment's 2 million trust unit issuance from treasury, the proceeds from which were used to indirectly repay indebtedness under the company's revolving credit facility; Onex' share of that gain was \$6 million.

Included in the 2005 year-to-date gains were a \$191 million pre-tax gain recorded by Onex, the parent company, in the second quarter of 2005 on the June 2005 settlement of all its forward sales agreements on Celestica shares, as well as a \$560 million pre-tax, non-cash gain on the close out of its Celestica exchangeable debentures in February 2005.

Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be costs incurred by the operating companies to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of those businesses. During the third quarter of 2006, acquisition, restructuring and other expenses totalled \$105 million, up from \$56 million reported in the same quarter last year. Celestica incurred approximately \$92 million of these expenses in the third quarter of 2006; this compares to \$49 million recorded by Celestica in the third quarter of 2005. Many of the costs were recorded in connection with Celestica's restructuring plans, which were spread over several reporting periods. These plans, which include reducing workforce and consolidating facilities, are intended to improve capacity utilization and accelerate margin improvements. Included in Celestica's 2006 third-quarter acquisition, restructuring and other expenses was a \$69 million charge associated with the sale of its manufacturing facilities in Italy.

For the nine months ended September 30, 2006, acquisition, restructuring and other expenses were \$210 million compared to \$151 million for the same period of 2005. Celestica accounted for \$172 million of the total acquisition, restructuring and other expenses recorded in the first nine months of 2006 compared to \$128 million of restructuring charges in the first nine months of 2005. Most of the change in the first nine months of 2006 in acquisition, restructuring and other expenses at Celestica was due to the sale of its manufacturing facilities in Italy.

In addition, Spirit AeroSystems recorded \$24 million in acquisition, restructuring and other expenses for the nine months ended September 30, 2006 related to the continued transition to and set-up of a stand-alone business following the separation of the company's operations from Boeing, as well as the integration of the April 2006 purchase of Spirit Europe from BAE Systems.

Note 15 to the unaudited interim consolidated financial statements provides a breakdown of acquisition, restructuring and other expenses by industry segment.

Income taxes

During the third quarter of 2006, the provision for income taxes was \$11 million compared to \$24 million in the same quarter last year. For the first nine months of 2006, the income tax provision was \$65 million compared to \$57 million for the same period last year. The provision for income taxes for the quarter and year-to-date was largely attributable to Spirit AeroSystems.

Non-controlling interests

In the unaudited interim consolidated statements of earnings, the non-controlling interests amount represents the interests of shareholders other than Onex in the net earnings or losses of the operating companies. For the third quarter of 2006, this amount was \$3 million in

earnings compared to \$9 million in losses for the third quarter of 2005. For the first nine months of 2006, the non-controlling interests amount in Onex' operating companies' earnings was \$85 million compared to a \$4 million interest in earnings for the nine months ended September 30, 2005. The change in the non-controlling interests amount for the nine months ended September 30, 2006 was due primarily to the other shareholders' interests in the earnings of Spirit AeroSystems, EMSC and Skilled Healthcare, partially offset by their interests in the net losses of Celestica.

Earnings (loss) from continuing operations

Onex' consolidated loss from continuing operations was \$33 million (\$0.25 per share) for the third quarter of 2006 compared to a consolidated loss from continuing operations of \$51 million (\$0.37 per share) reported for the same quarter of 2005. For the nine months ended September 30, 2006, consolidated earnings from continuing operations were \$51 million (\$0.38 per share) compared to \$803 million (\$5.78 per share) of consolidated earnings from continuing operations for the first nine months of 2005. Table 6 provides the earnings (loss) before income taxes, non-controlling interests and discontinued operations by industry segment for the three and nine months ended September 30, 2006 and 2005.

Earnings (Loss) from Continuing Operations

TABLE 6 (Unaudited) (\$ millions)	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Earnings (loss) before income taxes, non-controlling interests and discontinued operations:				
Electronics Manufacturing Services	\$ (49)	\$ (17)	\$ (91)	\$ 2
Aerostructures	40	(4)	250	(25)
Healthcare	26	12	77	38
Theatre Exhibition	6	(22)	(4)	(18)
Customer Management Services	5	1	11	(8)
Other ^(a)	(47)	(6)	(42)	875 ^(b)
	(19)	(36)	201	864
Provision for income taxes	(11)	(24)	(65)	(57)
Non-controlling interests	(3)	9	(85)	(4)
Earnings (loss) from continuing operations	\$ (33)	\$ (51)	\$ 51	\$ 803

(a) Includes CEI, Radian, OREP, ONCAP I, ONCAP II and parent company.

(b) Includes a \$560 million pre-tax gain on the close out of the Celestica exchangeable debentures and a \$191 million pre-tax gain on the close out of the Celestica forward sales agreements.

Earnings from discontinued operations

Earnings from discontinued operations for the third quarter of 2006 were \$64 million (\$0.49 per share) compared to earnings from discontinued operations of \$64 million (\$0.46 per share) for the third quarter of 2005. The per share amount increased in the third quarter of 2006 due to a lower number of shares outstanding. For the nine months ended September 30, 2006, earnings from discontinued operations were \$707 million (\$5.28 per share) compared to \$170 million (\$1.22 per share) of earnings from discontinued operations for the same period of 2005. Table 7 provides a breakdown of earnings (loss) by company, including the net after-tax gains on sales of operating investments, as well as Onex' share of earnings (loss) of those businesses that were discontinued in the first nine months of 2006 and in fiscal 2005.

As discussed in the significant events for the period ended September 30, 2006 section of this report, the operations of J.L. French Automotive, CSRS, Futuremed, ClientLogic's warehouse management business and Town

and Country were classified as discontinued in the first nine months of 2006. In addition to these operations, included in the 2005 third-quarter and year-to-date earnings from discontinued operations are the operations of Futuremed, Cineplex Entertainment's theatre divestitures, CMC Electronics' NovAtel subsidiary, Magellan Health Services, Inc. ("Magellan") and Commercial Vehicle Group Inc. ("CVG"). Note 3 to the unaudited interim consolidated financial statements provides additional disclosure on earnings (loss) from discontinued operations.

In addition, Onex recorded a \$50 million recovery of taxes related to the sale of Sky Chefs in 2001 in earnings for discontinued operations for the three and nine months ended September 30, 2006. This recovery resulted from the resolution of a previously recorded provision for tax indemnities under the agreement for the sale of Sky Chefs.

During the third quarter of 2006, Onex recorded a \$12 million accounting gain in earnings from discontinued operations primarily as a result of an additional tax benefit associated with the J.L. French Automotive disposition.

Earnings (Loss) from Discontinued Operations

	2006			2005		
	Gain, net of tax	Onex' share of earnings (loss)	Total	Gain, net of tax	Onex' share of earnings (loss)	Total
J.L. French Automotive	\$ 12	\$ -	\$ 12	\$ -	\$ (17)	\$ (17)
Sale of CSRS	-	-	-	-	(1)	(1)
Cineplex Entertainment theatre divestitures	-	-	-	7	1	8
ClientLogic's warehouse management business	-	-	-	-	(2)	(2)
Sky Chefs	50	-	50	-	-	-
CMC Electronics' sale of NovAtel	-	-	-	8	-	8
Sale of InsLogic	2	-	2	-	-	-
Sale of CVG	-	-	-	68	-	68
Total	\$ 64	\$ -	\$ 64	\$ 83	\$ (19)	\$ 64

Earnings (Loss) from Discontinued Operations (cont'd)

	<i>(Unaudited) (\$ millions)</i> Nine months ended September 30			2005		
	Gain, net of tax	Onex' share of loss	Total	Gain, net of tax	Onex' share of earnings (loss)	Total
J.L. French Automotive	\$ 617	\$ -	\$ 617	\$ -	\$ (36)	\$ (36)
Sale of Futuremed	19	-	19	-	-	-
Sale of CSRS	21	-	21	-	(2)	(2)
Cineplex Entertainment's theatre divestitures	-	-	-	7	1	8
Planned sale of Town and Country	-	(1)	(1)	-	-	-
ClientLogic's warehouse management business	-	(1)	(1)	-	(5)	(5)
Sky Chefs	50	-	50	-	-	-
CMC Electronics' sale of NovAtel	-	-	-	45	-	45
Sale of InsLogic	2	-	2	73	-	73
Sale of Magellan	-	-	-	15	2	17
Sale of CVG	-	-	-	68	2	70
Total	\$ 709	\$ (2)	\$ 707	\$ 208	\$ (38)	\$ 170

Consolidated net earnings

Consolidated net earnings for the third quarter of 2006, including gains on sales of operating investments and earnings from discontinued operations, were \$31 million (\$0.24 per share) compared to consolidated net earnings of \$13 million (\$0.09 per share) for the third quarter of 2005. For the nine months ended September 30, 2006, Onex' consolidated net earnings were \$758 million (\$5.66 per share) compared to consolidated net earnings of \$973 million (\$7.00 per share) for the first nine months of 2005.

For the nine months ended September 30, 2006, Onex was required, for accounting purposes, to recognize 100 percent of the losses of ClientLogic 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' net earnings. The cumulative interests of other shareholders in these companies cannot be recorded as a negative value for consolidation accounting purposes. The net losses of other shareholders included in Onex' unaudited interim consolidated financial statements totalled \$1 million in the third quarter of 2006 (third quarter of 2005 – nil) and \$3 million for the first nine months of 2006 (first nine months of 2005 – \$5 million). When these companies 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.

Note 15 to the unaudited interim consolidated financial statements provides a detailed breakdown of earnings (loss) before taxes, non-controlling interests and discontinued operations by industry segment for the three and nine months ended September 30, 2006 and 2005.

SUMMARY QUARTERLY INFORMATION

Table 8 summarizes Onex' key consolidated financial information for the last eight quarters.

	2006			2005				2004
	Sept.	June	March	Dec.	Sept.	June	March	Dec.
Revenues	\$ 4,923	\$ 4,743	\$ 4,350	\$ 4,246	\$ 4,197	\$ 3,972	\$ 3,450	\$ 3,183
Earnings (loss) from continuing operations	(33)	49	35	26	(51)	235	619	(253)
Net earnings (loss)	31	48	679	(8)	13	239	721	(214)
Earnings (loss) per Subordinate Voting Share								
Basic and Diluted:								
Continuing operations	\$ (0.25)	\$ 0.37	\$ 0.25	\$ 0.19	\$ (0.37)	\$ 1.69	\$ 4.45	\$ (1.82)
Net earnings (loss)	\$ 0.24	\$ 0.36	\$ 4.95	\$ (0.06)	\$ 0.09	\$ 1.72	\$ 5.19	\$ (1.54)

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the unaudited interim consolidated balance sheet as at September 30, 2006 and the corresponding notes thereto and the audited annual consolidated balance sheet as at December 31, 2005.

Consolidated assets

Consolidated assets were \$15.3 billion at September 30, 2006, up slightly from \$14.8 billion at December 31, 2005. A breakdown of assets by industry segment is provided in note 15 to the unaudited interim consolidated financial statements. Consolidated assets increased in the first nine months of 2006 due primarily to:

- the capitalization of 787 development costs at Spirit AeroSystems (\$195 million) in the first nine months of 2006, as well as the inclusion of assets from Spirit AeroSystems' purchase of Spirit Europe (\$101 million);
- ONCAP II's purchase of CSI (\$42 million); and
- Onex' proportionate share of assets from the acquisition of Town and Country in March 2006 (\$713 million), which are included in the assets held by discontinued operations.

Partially offsetting this growth was the effect of translation on U.S.-dollar-denominated assets due to the decline in the Canadian dollar to U.S. dollar exchange rate from 1.1630 at December 31, 2005 to 1.1177 at September 30, 2006, as well

as the elimination of J.L. French Automotive's assets of \$408 million that were included in the December 31, 2005 balance sheet.

The December 31, 2005 consolidated assets have been restated from those originally presented to show the assets of J.L. French Automotive, CSRS and ClientLogic's warehouse management business as discontinued. Note 3 to the unaudited interim consolidated financial statements provides a breakdown of the December 31, 2005 assets for each of the businesses that were discontinued in the first nine months of 2006.

Consolidated long-term debt, without recourse to Onex

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

Total long-term debt (consisting of the current portion of long-term debt and long-term debt) was \$3.7 billion at September 30, 2006 compared to \$3.8 billion at December 31, 2005. The change was due primarily to the overall decline in foreign exchange rates on U.S.-dollar-denominated debt of the operating companies. The net decline in long-term debt resulting from net debt repayments was \$50 million.

During the third quarter of 2006, ClientLogic completed a US\$170 million debt refinancing of its credit facility. The new facility consists of a US\$40 million senior secured loan and a US\$130 million senior secured revolving credit facility, both of which will mature in August 2011. Proceeds from the new facility were used to repay US\$157 million outstanding under the prior debt facility.

Other liabilities

Other liabilities increased \$279 million to \$1.3 billion at September 30, 2006 from \$1.1 billion at December 31, 2005. Much of the increase in other liabilities in the first nine months of 2006 was due to Spirit AeroSystems, which received cash advance payments of US\$300 million from Boeing relating to the Boeing 787 program development costs. The cash advances are to be settled against payments due to Spirit AeroSystems on future delivery of 787 components to Boeing. Partially offsetting this was a decline in the pension liabilities at Celestica and Spirit AeroSystems totalling US\$49 million.

Shareholders' equity

Shareholders' equity increased to \$1.6 billion at September 30, 2006 from \$1.2 billion at December 31, 2005 due primarily to \$758 million of net earnings reported for the nine months ended September 30, 2006. Partially offsetting this was the effect of Onex' repurchase of 8,622,100 Subordinate Voting Shares in the first nine months of 2006 at a total cost of \$190 million. The unaudited interim consolidated statements of shareholders' equity show the changes to the components of shareholders' equity for the nine months ended September 30, 2006 and 2005.

The change in the currency translation adjustment reduced shareholders' equity by \$152 million in the first nine months of 2006 due primarily to the elimination of J.L. French Automotive.

At October 31, 2006, Onex had 129,002,135 Subordinate Voting Shares issued and outstanding. Table 9 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2005.

Change in Subordinate Voting Shares Outstanding

TABLE 9 | (Unaudited)

Subordinate Voting Shares outstanding at December 31, 2005	138,079,031
Shares repurchased and cancelled under Onex' Normal Course Issuer Bid	(9,101,300)
Issue of shares – Dividend Reinvestment Plan	4,404
Issue of shares – Stock options exercised	20,000
Subordinate Voting Shares outstanding at October 31, 2006	129,002,135

Under the Company's Normal Course Issuer Bid (the "Bid"), Onex is able to repurchase up to 10 percent of its public float of Subordinate Voting Shares. During the period from January 1, 2006 to October 31, 2006, Onex repurchased 9,101,300 Subordinate Voting Shares at an average cost of \$22.15 per share for a total cost of approximately \$202 million. During the third quarter of 2006, 2,142,600 Subordinate Voting Shares at a total cost of \$51 million were repurchased.

Onex' Dividend Reinvestment Plan (the "Plan") enables Canadian shareholders to reinvest cash dividends to acquire new Subordinate Voting Shares of Onex at a market-related price at the time of reinvestment. During the period from January 1, 2006 to October 31, 2006, Onex issued 4,404 Subordinate Voting Shares under the Plan at an average cost of \$22.12 per share.

At September 30, 2006, Onex had 13,488,700 options outstanding to acquire Subordinate Voting Shares, of which 6,592,900 were vested and 5,456,100 of those vested options were exercisable. During the first nine months of 2006, 69,400 options were exercised or surrendered at an average exercise price of \$8.14. Of those options exercised, 49,400 options were surrendered for cash consideration of approximately \$1 million and 20,000 options were exercised for Subordinate Voting Shares of Onex. This compares to 110,600 options surrendered for cash consideration of approximately \$1 million in the first nine months of 2005.

During the second quarter of 2006, Onex, the parent company, granted 40,000 Deferred Share Units ("DSUs") to its Directors. In addition, certain Directors elected to take their directors' fees in the form of DSUs. At September 30, 2006, Onex had 174,748 DSUs outstanding.

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, 2006 and related notes.

Major Cash Flow Components

TABLE 10 (Unaudited) (\$ millions)	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Cash from operating activities, excluding changes in non-cash working capital and other liabilities	\$ 161	\$ 43	\$ 633	\$ 319
Cash from non-cash working capital, other liabilities and discontinued operations	\$ 172	\$ 228	\$ 120	\$ 238
Cash from (used in) financing activities	\$ (87)	\$ (123)	\$ (195)	\$ 442
Cash used in investing activities	\$ (1,155)	\$ (676)	\$ (2,132)	\$ (1,734)
Consolidated cash and short-term investments ^(a)	\$ 2,322	\$ 3,034	\$ 2,322	\$ 3,034

(a) Includes cash from discontinued operations of \$7 million.

Cash from operating activities

Cash from operating activities, excluding changes in non-cash net working capital and other liabilities, totalled \$161 million in the third quarter of 2006 compared to cash from operating activities of \$43 million reported in the same quarter last year. For the first nine months of 2006, cash from operations, excluding changes in non-cash net working capital and other liabilities, was \$633 million compared to cash from operations of \$319 million reported for the same period of 2005. This increase in cash generated from operations was related primarily to the inclusion of Skilled Healthcare, acquired in December 2005, as well as a full nine months of results for Spirit AeroSystems, acquired in mid-June 2005, and the acquisition of Spirit Europe in April 2006. A detailed discussion of the consolidated operating results can be found under the heading "Consolidated Operating Results" on page 8 of this MD&A.

Non-cash working capital, other liabilities and discontinued operations provided cash of \$172 million in the third quarter of 2006 compared to \$228 million in the same quarter of 2005. Included in non-cash working capital, other liabilities and discontinued operations for the third quarter of 2006 was a US\$100 million cash advance payment received by Spirit AeroSystems from Boeing related to the funding of development costs for the 787 program. In addition, working capital reductions at Celestica provided \$48 million in the quarter.

For the nine months ended September 30, 2006, cash from non-cash working capital, other liabilities and discontinued operations was \$120 million compared to cash provided of \$238 million for the first nine months of 2005. Included in the year-to-date cash from non-cash working capital, other liabilities and discontinued operations were cash advance payments of US\$300 million received by Spirit AeroSystems from Boeing relating to the funding of development costs for the 787 program. Partially offsetting this was cash used to fund working capital requirements at Celestica (\$134 million).

Cash from (used in) financing activities

Cash used in financing activities totalled \$87 million for the third quarter of 2006 compared to cash of \$123 million used in financing activities in the same quarter last year. For the nine months ended September 30, 2006, cash used in financing activities was \$195 million compared to \$442 million of cash provided by financing activities for the first nine months of last year. Included in cash used in financing activities for the third quarter and first nine months of 2006 was \$51 million and \$190 million, respectively, of cash spent by Onex on the repurchase of its Subordinate Voting Shares under the Company's Normal Course Issuer Bid. Partially offsetting this was \$30 million of cash received by Cineplex Entertainment as a result of its secondary unit offering in June 2006.

Included in cash from financing activities for the first nine months of 2005 were US\$250 million of proceeds received by Celestica on its 7.625 percent senior subordinated notes offering that was completed in June 2005, as well as cash received from the limited partners of Onex Partners LP ("Onex Partners I") for the acquisition of EMSC, completed in February 2005, and Spirit AeroSystems, purchased in mid-June 2005. Partially offsetting these amounts was cash spent of \$273 million by Celestica to repurchase the equity component of its LYONs, and \$384 million of cash used for distributions by CMC Electronics relating to the earlier sales of its Cincinnati Electronics subsidiary in 2004 and a portion of its NovAtel shares in January 2005, as well as by Onex Partners I to limited partners other than Onex on the sale of its Compagnie Générale de Géophysique convertible bonds and the partial sale of Magellan shares.

Cash used in investing activities

Cash used in investing activities was \$1.2 billion for the third quarter of 2006 compared to cash used of \$0.7 billion for the three months ended September 30, 2005. For the first nine months of 2006, cash used in investing activities totalled \$2.1 billion compared to cash used of \$1.7 billion for the same period of 2005. The most significant component in cash used in investing activities for the three and nine months ended September 30, 2006 was \$854 million of cash used by Onex, the parent company, to purchase short-term investments with maturities greater than three months. This compares to \$283 million and \$543 million of cash spent in the third quarter and first nine months of 2005, respectively. These investments have maturities greater than three months but less than a year.

Spirit AeroSystems' acquisition of Spirit Europe used cash of \$171 million in the second quarter of 2006. In addition, cash of \$91 million was spent on the acquisition of CSI and other acquisitions completed by EMSC, Skilled Healthcare and Celestica in the first nine months of 2006. This compares to cash used of \$1,260 million for acquisitions in the first nine months of 2005, which included Center for Diagnostic Imaging, Inc., EMSC and Spirit AeroSystems. Note 2 to the unaudited interim consolidated financial statements provides more details of acquisitions completed in the first nine months ended September 30, 2006.

Cash used in other investing activities was \$348 million in the first nine months of 2006 compared to cash used in other investing activities of \$66 million in the first nine months of 2005. Approximately \$195 million of cash used in other investing activities was for 787 development costs that were capitalized by Spirit AeroSystems. In addition, in the first nine months of 2006, approximately \$116 million was cash spent on investments, which included OREP's investment in the Camden partnerships, ONCAP II's investment in Environmental Management Solutions Inc. and security investments made by Onex, the parent company.

During the three and nine months ended September 30, 2006, Onex' operating companies spent \$191 million and \$645 million, respectively, on the purchases of property, plant and equipment compared to \$162 million and \$307 million, respectively, in the same periods of 2005. Spirit AeroSystems spent \$95 million and \$299 million on capital assets in the third quarter and first nine months of 2006, respectively, due primarily to capital expenditures for its 787 program and tooling enhancements for its other programs. In addition, Celestica spent \$40 million and \$179 million on property, plant and equipment in the three and nine months ended September 30, 2006, respectively, primarily to expand manufacturing capabilities and capacities in lower-cost geographies including China, the Czech Republic, Mexico, Romania and Thailand.

Included in investing activities was cash used in discontinued operations of \$62 million in the first nine months of 2006, which primarily represents the cash spent on Town and Country, which was reclassified as discontinued in the third quarter of 2006, partially offset by proceeds on the sales of Futuremed and CSRS.

Consolidated cash resources

At September 30, 2006, consolidated cash with continuing operations was \$2.3 billion compared to \$3.1 billion at December 31, 2005. Onex believes that maintaining a strong financial position at the parent company with substantial liquidity enables the Company to pursue new opportunities to create long-term value and support Onex' existing operating companies. Onex, the parent company, represented approximately \$1.1 billion of cash on hand and Celestica had approximately \$0.9 billion of cash at September 30, 2006. No amount of cash of the other limited partners of Onex Partners is included in the Onex consolidated cash amount. At September 30, 2006 the other limited partners in Onex Partners I and II had remaining commitments to provide US\$2.4 billion of funding for future Onex-sponsored acquisitions. Onex has a conservative cash management policy that limits investments to short-term low-risk money-market products.

OUTLOOK

The following provides an update to the Outlook sections of Onex' December 31, 2005 report and the report for the second quarter ended June 30, 2006.

Spirit AeroSystems initial public offering

In June 2006, Spirit AeroSystems, Inc. ("Spirit AeroSystems") filed a registration statement with the U.S. Securities and Exchange Commission for a proposed initial public offering of shares. In an amended S-1 filing on October 30, 2006, Spirit AeroSystems indicated an expected offering price range of US\$23.00 to US\$25.00 per share, following a 3:1 stock split. Through the offering, Spirit AeroSystems proposes to sell approximately 10.4 million new shares and selling stockholders, including Onex and Onex Partners, propose to sell approximately 41.7 million shares. The selling stockholders also propose to grant to the underwriters an over-allotment option of up to approximately 7.8 million additional shares at the offering price. Onex' portion of the shares proposed to be sold, including the over-allotment option, would be approximately 13.0 million shares. Giving effect to the stock split mentioned above, Onex' purchase price of Spirit AeroSystems' stock was US\$3.33 per share. Although there can be no assurance that the offering will be completed or that it will be completed at the price indicated, if the offering proceeds on the proposed terms, Onex expects that it will continue to hold a majority ownership interest in Spirit AeroSystems.

Onex to acquire The Warranty Group

In late June 2006, Onex announced that it had agreed to acquire the Aon Warranty Group division, one of the world's largest providers of extended warranty contracts, for approximately US\$710 million from Aon Corporation. Subsequent to the completion of this acquisition, which is planned for the end of November 2006 following the receipt of customary regulatory approvals, the company will be named The Warranty Group ("TWG"). TWG underwrites and administers extended warranties on a wide variety of consumer goods, including automobiles, consumer electronics and major home appliances. The company also provides consumer credit and other specialty insurance products

primarily through automobile dealers. This acquisition is an excellent opportunity for Onex to acquire a business with a strong track record of growth, a broad and diverse customer base and a talented and highly experienced management team. It is anticipated that Onex Partners will make an equity investment of approximately US\$510 million in TWG. This investment is planned to be split almost equally between Onex Partners I and II. Onex' share of this investment is anticipated to be approximately US\$160 million.

ClientLogic to acquire SITEL Corporation

In October 2006, ClientLogic Corporation ("ClientLogic") announced that it had agreed to acquire SITEL Corporation ("SITEL") (NYSE: SWW) for approximately US\$450 million. The transaction provides for an aggregate equity purchase price of approximately US\$310 million, and for the refinancing of approximately US\$140 million of SITEL debt. SITEL is a global provider of outsourced customer support services, handling more than two million customer interactions daily. If completed, this acquisition would create one of the world's largest providers of outsourced customer support services with annual revenues in excess of US\$1.7 billion. The combined company would operate from more than 145 centres in 28 countries and would offer the industry's largest array of customer care services. The transaction will require the approval of the holders of a majority of SITEL's outstanding common stock. Currently, SITEL's largest shareholders and SITEL management, which collectively hold approximately 31 percent of SITEL's common stock, have agreed to vote in favour of the transaction at a meeting expected to be held in early 2007. The transaction agreement contains customary non-solicitation covenants in favour of ClientLogic and provides for payment by SITEL of a termination fee equal to 3.5 percent of the purchase price and reimbursement of ClientLogic's expenses of up to \$2 million if the transaction does not close for specified reasons.

CONSOLIDATED BALANCE SHEETS

<i>(in millions of dollars)</i>	<i>(Unaudited)</i> As at September 30 2006	As at December 31 2005
Assets		
Current assets		
Cash and short-term investments	\$ 2,315	\$ 3,096
Accounts receivable	2,294	2,124
Inventories	2,303	1,944
Other current assets	348	440
Current assets held by discontinued operations (note 3)	14	156
	7,274	7,760
Property, plant and equipment	2,581	2,421
Investments and other assets	1,830	1,271
Intangible assets	471	441
Goodwill	2,414	2,478
Long-lived assets held by discontinued operations (note 3)	779	474
	\$ 15,349	\$ 14,845
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness, without recourse to Onex	\$ 12	\$ 1
Accounts payable and accrued liabilities	3,537	3,226
Current portion of long-term debt and obligations under capital leases of operating companies, without recourse to Onex	128	60
Current liabilities held by discontinued operations (note 3)	11	877
	3,688	4,164
Long-term debt of operating companies, without recourse to Onex (note 4)	3,584	3,796
Obligations under capital leases of operating companies, without recourse to Onex	75	65
Other liabilities (note 5)	1,338	1,059
Future income taxes	714	767
Long-term liabilities held by discontinued operations (note 3)	677	199
	10,076	10,050
Non-controlling interests	3,716	3,643
Shareholders' equity	1,557	1,152
	\$ 15,349	\$ 14,845

See accompanying notes to the unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2005 audited annual consolidated financial statements.

The December 31, 2005 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	
	2006	2005	2006	2005
Revenues	\$ 4,923	\$ 4,197	\$ 14,016	\$ 11,619
Cost of sales	(4,263)	(3,714)	(12,081)	(10,254)
Selling, general and administrative expenses	(299)	(285)	(892)	(770)
Earnings Before the Undernoted Items	\$ 361	\$ 198	\$ 1,043	\$ 595
Amortization of property, plant and equipment	(88)	(88)	(264)	(251)
Amortization of intangible assets and deferred charges	(24)	(22)	(65)	(65)
Interest expense of operating companies	(90)	(75)	(262)	(169)
Interest and other income	17	51	83	116
Equity-accounted investments	4	(4)	10	1
Foreign exchange gains (loss)	6	(58)	(23)	(24)
Stock-based compensation	(108)	(30)	(164)	(51)
Derivative instruments	(1)	2	-	3
Gains on sales of operating investments, net (note 7)	9	54	58	870
Acquisition, restructuring and other expenses (note 8)	(105)	(56)	(210)	(151)
Debt prepayment	-	(4)	-	(4)
Writedown of goodwill and intangible assets	-	-	(5)	(2)
Writedown of long-lived assets	-	(4)	-	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	(19)	(36)	201	864
Provision for income taxes	(11)	(24)	(65)	(57)
Non-controlling interests	(3)	9	(85)	(4)
Earnings (loss) from continuing operations	(33)	(51)	51	803
Earnings from discontinued operations (note 3)	64	64	707	170
Net Earnings for the Period	\$ 31	\$ 13	\$ 758	\$ 973
Net Earnings (Loss) per Subordinate Voting Share (note 10)				
Basic and Diluted				
Continuing operations	\$ (0.25)	\$ (0.37)	\$ 0.38	\$ 5.78
Discontinued operations	\$ 0.49	\$ 0.46	\$ 5.28	\$ 1.22
Net earnings	\$ 0.24	\$ 0.09	\$ 5.66	\$ 7.00

See accompanying notes to the unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2005 audited annual consolidated financial statements.

The September 30, 2005 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 (Deficit)	Cumulative Translation Adjustment	Total Shareholders' Equity
Balance – December 31, 2004	\$ 582	\$ (288)	\$ (67)	\$ 227
Dividends declared ^(a)	-	(11)	-	(11)
Currency translation adjustment	-	-	(7)	(7)
Net earnings for the period	-	973	-	973
Balance – September 30, 2005	\$ 582	\$ 674	\$ (74)	\$ 1,182
Balance – December 31, 2005	\$ 578	\$ 648	\$ (74)	\$ 1,152
Dividends declared ^(a)	-	(11)	-	(11)
Purchase and cancellation of shares	(35)	(155)	-	(190)
Currency translation adjustment ^(b)	-	-	(152)	(152)
Net earnings for the period	-	758	-	758
Balance – September 30, 2006	\$ 543	\$ 1,240	\$ (226)	\$ 1,557

(a) Dividends declared per Subordinate Voting Share were \$0.0825 for the nine months ended September 30, 2006 and 2005.

(b) Included in the currency translation adjustment is a negative \$129 relating to the discontinued operations of J.L. French Automotive Castings, Inc., as described in note 3.

For the nine months ended September 30, 2006 and 2005, shares issued under the dividend reinvestment plan amounted to less than \$1.

See accompanying notes to the unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2005 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	
	2006	2005	2006	2005
Operating Activities				
Net earnings for the period	\$ 31	\$ 13	\$ 758	\$ 973
Earnings from discontinued operations	(64)	(64)	(707)	(170)
Items not affecting cash:				
Amortization of property, plant and equipment	88	88	264	251
Amortization of intangible assets and deferred charges	24	22	65	65
Writedown of goodwill and intangible assets	-	-	5	2
Writedown of long-lived assets	-	4	-	4
Non-cash component of restructuring	46	-	83	9
Non-controlling interests	3	(9)	85	4
Future income taxes	(47)	1	(21)	5
Stock-based compensation	108	30	164	51
Derivative instruments	1	(2)	-	(3)
Gains on sales of operating investments, net	(9)	(54)	(58)	(870)
Other	(20)	14	(5)	(2)
	161	43	633	319
Increase in other liabilities	21	292	233	285
Changes in non-cash working capital items:				
Accounts receivable	(3)	(93)	(219)	134
Inventories	(194)	40	(424)	(38)
Other current assets	44	44	41	51
Accounts payable and accrued liabilities	304	(54)	491	(184)
Increase (decrease) in cash due to changes in working capital items	151	(63)	(111)	(37)
Cash used by discontinued operations	-	(1)	(2)	(10)
	333	271	753	557
Financing Activities				
Issuance of long-term debt	252	297	461	1,130
Repayment of long-term debt	(291)	(271)	(511)	(658)
Cash dividends paid	(3)	(3)	(11)	(11)
Repurchase of share capital	(51)	-	(190)	-
Issuance of share capital by operating companies	11	84	77	577
Distributions by operating companies	(10)	(26)	(34)	(409)
Repurchase of share capital by operating companies	-	(273)	-	(273)
Increase due to other financing activities	5	41	13	32
Cash from discontinued operations	-	28	-	54
	(87)	(123)	(195)	442
Investing Activities				
Acquisition of operating companies, net of cash in acquired companies of \$10 (2005 - \$224) (note 2)	(14)	(448)	(262)	(1,260)
Purchase of property, plant and equipment	(191)	(162)	(645)	(307)
Proceeds from sales of operating investments	-	-	39	394
Net purchase of short-term investments	(854)	(283)	(854)	(543)
Increase (decrease) due to other investing activities	(97)	32	(348)	(66)
Cash from (used by) discontinued operations	1	185	(62)	48
	(1,155)	(676)	(2,132)	(1,734)
Decrease in Cash for the Period				
Increase (decrease) in cash due to changes in foreign exchange rates	4	(124)	(73)	(84)
Cash, beginning of the period - continuing operations	2,365	3,140	3,096	2,857
Cash, beginning of the period - discontinued operations	8	3	19	453
Cash, End of the Period^(a)	1,468	2,491	1,468	2,491
Short-term investments ^(b)	854	543	854	543
Cash and Short-term Investments^(c)	\$ 2,322	\$ 3,034	\$ 2,322	\$ 3,034

(a) Cash includes cash and money market investments that mature in less than three months from the balance sheet date.

(b) Short-term investments consist of money market investments that mature in three months to a year.

(c) Includes cash from discontinued operations of \$7.

See accompanying notes to the unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2005 audited annual consolidated financial statements.

The September 30, 2005 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. All amounts are in Canadian dollars unless otherwise noted.

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, 2005. Certain amounts presented in the comparative prior periods have been reclassified to conform to the presentation adopted in the period.

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

2. CORPORATE INVESTMENTS

During the first nine months of 2006 the following acquisitions, which were accounted for as purchases, were completed either directly by Onex or through subsidiaries of Onex. Any third-party borrowings in respect of the acquisitions are without recourse to Onex. The significant acquisitions were:

a) In March 2006, the acquisition of Town and Country Trust (“Town and Country”) was completed through a joint venture with Onex Real Estate Partners LP (“OREP”), Morgan Stanley Real Estate and Sawyer Realty Holdings LLC. Town and Country owns and operates 37 apartment communities in the United States. The total equity investment by the joint venture was \$244 for a 100% equity ownership interest. The equity investment by OREP was \$116 for a 48% equity ownership interest. Onex’ net investment in this acquisition was \$100 for a 41% equity ownership at the time of acquisition. Onex accounts for Town and Country as a joint venture, applying the proportionate consolidation method.

Beginning in the second quarter, the results of Town and Country have been recorded as discontinued operations, as described in note 3.

b) In January 2006, ONCAP II completed the acquisition of CSI Global Education Inc. (“CSI”). CSI is Canada’s leading provider of financial education and testing services. The total investment made by ONCAP II was \$17 in debt and \$8 in equity for a 90% equity ownership. Onex’ net investment in this acquisition was \$8 in debt and \$4 in equity for a 40% equity ownership interest. Onex has indirect voting control of CSI through ONCAP II.

c) In April 2006, Spirit AeroSystems, Inc. (“Spirit AeroSystems”) completed the acquisition of the aerostructures business unit of BAE Systems plc, with operations in Prestwick, Scotland and Samlesbury, England. The total purchase price of the acquisition was \$171 for a 100% equity ownership, which was financed by Spirit AeroSystems using its available cash.

d) Other includes acquisitions made by Celestica Inc. (“Celestica”), Skilled Healthcare Group, Inc. (“Skilled Healthcare”) and Emergency Medical Services Corporation (“EMSC”).

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

Details of the 2006 acquisitions, which were accounted for as purchases, are as follows:

	Town and Country ^(a)	CSI ^(b)	Spirit AeroSystems ^(c)	Other ^(d)
Cash	\$ 9	\$ 10	\$ -	\$ -
Other current assets	6	1	125	10
Intangible assets	15	38	43	9
Goodwill	-	15	-	29
Property, plant and equipment and other long-term assets	783	3	104	31
	813	67	272	79
Current liabilities	(9)	(10)	(70)	(3)
Long-term liabilities ⁽¹⁾	(688)	(48)	(31)	(1)
	116	9	171	75
Non-controlling interests in net assets	(16)	(1)	-	-
Increase in net assets acquired	\$ 100	\$ 8	\$ 171	\$ 75

(1) Included in liabilities of CSI is \$17 of acquisition financing provided by ONCAP II.

3. DISCONTINUED OPERATIONS

The following table shows the revenue and the net after-tax results from discontinued operations for the three- and nine-month periods ended September 30, 2006 and 2005.

	2006		2005	
	Revenue		Gain, Net of Tax	Onex' Share of Earnings (Loss)
Three months ended September 30				
J.L. French Automotive ^(a)	\$ -	\$ 133	\$ 12	\$ (17)
Futuremed ^(b)	-	19	-	-
CSRS ^(c)	-	23	-	(1)
Cineplex Entertainment ^(d)	1	23	-	1
Town and Country ^(e)	19	-	-	-
ClientLogic warehouse ^(f)	7	7	-	(2)
Sky Chefs ^(g)	-	-	50	-
CMC Electronics	-	-	-	-
InsLogic	-	-	2	-
Commercial Vehicle Group	-	-	-	-
	\$ 27	\$ 205	\$ 64	\$ (19)

3. DISCONTINUED OPERATIONS (cont'd)

	2006		2005		2006			2005			
	Revenue		Gain, Net of Tax	Onex' Share of Loss	Total	Gain, Net of Tax	Onex' Share of Earnings (Loss)	Total	Gain, Net of Tax	Onex' Share of Earnings (Loss)	Total
Nine months ended September 30											
J.L. French Automotive ^(a)	\$ -	\$ 450	\$ 617	\$ -	\$ 617	\$ -	\$ (36)	\$ (36)	\$ -	\$ (36)	\$ (36)
Futuremed ^(b)	-	71	19	-	19	-	-	-	-	-	-
CSRS ^(c)	-	62	21	-	21	-	(2)	(2)	-	-	-
Cineplex Entertainment ^(d)	8	40	-	-	-	7	1	8	-	-	-
Town and Country ^(e)	37	-	-	(1)	(1)	-	-	-	-	-	-
ClientLogic warehouse ^(f)	20	22	-	(1)	(1)	-	(5)	(5)	-	-	-
Sky Chefs ^(g)	-	-	50	-	50	-	-	-	-	-	-
CMC Electronics	-	-	-	-	-	45	-	45	-	-	-
Magellan	-	744	-	-	-	15	2	17	-	-	-
InsLogic	-	-	2	-	2	73	-	73	-	-	-
Commercial Vehicle Group	-	-	-	-	-	68	2	70	-	-	-
	\$ 65	\$ 1,389	\$ 709	\$ (2)	\$ 707	\$ 208	\$ (38)	\$ 170			

a) The difficult conditions affecting the North American automotive supply sector rendered J.L. French Automotive Castings, Inc. ("J.L. French Automotive") unable to meet the financial requirements under certain of its lending agreements. In February 2006, J.L. French Automotive filed for protection under Chapter 11 of the Bankruptcy Code in the United States. At that time, Onex ceased all involvement with the company and expected little to no proceeds from the bankruptcy process. As a result, in February 2006, Onex recorded the operations of J.L. French Automotive as discontinued and recorded an accounting gain of \$605, which consists of the reversal of losses previously recorded in excess of the Company's investment in J.L. French Automotive. In July 2006, J.L. French Automotive emerged from bankruptcy and Onex has no further economic interest in the company. As a result, the Company recorded a further \$12 gain primarily associated with taxes. There was no Management Investment Plan ("MIP") distribution regarding J.L. French Automotive as the required performance targets under the MIP were not met.

b) In January 2006, ONCAP I's operating company, Futuremed Health Care Products Limited Partnership ("Futuremed"), completed an initial public offering with 92% of ONCAP I's ownership being sold and the remaining portion being sold in February 2006. Through the offering, ONCAP I received net proceeds of \$74, of which Onex' share was \$25. Onex' gain on the transaction was \$23, before a tax provision of \$4.

Under the terms of the MIP, as described in note 24(e) to the audited annual consolidated financial statements, management members participated in the realizations the Company achieved on its sale of Futuremed. Amounts paid on account of these transactions related to the MIP totalled \$2 and have been deducted from earnings from discontinued operations.

In addition, management of ONCAP I received \$6 as its carried interest from investors other than Onex on those investors' proceeds of \$49.

c) In March 2006, ONCAP I's operating company, Canadian Securities Registration Systems Ltd. ("CSRS"), was purchased by Resolve Business Outsourcing Income Fund ("Resolve") concurrent with Resolve's initial public offering. ONCAP I received convertible units of Resolve and net cash proceeds of \$90, of which Onex' share was \$30. Onex' gain on the transaction was \$25, before a tax provision of \$4.

Under the terms of the MIP, management members participated in the realizations the Company achieved on its sale of CSRS. Amounts paid on account of these transactions related to the MIP totalled \$1 and have been deducted from earnings from discontinued operations.

In addition, management of ONCAP I received \$5 as its carried interest from investors other than Onex on those investors' proceeds of \$60.

d) In the first nine months of 2006, Cineplex Entertainment Limited Partnership (“Cineplex Entertainment”) disposed of the remaining seven theatres that were part of its consent agreement pursuant to its 2005 acquisition of Famous Players, as described in note 3 to the audited annual consolidated financial statements.

e) In the second quarter of 2006, OREP undertook steps toward the divestiture of all of the assets from the acquisition of Town and Country, as described in note 2. Accordingly, the results of operations for these assets have been recorded as discontinued operations. No assets had been sold as at September 30, 2006.

f) During the second quarter of 2006, ClientLogic Corporation (“ClientLogic”) determined that it would dispose of its warehouse management business; therefore, that business has been reclassified as discontinued.

g) In June 2001, Onex sold its remaining interest in Sky Chefs, Inc. (“Sky Chefs”) and recorded the operations of Sky Chefs as discontinued operations at that time. In conjunction with the sale, a provision for tax indemnities under the purchase and sale agreement was recorded. In September 2006, these matters were resolved and, as a result, Onex has recorded a recovery of taxes related to the Sky Chefs’ sale in the amount of \$50 in its results from discontinued operations for the three- and nine-month periods ending September 30, 2006.

The results of operations for the businesses described above have been reclassified as discontinued operations in the unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three- and nine-month periods ended September 30, 2005. The amounts for discontinued operations included in the September 30, 2006 and December 31, 2005 consolidated balance sheets are as follows:

As at September 30, 2006

	Town and Country	ClientLogic warehouse	Total
Cash	\$ 7	\$ –	\$ 7
Accounts receivable	1	3	4
Other current assets	2	1	3
Current assets held by discontinued operations	10	4	14
Property, plant and equipment	751	3	754
Intangibles and other assets	25	–	25
Long-lived assets held by discontinued operations	776	3	779
Accounts payable and accrued liabilities	(10)	(1)	(11)
Current liabilities held by discontinued operations	(10)	(1)	(11)
Long-term debt, without recourse to Onex	(662)	–	(662)
Non-controlling interests	(15)	–	(15)
Long-term liabilities held by discontinued operations	(677)	–	(677)
Cumulative translation adjustment	4	–	4
Net assets of discontinued operations	\$ 103	\$ 6	\$ 109

3. DISCONTINUED OPERATIONS (cont'd)

As at December 31, 2005

	J.L. French Automotive	CSRS	Futuremed	Cineplex Entertainment	ClientLogic warehouse	Total
Cash	\$ 15	\$ 4	\$ -	\$ -	\$ -	\$ 19
Accounts receivable	38	4	10	-	4	56
Inventories	48	-	6	-	-	54
Other current assets	21	4	1	1	-	27
Current assets held by discontinued operations	122	12	17	1	4	156
Property, plant and equipment	263	2	1	3	4	273
Intangibles and other assets	23	63	41	-	-	127
Goodwill	-	62	12	-	-	74
Long-lived assets held by discontinued operations	286	127	54	3	4	474
Accounts payable and accrued liabilities	(71)	(6)	(8)	-	(2)	(87)
Current portion of long-term debt and obligations under capital leases, without recourse to Onex	(790)	-	-	-	-	(790)
Current liabilities held by discontinued operations	(861)	(6)	(8)	-	(2)	(877)
Long-term debt and obligations under capital leases, without recourse to Onex	(12)	(67)	(53)	-	-	(132)
Other liabilities	(13)	(43)	-	(3)	-	(59)
Non-controlling interests	-	-	(8)	-	-	(8)
Long-term liabilities held by discontinued operations	(25)	(110)	(61)	(3)	-	(199)
Cumulative translation adjustment	(129)	-	-	-	-	(129)
Net assets (liabilities) of discontinued operations	\$ (607)	\$ 23	\$ 2	\$ 1	\$ 6	\$ (575)

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

The following describes the significant changes to Onex' consolidated long-term debt from the information provided in the December 31, 2005 audited annual consolidated financial statements.

a) Town and Country

The March 2006 acquisition of Town and Country resulted in additional debt being recorded in the unaudited interim consolidated financial statements. At September 30, 2006, Town and Country had US\$1,243 of debt outstanding, secured by the property and assets of the company. The debt is due in April 2008, with three additional one-year extensions available to the company. The debt is repayable at the option of the holder prior to April 2008 and bears interest at LIBOR plus a margin. As Town and Country is accounted for using proportionate consolidation, the Company has recorded US\$592 as its proportionate share of the debt.

The results of Town and Country have been recorded as discontinued operations, as described in note 3. Accordingly, Onex' proportionate share of Town and Country's long-term debt has been recorded as long-term liabilities held by discontinued operations in the unaudited interim consolidated financial statements.

b) CSI

The January 2006 acquisition of CSI resulted in additional debt being recorded in the unaudited interim consolidated financial statements. In connection with the acquisition, CSI executed a \$28 credit agreement that consists of a \$25 senior secured term loan and a \$3 senior secured revolving credit facility. The senior secured term loan requires quarterly principal installments beginning in September 2006 through to January 2011. The revolving facility requires the principal to be repaid at maturity in January 2011. As at September 30, 2006, \$17 and nil were outstanding under the term loan and revolving facility, respectively.

The borrowings under the agreement bear interest determined on a base rate plus an interest rate margin of up to 1.5%, payable monthly.

In connection with the acquisition, CSI issued \$19 in unsecured subordinated promissory notes, due 2012. The notes bear interest at a fixed rate of 15%, with 5% payable in cash and 10% in additional notes. The interest is paid quarterly beginning in March 2006. As at September 30, 2006, promissory notes of \$20 were outstanding, of which \$18 is held by ONCAP II.

c) ClientLogic

In August 2006, ClientLogic completed a refinancing consisting of a US\$170 credit facility, which replaced its previous US\$157 facility. The new facility consists of a US\$40 senior secured term loan and a US\$130 senior secured revolving credit facility. The senior secured term loan and revolving credit facility bear interest at a rate of either LIBOR or a prime rate, plus an applicable margin. The senior secured term loan is due August 2011 and requires quarterly principal payments of US\$2. The revolving facility is due August 2011, with no principal payments due until maturity. Borrowings under the credit facility are collateralized by substantially all of ClientLogic's assets.

As at September 30, 2006, US\$40 and US\$97 were outstanding under the senior secured term loan and the revolving credit facility, respectively.

5. OTHER LIABILITIES

The following describes the significant changes in Onex' consolidated other liabilities from the information provided in the December 31, 2005 audited annual consolidated financial statements.

Spirit AeroSystems

Pursuant to the 787 long-term supply agreement with The Boeing Company ("Boeing"), Boeing is to make advance payments to Spirit AeroSystems. As of September 30, 2006, US\$500 in such advance payments had been made. US\$300 in such payments were made in the first nine months of 2006, of which US\$100 was made in the third quarter. The advance payments will be settled against future sales of Spirit AeroSystems' 787 components manufactured for Boeing.

6. SHARE CAPITAL

As at September 30, 2006, Onex' issued and outstanding share capital consisted of 129,480,247 (December 31, 2005 – 138,079,031) Subordinate Voting Shares, 100,000 (December 31, 2005 – 100,000) Multiple Voting Shares and 176,078 (December 31, 2005 – 176,078) Series 1 Senior Preferred Shares.

Onex renewed its Normal Course Issuer Bid in April 2006 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10 percent of the public float of its Subordinate Voting Shares. The 10 percent limit represents approximately 10.5 million shares.

In the first nine months of 2006, the Company repurchased and cancelled 8,622,100 of its Subordinate Voting Shares at a cost of \$190, of which 2,142,600 were in the third quarter at a cost of \$51. The Company did not purchase any shares under its Normal Course Issuer Bids during the first nine months of 2005.

In the first nine months of 2006, 20,000 Subordinate Voting Shares were issued upon the exercise of stock options of the Company at a total value of less than \$1, of which nil was issued in the third quarter. During the first nine months of 2006, the total cash consideration paid on 49,400 (2005 – 110,600) options surrendered was \$1 (2005 – \$1), of which 5,400 (2005 – 14,000) options were surrendered in the third quarter for cash consideration of less than \$1 (2005 – less than \$1). This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price, both as determined under Onex' Stock Option Plan as described in note 13 to the audited annual consolidated financial statements. During the first quarter of 2006, 140,000 options to acquire Subordinate Voting Shares were issued under the Company's Stock Option Plan with an exercise price of \$19.25 per share, which was the market price at the time of issuance of the options. In addition, 16,500 (2005 – 410,500) options expired during the first nine months of 2006. At September 30, 2006, the Company had 13,488,700 (December 31, 2005 – 13,434,600) options outstanding to acquire Subordinate Voting Shares, of which 6,592,900 were vested and 5,456,100 of those vested options were exercisable. The exercisable options have a weighted exercise price of \$13.67.

During the second quarter of 2006, a grant of 40,000 (2005 – 45,000) Deferred Share Units ("DSUs") were issued to Directors. In addition, certain directors have chosen to receive their directors' fees in DSUs in lieu of cash. At September 30, 2006, there were 174,748 (December 31, 2005 – 116,301) DSUs outstanding.

During the first nine months of 2006, under the Dividend Reinvestment Plan, the Company issued 3,316 (2005 – 1,671) Subordinate Voting Shares at a total value of less than \$1 (2005 – less than \$1).

7. GAINS ON SALES OF OPERATING INVESTMENTS, NET

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

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Gains on:				
Sale of units of Cineplex Entertainment ^(a)	\$ -	\$ -	\$ 25	\$ -
Dilution gain on June 2006 issue of units by Cineplex Entertainment ^(b)	-	-	12	-
Dilution gain on July 2005 issue of units by Cineplex Entertainment ^(c)	-	53	-	53
Close of exchangeable debentures on Celestica shares ^(d)	-	-	-	560
Close on forward sales agreements on Celestica shares ^(e)	-	-	-	191
Sale of CGG convertible bonds ^(f)	-	-	-	41
Other, net	9	1	21	25
	\$ 9	\$ 54	\$ 58	\$ 870

a) In June 2006, Onex sold 3.2 million units of Cineplex Entertainment as part of a secondary offering. In conjunction with the sale of units, Onex entered into a forward contract to purchase 1.4 million units in or after January 2007 at the price computed with reference to the secondary offering. Onex received net proceeds from these transactions of \$28 and recorded a pre-tax gain of \$25.

Amounts accrued on account of these transactions related to the MIP (as described in note 24(e) to the 2005 audited annual financial statements) totalled \$2 and have been deducted from the gain.

b) In June 2006, Cineplex Entertainment issued 2.0 million units from treasury and used the proceeds to indirectly repay indebtedness under its development facility of its senior secured revolving credit facility. As a result of the dilution of the Company's investment in Cineplex Entertainment from the treasury issue, a non-cash dilution gain of \$12 was recorded, of which Onex' share was \$6. This reflects Onex' share of the increase in the book value of the net assets of Cineplex Entertainment due to the issue of additional units.

As a result of the dilutive transaction above, and Onex' sale of units as described in note 7(a), Onex' economic ownership was reduced to 22% from 27%.

As Onex continues to be the primary beneficiary as defined under Accounting Guideline 15 ("AcG-15"), "Consolidation of Variable Interest Entities", Onex continues to consolidate Cineplex Entertainment.

c) In July 2005, in connection with Cineplex Entertainment's acquisition of Famous Players, Cineplex Entertainment issued additional units to provide a portion of the financing. Onex' ownership interest was diluted to 27% from 31% as a result of the

issuance of additional units by Cineplex Entertainment to unitholders other than Onex. As a result of the dilution of the Company's investment in Cineplex Entertainment, a non-cash dilution gain of \$53 was recorded, of which Onex' share was \$30. This reflects Onex' share of the increase in the book value of the net assets of Cineplex Entertainment due to the issue of additional units. Onex did not sell or purchase any additional units in the unit offering.

d) In February 2005, the Company redeemed all of the outstanding exchangeable debentures and satisfied the debenture obligation through the delivery of approximately 9.2 million Celestica subordinate voting shares. In connection with the delivery, the Company converted approximately 9.2 million of the Celestica multiple voting shares it held into Celestica subordinate voting shares. As a result of the redemption, the Company's equity ownership in Celestica was reduced; however, the Company continues to have voting control of Celestica. The cash for these exchangeable debentures was received by the Company when it originally entered into these arrangements in 2000.

e) In June 2005, the Company settled all of its outstanding forward sales agreements through the delivery of approximately 1.8 million Celestica subordinate voting shares, for which it received proceeds of \$222. In connection with the delivery, the Company converted approximately 0.2 million of the Celestica multiple voting shares it held into Celestica subordinate voting shares. As a result of the settlement, the Company's equity ownership in Celestica was reduced to 13% from 14%; however, the Company continues to have voting control of Celestica. The forward sales agreements were originally entered into in 2000 and 2001.

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

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

Amounts accrued on account of these transactions related to the MIP (as described in note 24(e) to the 2005 audited annual financial statements) totalled \$1 and have been deducted from the gain.

Amounts related to the carried interest (as described in note 24(d) to the 2005 audited annual financial statements) totalled \$4, of which Onex’ portion was deferred.

8. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Acquisition, restructuring and other expenses are typically to provide for the costs of facility consolidations, workforce reductions and transition costs. Costs 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	
	2006	2005	2006	2005
Celestica ⁽¹⁾	\$ 92	\$ 49	\$ 172	\$ 128
Spirit AeroSystems	9	5	24	13
ClientLogic	–	2	4	8
Other	4	–	10	2
	\$ 105	\$ 56	\$ 210	\$ 151

(1) Included in acquisition, restructuring and other expenses for Celestica is a loss of \$37 relating to Celestica’s sale of its plastics business in the second quarter of 2006 and a loss of \$69 relating to Celestica’s sale of one of its production facilities in Europe in the third quarter of 2006.

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

Years prior to 2005	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	\$ 439	\$ 161	\$ 38	\$ 365	\$ 1,003 ^(a)
Cumulative costs expensed to date	439	161	38	365	1,003 ^(a)
Expense for the period ended September 30, 2006	–	2	–	–	2
Reconciliation of accrued liability					
Closing balance – December 31, 2005	14	43	4		61
Cash payments	(12)	(8)	(1)		(21)
Charges	–	2	–		2
Other adjustments	(1)	(2)	–		(3)
Closing balance – September 30, 2006	\$ 1	\$ 35	\$ 3		\$ 39

(a) Includes Celestica \$993 and ClientLogic \$6.

8. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES (cont'd)

	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Initiated in 2005					
Total estimated expected costs	\$ 238	\$ 21	\$ 89	\$ 55	\$ 403 ^(a)
Cumulative costs expensed to date	219	20	78	54	371 ^(b)
Expense for the period ended					
September 30, 2006	77	4	29	46	156
Reconciliation of accrued liability					
Closing balance – December 31, 2005	55	16	14		85
Cash payments	(102)	(7)	(36)		(145)
Charges	77	4	29		110
Other adjustments	(2)	(1)	(5)		(8)
Closing balance – September 30, 2006	\$ 28	\$ 12	\$ 2		\$ 42

(a) Includes Celestica \$306 and Spirit AeroSystems \$72.

(b) Includes Celestica \$286 and Spirit AeroSystems \$61.

	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Initiated in 2006					
Total estimated expected costs	\$ 5	\$ –	\$ 11	\$ 37	\$ 53 ^(a)
Cumulative costs expensed to date	5	–	10	37	52 ^(b)
Expense for the period ended					
September 30, 2006	5	–	10	37	52
Reconciliation of accrued liability					
Cash payments	(3)	–	(9)		(12)
Charges	5	–	10		15
Closing balance – September 30, 2006	\$ 2	\$ –	\$ 1		\$ 3

(a) Includes Celestica \$38 and Spirit AeroSystems \$4.

(b) Includes Celestica \$38 and Spirit AeroSystems \$3.

	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total					
Total estimated expected costs	\$ 682	\$ 182	\$ 138	\$ 457	\$ 1,459
Cumulative costs expensed to date	663	181	126	456	1,426
Expense for the period ended					
September 30, 2006	82	6	39	83	210
Reconciliation of accrued liability					
Closing balance – December 31, 2005	69	59	18		146
Cash payments	(117)	(15)	(46)		(178)
Charges	82	6	39		127
Other adjustments	(3)	(3)	(5)		(11)
Closing balance – September 30, 2006	\$ 31	\$ 47	\$ 6		\$ 84

9. PENSION

The following pension expense (income) 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	
	2006	2005	2006	2005
Defined benefit net expense (income)	\$ (15)	\$ 4	\$ (6)	\$ 13

10. EARNINGS PER SHARE

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

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Weighted average number of shares outstanding <i>(in millions)</i>				
Basic	131	139	134	139
Diluted	131	139	134	139

11. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Interest	\$ 65	\$ 63	\$ 219	\$ 145
Taxes	\$ 32	\$ 12	\$ 66	\$ 80

12. COMMITMENTS AND GUARANTEES

Contingent liabilities in the form of letters of credit, letters of guarantee and surety and performance bonds are provided to various third parties and include certain bank guarantees. At September 30, 2006 the amounts in respect of these guarantees totalled \$169. These guarantees are without recourse to Onex. Certain operating companies have loans and guarantees with respect to employee share purchase loans that amounted to \$12 at September 30, 2006.

The Company has commitments in the total amount of approximately \$433 in respect of corporate investments, including those discussed in note 14.

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 indemnifications.

Onex and its operating companies have aggregate capital commitments of \$227 as at September 30, 2006.

13. VARIABLE INTEREST ENTITIES

In the first nine months of 2006, the Company formed three real estate partnerships with an unrelated third party. These partnerships were formed to develop residential units on property in the United States. The partnerships are considered variable interest entities ("VIEs") under AcG-15. However, the Company is not the primary beneficiary of these VIEs and accordingly, the Company accounts for its interest in the partnerships using the equity-accounting method. The partnerships have combined assets of \$191 as of September 30, 2006. The Company has a maximum exposure to loss of \$146, which includes the carrying value of \$23.

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 June 2006, the Company entered into an agreement to acquire the Aon Warranty Group division of Aon Corporation. Upon closing the company will be named The Warranty Group ("TWG"). TWG underwrites and administers extended warranties on a variety of consumer goods and also provides consumer credit and other specialty insurance products primarily through automobile dealers. The division operates in 19 countries through more than 2,150 employees. The equity investment is expected to be approximately US\$510, made through Onex and Onex Partners. Onex' share is expected to be approximately US\$160. Closing of the transaction is subject to the satisfactory completion of a number of customary conditions, including regulatory approvals, and is expected to be completed in the fourth quarter of 2006.

In October 2006, ClientLogic announced that it had agreed to acquire SITEL Corporation ("SITEL"), a global provider of outsourced customer support services, for approximately US\$450. The transaction provides for an aggregate equity purchase price of approximately US\$310, and for the refinancing of approximately US\$140 of SITEL debt at closing. The transaction will require the approval of the holders of a majority of SITEL's outstanding common stock. Currently SITEL's largest shareholders and SITEL management, which collectively hold approximately 31% of SITEL's common stock, have agreed to vote in favour of the transaction at a meeting expected to be held in early 2007. The transaction agreement contains customary non-solicitation covenants in favour of ClientLogic and provides for payment by SITEL of a termination fee equal to 3.5% of the purchase price and reimbursement of ClientLogic's expenses of up to \$2 if the transaction does not close for specified reasons.

In October 2006, Spirit AeroSystems amended its initial public offering and indicated an offering price of between US\$23.00 and US\$25.00 per share, after giving effect to a 3:1 stock split. Through the offering, Spirit AeroSystems proposes to sell approximately 10.4 million new shares and selling stockholders, including Onex and Onex Partners, propose to sell approximately 41.7 million shares. The selling stockholders also propose to grant to the underwriters an over-allotment option of up to approximately 7.8 million additional shares at the offering price. Onex' portion of the shares proposed to be sold, including the over-allotment option, would be approximately 13.0 million shares. After giving effect to the over-allotment option, Onex and Onex Partners would continue to have a 52% economic ownership interest and 90% voting control of Spirit AeroSystems. Although there can be no assurance that the offering will be completed or that it will be completed at the price indicated, if the offering proceeds on the proposed terms, Onex would record a gain on the sale of shares and a dilution gain as a result of the issue of shares from treasury. Onex and Onex Partners acquired Spirit AeroSystems in June 2005 at a split-adjusted cost of US\$3.33 per share.

15. INFORMATION BY INDUSTRY SEGMENT

<i>(Unaudited)</i> <i>(in millions of dollars)</i> Three months ended September 30, 2006	Electronics Manufacturing Services	Aero- structures	Healthcare	Theatre Exhibition	Customer Management Services	Other ^(a)	Consolidated Total
Revenues	\$ 2,680	\$ 925	\$ 726	\$ 199	\$ 184	\$ 209	\$ 4,923
Cost of sales	(2,507)	(745)	(601)	(157)	(110)	(143)	(4,263)
Selling, general and administrative expenses	(75)	(48)	(43)	(9)	(51)	(73)	(299)
Earnings (loss) before the undernoted items	\$ 98	\$ 132	\$ 82	\$ 33	\$ 23	\$ (7)	\$ 361
Amortization of property, plant and equipment	(29)	(7)	(23)	(15)	(7)	(7)	(88)
Amortization of intangible assets and deferred charges	(7)	(5)	(6)	(1)	(1)	(4)	(24)
Interest expense of operating companies	(19)	(13)	(28)	(12)	(10)	(8)	(90)
Interest and other income	-	7	-	1	-	9	17
Equity-accounted investments	-	-	2	-	-	2	4
Foreign exchange gains	5	-	-	-	-	1	6
Stock-based compensation	(5)	(65)	(1)	-	-	(37)	(108)
Derivative instruments	-	-	-	-	-	(1)	(1)
Gains on sales of operating investments, net	-	-	-	-	-	9	9
Acquisition, restructuring and other expenses	(92)	(9)	-	-	-	(4)	(105)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ (49)	\$ 40	\$ 26	\$ 6	\$ 5	\$ (47)	\$ (19)
Provision for income taxes							(11)
Non-controlling interests							(3)
Loss from continuing operations							\$ (33)
Earnings from discontinued operations							64
Net earnings							\$ 31

(a) Includes Cosmetic Essence, Radian, OREP, ONCAP I, ONCAP II and parent company.

15. INFORMATION BY INDUSTRY SEGMENT (cont'd)

<i>(Unaudited)</i> <i>(in millions of dollars)</i> Three months ended September 30, 2005	Electronics Manufacturing Services	Aero- structures	Healthcare	Theatre Exhibition	Customer Management Services	Other ^(a)	Consolidated Total
Revenues	\$ 2,388	\$ 684	\$ 579	\$ 152	\$ 163	\$ 231	\$ 4,197
Cost of sales	(2,229)	(617)	(496)	(126)	(98)	(148)	(3,714)
Selling, general and administrative expenses	(70)	(51)	(30)	(9)	(48)	(77)	(285)
Earnings before the undernoted items	\$ 89	\$ 16	\$ 53	\$ 17	\$ 17	\$ 6	\$ 198
Amortization of property, plant and equipment	(37)	(6)	(19)	(13)	(7)	(6)	(88)
Amortization of intangible assets and deferred charges	(8)	(1)	(4)	(1)	(2)	(6)	(22)
Interest expense of operating companies	(19)	(15)	(18)	(9)	(6)	(8)	(75)
Interest and other income	19	10	1	-	1	20	51
Equity-accounted investments	-	-	-	-	-	(4)	(4)
Foreign exchange gains (loss)	1	-	-	-	-	(59)	(58)
Stock-based compensation	(13)	(3)	(1)	(8)	-	(5)	(30)
Derivative instruments	-	-	-	-	-	2	2
Gains on sales of operating investments, net	-	-	-	-	-	54	54
Acquisition, restructuring and other expenses	(49)	(5)	-	-	(2)	-	(56)
Debt prepayment	-	-	-	(4)	-	-	(4)
Writedown of long-lived assets	-	-	-	(4)	-	-	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ [17]	\$ [4]	\$ 12	\$ [22]	\$ 1	\$ [6]	\$ [36]
Provision for income taxes							(24)
Non-controlling interests							9
Loss from continuing operations							\$ (51)
Earnings from discontinued operations							64
Net earnings							\$ 13

(a) Includes Cosmetic Essence, Radian, OREP, ONCAP I and parent company.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

<i>(Unaudited)</i> <i>(in millions of dollars)</i> Nine months ended September 30, 2006	Electronics Manufacturing Services	Aero- structures	Healthcare	Theatre Exhibition	Customer Management Services	Other^(a)	Consolidated Total
Revenues	\$ 7,402	\$ 2,665	\$ 2,157	\$ 545	\$ 543	\$ 704	\$ 14,016
Cost of sales	(6,922)	(2,152)	(1,794)	(443)	(330)	(440)	(12,081)
Selling, general and administrative expenses	(228)	(130)	(118)	(24)	(153)	(239)	(892)
Earnings before the undernoted items	\$ 252	\$ 383	\$ 245	\$ 78	\$ 60	\$ 25	\$ 1,043
Amortization of property, plant and equipment	(85)	(23)	(69)	(44)	(23)	(20)	(264)
Amortization of intangible assets and deferred charges	(23)	(5)	(18)	(4)	(1)	(14)	(65)
Interest expense of operating companies	(56)	(39)	(85)	(34)	(24)	(24)	(262)
Interest and other income	4	27	4	1	2	45	83
Equity-accounted investments	-	-	3	-	-	7	10
Foreign exchange gains (loss)	10	-	-	-	-	(33)	(23)
Stock-based compensation	(21)	(69)	(2)	(1)	1	(72)	(164)
Gains on sales of operating investments, net	-	-	-	-	-	58	58
Acquisition, restructuring and other expenses	(172)	(24)	(1)	-	(4)	(9)	(210)
Writedown of goodwill and intangible assets	-	-	-	-	-	(5)	(5)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ (91)	\$ 250	\$ 77	\$ (4)	\$ 11	\$ (42)	\$ 201
Provision for income taxes							(65)
Non-controlling interests							(85)
Earnings from continuing operations							\$ 51
Earnings from discontinued operations							707
Net earnings							\$ 758
Total assets ^(b)	\$ 5,462	\$ 2,757	\$ 2,728	\$ 861	\$ 225	\$ 3,316	\$ 15,349
Long-term debt ^(c)	\$ 838	\$ 776	\$ 1,122	\$ 370	\$ 192	\$ 381	\$ 3,679

(a) Includes Cosmetic Essence, Radian, OREP, ONCAP I, ONCAP II and parent company.

(b) Total assets for the Customer Management Services and Other segments include discontinued operations as described in note 3.

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

15. INFORMATION BY INDUSTRY SEGMENT (cont'd)

<i>(Unaudited)</i> <i>(in millions of dollars)</i> Nine months ended September 30, 2005	Electronics Manufacturing Services	Aero- structures	Healthcare	Theatre Exhibition	Customer Management Services	Other ^(a)	Consolidated Total
Revenues	\$ 7,826	\$ 794	\$ 1,548	\$ 298	\$ 506	\$ 647	\$ 11,619
Cost of sales	(7,266)	(715)	(1,315)	(242)	(309)	(407)	(10,254)
Selling, general and administrative expenses	(239)	(70)	(81)	(18)	(147)	(215)	(770)
Earnings before the undernoted items	\$ 321	\$ 9	\$ 152	\$ 38	\$ 50	\$ 25	\$ 595
Amortization of property, plant and equipment	(119)	(10)	(52)	(27)	(24)	(19)	(251)
Amortization of intangible assets and deferred charges	(26)	(1)	(13)	(1)	(9)	(15)	(65)
Interest expense of operating companies	(50)	(17)	(49)	(14)	(16)	(23)	(169)
Interest and other income	22	10	1	2	3	78	116
Equity-accounted investments	-	-	1	-	-	-	1
Foreign exchange gains (loss)	5	-	-	-	(2)	(27)	(24)
Stock-based compensation	(23)	(3)	(2)	(8)	-	(15)	(51)
Derivative instruments	-	-	-	-	-	3	3
Gains on sales of operating investments, net	-	-	-	-	-	870	870
Acquisition, restructuring and other expenses	(128)	(13)	-	-	(8)	(2)	(151)
Debt prepayment	-	-	-	(4)	-	-	(4)
Writedown of goodwill and intangible assets	-	-	-	-	(2)	-	(2)
Writedown of long-lived assets	-	-	-	(4)	-	-	(4)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	\$ 2	\$ (25)	\$ 38	\$ (18)	\$ (8)	\$ 875	\$ 864
Provision for income taxes							(57)
Non-controlling interests of operating companies							(4)
Earnings from continuing operations							\$ 803
Earnings from discontinued operations							170
Net earnings							\$ 973
Total assets as at December 31, 2005 ^(b)	\$ 5,637	\$ 1,966	\$ 2,753	\$ 860	\$ 260	\$ 3,369	\$ 14,845
Long-term debt as at December 31, 2005 ^(c)	\$ 872	\$ 839	\$ 1,196	\$ 346	\$ 206	\$ 379	\$ 3,838

(a) Includes Cosmetic Essence, Radian, OREP, ONCAP I and parent company.

(b) Total assets for the Theatre Exhibition, Customer Management Services and Other segments include discontinued operations as described in note 3.

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

SHAREHOLDER INFORMATION

Third Quarter Dividend

A dividend of \$0.0275 per Subordinate Voting Share was paid on October 31, 2006 to shareholders of record as of October 10, 2006.

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

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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