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CINEPLEX GALAXY INCOME FUND Reports Second Quarter Results

TORONTO, CANADA – August 10, 2004 – Cineplex Galaxy Income Fund (the “Fund”) (TSX: CGX.UN) today released the financial results of Cineplex Galaxy Limited Partnership (the “Partnership”), for the second quarter ended June 30, 2004.

- **Total revenues for the quarter were \$93.0 million compared to \$77.8 million for the second quarter of 2003 – up 19%.**
- **EBITDA for the quarter was \$19.8 million compared to \$13.6 million for the second quarter of 2003 – up 45%**
- **Adjusted EBITDA for the quarter was \$19.8 million compared to \$14.7 million for the second quarter of 2003 – up 35%.**
- **Adjusted EBITDA margin for the quarter was 21.2% versus 18.8% for the second quarter of 2003.**
- **Net Income for the quarter was \$8.8 million compared to \$8.0 million for the second quarter of 2003 – up 10%.**
- **Distributable cash flow per unit for the quarter was \$0.3282 compared to a declared distribution of \$0.2874.**

“We are extremely pleased with our second quarter results. We invested substantial effort in the first quarter integrating our two companies, implementing best practices and strategically reviewing all our markets. These efforts can now be seen in our second quarter results,” said Ellis Jacob, President and CEO.

EBITDA and Adjusted EBITDA are not earnings measures recognized by generally accepted accounting principles and do not have a standardized meaning in accordance with such principles. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other corporations. EBITDA is calculated by adding back to net income income tax expense, amortization, interest expense, non-controlling interest and eliminating from net income interest income. Adjusted EBITDA is calculated by eliminating from EBITDA (1) the effects of foreign currency exchange which the Partnership does not expect to incur; (2) the gain or loss on disposal of certain theatre assets; and (3) the impact of management fees that are no longer applicable.

Three Months Ended June 30, 2004

Total revenue for the three months ended June 30, 2004 was \$92,955,000 as compared to \$77,841,000 for the three months ended June 30, 2003, representing an increase of 19.4%. Box office revenue, which represents the single largest component of total revenues, was \$62,275,000 for the three months ended June 30, 2004 as compared to \$52,153,000 for the same period in the prior year, representing a 19.4% increase. The

average box office ticket price for the three months ended June 30, 2004 increased by 1.7% to \$7.39 when compared to the three months ended June 30, 2003. Concession revenue increased 23.0% from \$20,893,000 for the three months ended June 30, 2003 to \$25,699,000 for the three months ended June 30, 2004. Average concession revenue per patron for the three months ended June 30, 2004 increased by 4.8% to \$3.05 when compared to the three months ended June 30, 2003.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the three months ended June 30, 2004 was \$19,788,000 as compared to \$13,634,000 for the same period in the prior year. Adjusted EBITDA, which is EBITDA adjusted for certain items that management believes facilitate the comparison of prior periods, for the three months ended June 30, 2004 was \$19,752,000 as compared to \$14,664,000 for the three months ended June 30, 2003.

Six Months Ended June 30, 2004

Total revenue for the six months ended June 30, 2004 was \$171,506,000 as compared to \$152,199,000 for the six months ended June 30, 2003, representing an increase of 12.7%. Box office revenue, which represents the single largest component of total revenues, was \$116,110,000 for the six months ended June 30, 2004 as compared to \$103,070,000 for the same period in the prior year, representing a 12.7% increase. The average box office ticket price for the six months ended June 30, 2004 increased by 3.5% to \$7.44 when compared to the six months ended June 30, 2003. Concession revenue increased 15.7% from \$40,463,000 for the six months ended June 30, 2003 to \$46,830,000 for the six months ended June 30, 2004. Average concession revenue per patron for the six months ended June 30, 2004 increased by 6.3% to \$3.00 when compared to the six months ended June 30, 2003.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the six months ended June 30, 2004 was \$34,867,000 as compared to \$27,379,000 for the same period in the prior year. Adjusted EBITDA, which is EBITDA adjusted for certain items that management believes facilitate the comparison of prior periods, for the six months ended June 30, 2004 was \$34,825,000 as compared to \$28,850,000 for the six months ended June 30, 2003.

Distributable Cash

For the period from November 26 to June 30, 2004 distributable cash flow per unit was \$0.8181 while the declared distribution per unit for this period was \$0.6866. For the three months ended June 30, 2004 distributable cash flow per unit was \$0.3282 and the declared distribution per unit for this period was \$0.2874 and for the six months ended June 30, 2004 distributable cash flow per unit was \$0.5760 and the declared distribution was \$0.5748.

About Cineplex Galaxy

The Partnership acquired substantially all of the assets of Cineplex Odeon Corporation ("Cineplex"), the Canadian film exhibition business of Loews Cineplex Entertainment

Corporation, and all the shares of Galaxy Entertainment Inc. (“Galaxy”) on November 26, 2003 in connection with the Fund’s IPO. The Fund has an approximate 41.1% interest in the Partnership. The comparative results for the three and six months ended June 30, 2003 represent the consolidated results of Cineplex and Galaxy.

The Partnership owns, operates or has an interest in 84 theatres with 758 screens in Canada, and is the second largest film exhibition company in the country. The Partnership operates the theatres under the Cineplex Odeon and Galaxy brands. Cineplex Odeon has enjoyed an important urban market presence in Canada for over 20 years and Galaxy has become a leading entertainment destination in mid-sized communities.

Further information can be found in the disclosure documents filed by the Fund with the securities regulatory authorities, available at www.sedar.com.

You are cordially invited to participate in a teleconference call with the management of Cineplex Galaxy LP (TSX: CGX.UN) to review the Company’s second quarter results for the period ended June 30, 2004. **Ellis Jacob, Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Wednesday, August 11, 2004
10:30 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 640-4127 or outside of Toronto dial 1-800-796-7558** at least ten minutes prior to 10:30 a.m. Eastern Time on Wednesday, August 11, 2004.

- Please RSVP to Pat Marshall at pmarshall@cineplexgalaxy.com if you wish to participate.
- If you cannot participate in a live mode, a replay will be available. Please dial 416-640-1917 or 1-877-289-8525 and enter code 21081455#. The replay will begin at 12:30 p.m. on Wednesday, August 11, 2004 and end at 11:59 p.m. ET on Wednesday, August 18, 2004.
- Note that media will be participating in the call in listen – only mode.
- Thank you in advance for your interest and participation.

For further information:

**Gord Nelson
Chief Financial Officer
(416) 323-6602**

**Pat Marshall
Vice President, Communications and Specialty Marketing
(416) 323-6648**

CINEPLEX GALAXY LIMITED PARTNERSHIP
SUMMARY OF CONSOLIDATED BALANCE SHEETS
(expressed in thousands of Canadian dollars)
(unaudited)

	<u>June 30, 2004</u>	<u>December 31, 2003</u>
<u>Assets</u>		
Current assets	47,548	59,076
Property, equipment and leaseholds	229,952	232,184
Intangible and other assets	27,539	27,923
Total Assets	<u>305,039</u>	<u>319,183</u>
<u>Liabilities and Partners' Deficit</u>		
Current liabilities	41,043	54,650
Long-term debt	115,538	110,067
Due to Cineplex Galaxy Trust	100,000	100,000
Other liabilities	88,403	86,969
Partners' deficit	(39,945)	(32,503)
Total Liabilities and Partners' Deficit	<u>305,039</u>	<u>319,183</u>

CINEPLEX GALAXY LIMITED PARTNERSHIP
SUMMARY OF CONSOLIDATED STATEMENTS OF INCOME
(expressed in thousands of Canadian dollars)
(unaudited)

	Three Months Ended		Six Months Ended	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<u>Revenue</u>				
Box office	62,275	52,153	116,110	103,070
Concessions	25,699	20,893	46,830	40,463
Other	4,981	4,795	8,566	8,666
	<u>92,955</u>	<u>77,841</u>	<u>171,506</u>	<u>152,199</u>
<u>Expenses</u>				
Film cost	33,407	27,970	60,047	53,444
Cost of concessions	4,572	3,672	8,364	7,125
Other operating and general and administrative expenses	35,224	34,157	68,270	68,025
Amortization	5,817	4,590	11,456	8,946
Interest expense, net	5,133	686	10,336	711
Other	(36)	(1,592)	(42)	(3,774)
	<u>84,117</u>	<u>69,483</u>	<u>158,431</u>	<u>134,477</u>
Income Before Income Taxes and Non-Controlling Interests	8,838	8,358	13,075	17,722
Income taxes	61	340	97	845
Non-controlling interests	-	68	-	216
Net Income	<u>8,777</u>	<u>7,950</u>	<u>12,978</u>	<u>16,661</u>

CINEPLEX GALAXY LIMITED PARTNERSHIP
RECONCILIATION TO EBITDA AND ADJUSTED EBITDA
(expressed in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2004	2003	2004	2003
Net Income	8,777	7,950	12,978	16,661
<u>Add back</u>				
Non-controlling interest	-	68	-	216
Amortization	5,817	4,590	11,456	8,946
Interest	5,133	686	10,336	711
Taxes	61	340	97	845
EBITDA	<u>19,788</u>	<u>13,634</u>	<u>34,867</u>	<u>27,379</u>
<u>Normalized Adjustments</u>				
Foreign exchange gain	-	(1,594)	-	(3,789)
(Gain) / loss on disposal	(36)	2	(42)	15
Management fee	-	2,622	-	5,245
ADJUSTED EBITDA	<u>19,752</u>	<u>14,664</u>	<u>34,825</u>	<u>28,850</u>