



FOR IMMEDIATE RELEASE

CINEPLEX GALAXY INCOME FUND Reports Third Quarter Results

TORONTO, CANADA, November 3, 2005 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released the financial results of Cineplex Entertainment Limited Partnership (the “Partnership”), for the third quarter of 2005.

Third Quarter Results

- **Total revenues for the quarter were \$151.9 million compared to \$85.1 million for 2004.**
- **Adjusted EBITDA for the quarter was \$11.0 million compared to \$19.6 million for 2004 –due to a decline in box office volume and the inclusion of \$8.8 million in one-time charges.**
- **Distributable cash flow per unit for the quarter was \$0.2063 compared to a declared distribution of \$0.2874.**

“Our goal is to be the best motion picture exhibitor in the business and we focussed our efforts during the third quarter on completing the acquisition of Famous Players and establishing the infrastructure to allow us to achieve this goal” said Ellis Jacob, President and CEO. Mr. Jacob went on to say that “while the business results for the quarter have been disappointing due to weak film product, we have accelerated the divestiture process timelines, restructured the corporate organization, integrated core IT systems and concentrated on realizing synergies and reviewing other revenue enhancement and cost reduction opportunities. We are now well positioned to achieve our goals for Cineplex Entertainment.”

EBITDA is not an earnings measure recognized by generally accepted accounting principles and does not have a standardized meaning in accordance with such principles. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. EBITDA is calculated by adding back to net income, income tax expense, amortization, loss on impairment of assets and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for non-controlling interests, loss on extinguishment of debt, gains or losses on disposal of theatre assets and income from discontinued operations.

Third Quarter Results

The third quarter results were impacted by the inclusion of the post acquisition results of Famous Players, the financings to pay for the acquisition and the inclusion of certain one-time and transaction related charges. The acquisition of Famous Players was completed on July 22, 2005 and as such the third quarter results of Cineplex Entertainment include the results for Famous Players from July 22, 2005 to September 30, 2005. Included in operating results for the quarter are \$8.1 million in compensation expense related to the issuance of 500,000 partnership units to management on the successful completion of the transaction and \$0.7 million in severance costs related to former Cineplex Galaxy employees. The Partnership has reduced approximately 35% of the headcount of the combined administrative team and the severance costs of former Cineplex Galaxy employees are expensed to general and administrative expenses whereas the severance costs of former Famous Players employees are included in the acquisition cost of Famous Players. These severance costs are to be funded out of a \$25 million reserve for integration and restructuring costs established with a portion of the proceeds of the debt and equity offerings.

The third quarter of 2005 was characterized by a lack of successful film product. The Canadian industry box office was down approximately 11% and Cineplex Entertainment's base business was down by approximately 10%. Total revenues for the third quarter increased \$66.8 million to \$151.9 million for the quarter. Famous Players contribution to total revenues for the quarter was \$73.5 million. Our combined average concession revenue per patron amount of \$3.40 consisted of a new Q3 record of \$3.18 for the retained Cineplex Galaxy locations and \$3.68 for Famous Players. Other income increased \$6.9 million to \$12.7 million of which Famous Players contributed \$6.7 million.

Adjusted EBITDA for the third quarter decreased \$8.6 million to \$11.0 million, however, included in Adjusted EBITDA for the quarter are the approximately \$8.8 million in transaction related charges described above.

Distributable Cash

For the third quarter of 2005 distributable cash flow per unit was \$0.2063 and the declared distribution per unit for this period was \$0.2874.

Transaction and Divestiture Update

On July 22, 2005, Cineplex Entertainment completed the acquisition of the Famous Players theatre exhibition business from Viacom Inc.

The sale of real estate interests to RioCan REIT was completed during the third quarter, generating gross proceeds of \$67 million. The proceeds of these transactions were used to repay a portion of the debt financing incurred in connection with the acquisition of Famous Players.

The divestiture process mandated by the Competition Bureau is proceeding and in the third quarter we completed the sale of 27 locations in Ontario and Western Canada for gross proceeds of \$83 million. We expect to announce the sale of the 7 Quebec locations before the end of the fourth quarter. The net proceeds of these sales will be used to repay a portion of the debt incurred in connection with the acquisition of Famous Players.

With respect to synergies, we have reduced approximately 35% of the headcount of the combined administrative team and are on track to achieve our target of \$20 million in annual savings within 6 - 9 months of the closing of the acquisition, ahead of the previous estimate of 12 months.

About Cineplex Entertainment

The Partnership owns, operates or has an interest in 130 theatres with 1,270 screens (after giving effect to the 7 theatres and 80 screens in Quebec to be divested pursuant to a consent agreement with the Canadian Commissioner of Competition) and is the largest film exhibition company in Canada. The Partnership operates theatres with the following six top-tier brands: Cineplex Odeon, Coliseum, Colossus, Famous Players, Galaxy and SilverCity. Proudly Canadian, Cineplex Galaxy Income Fund, which owns approximately 50.5% of Cineplex Entertainment LP, is a public company traded on the Toronto Stock Exchange under Cineplex Galaxy Income Fund (symbol CGX.UN). More information can be found at www.cineplex.com and www.famousplayers.com.

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

This news release contains “forward-looking statements” within the meaning of applicable securities laws, such as statements concerning synergies and divestitures and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in our annual information form and in this news release. Those risks and uncertainties include adverse factors generally encountered in the film exhibition industry; the risks associated with world events, including war, terrorism, international conflicts, natural disasters, extreme weather conditions and infectious diseases; and general economic conditions. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. All forward-looking statements in this news release are qualified by these cautionary statements. These statements are made as of the date of this news release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex Entertainment, its financial or operating results or its securities.

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

Thursday, November 3, 2005
10:30 a.m. Eastern Time

In order to participate in the conference call, **please dial (416) 640-4127 or outside of Toronto dial 1-800-814-4853** at least ten minutes prior to 10:30 a.m. Eastern Time on Thursday, November 3, 2005.

- If you cannot participate in the live mode, a replay will be available. Please dial 416-640-1917 or 1-877-289-8525 and enter code 21157722#. The replay will begin at 12:30 p.m. on Thursday, November 3, 2005 and end at 11:59 p.m. ET on Thursday, November 10, 2005.
- Note that media will be participating in the call in listen – only mode.
- Thank you in advance for your interest and participation.

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For further information:

Cineplex Entertainment LP
Gord Nelson
Chief Financial Officer
(416) 323-6602

or

Cineplex Entertainment LP
Pat Marshall
Vice President, Communications and Investor Relations
(416) 323-6648

Cineplex Galaxy Limited Partnership
Consolidated Supplemental Information
(unaudited)

(expressed in thousands of Canadian dollars, except number of units and per unit data)

Reconciliation to Adjusted EBITDA

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net income	\$5,672	\$10,442	\$5,715	\$23,420
Amortization	14,136	5,858	26,713	16,303
Impairment on assets	4,296	-	4,296	-
Interest on long-term debt	6,160	2,068	10,710	5,973
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	10,500	10,500
Interest income	(109)	(200)	(287)	(355)
Income tax expense	(712)	74	(538)	171
EBITDA	\$32,943	\$21,742	\$57,109	\$56,012
Non-controlling interest	614	-	614	-
Loss on extinguishment of debt	4,156	-	4,156	-
Income from discontinued operations	(26,912)	(2,068)	(28,736)	(5,083)
Loss (gain) on disposal of theatre assets	195	(72)	176	(114)
Adjusted EBITDA	\$10,996	\$19,602	\$33,319	\$50,815

Cineplex Galaxy Limited Partnership
Consolidated Supplemental Information
(unaudited)

(expressed in thousands of Canadian dollars, except number of units and per unit data)

Distributable Cash

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Cash used in operating activities (i)	\$964	\$13,001	\$4,979	\$16,727
Less: Changes in operating assets and liabilities (ii)	7,671	2,801	16,532	21,536
Tenant Inducements (iii)	(269)	(428)	(2,165)	(978)
Capital lease payments	(210)	-	(210)	-
Dividends paid to minority shareholders net of earnings	(758)	-	(758)	-
Total Capital expenditures	(9,497)	(8,759)	(17,863)	(14,217)
Add: Interest on loan from Cineplex Galaxy Trust (iv)	3,500	3,500	10,500	10,500
New theatre and Project capital expenditures (v)	7,351	7,749	12,825	11,695
POS/Rebranding capital expenditures (vi)	1,556	378	2,514	378
Non Cash components in operating assets and liabilities (vii)	283	-	283	-
Expenses funded through integration and restructuring reserve (viii)	784	-	784	-
Distributable	\$11,375	\$18,242	\$27,421	\$45,641
Number of Units outstanding (ix)	55,150,421	47,566,974	50,122,568	47,566,974
Distributable cash per Unit	\$0.2063	\$0.3835	\$0.5471	\$0.9595

- (i) Comparative amounts for tenant inducements have been reclassified from a financing activity to an operating activity in the consolidated statements of cash flows to conform to the current year's financial statement presentation.
- (ii) Changes in operating assets and liabilities are not considered a source or use of distributable cash.
- (iii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of distributable cash flow.
- (iv) Subject to "Catch-up Payment" provision and is considered part of distributable cash.
- (v) The total capital expenditures noted above includes new theatre and maintenance capital expenditures of which the new theatre capital expenditures and Board approved projects are funded out of the Partnership's Development Facility (discussed below under "Liquidity and Capital Resources – Credit Facilities – Revolving Facilities") and therefore are added back to calculate distributable cash.
- (vi) Point-of-Sale ("POS") and rebranding capital expenditures are funded out of a \$5.5 million reserve fund established on November 26, 2003.
- (vii) Reflects non-cash expenses including accretion on Class C LP Units, amortization of deferred gain on Riocan sale-leaseback transaction and amortization of swap on extinguished debt (see discussion under "The Acquisition and Related Transactions").
- (viii) Amounts financed by the reserve set up upon completion of the Acquisition not considered a use of distributable cash flow. See discussion under "Future Obligations" below.
- (ix) Units outstanding for three and nine months ended September 30, 2005 reflect the issuance on July 22, 2005 of 6,835,000 Class A LP Units and Class D LP Units to fund the Acquisition

Cineplex Galaxy Limited Partnership

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	September 30, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 25,221	\$ 38,427
Restricted cash	-	7,637
Accounts receivable	15,184	10,931
Inventories	4,066	1,899
Prepaid expenses and other current assets	3,457	2,665
Due from related parties	10	4
Assets held for sale - current	448	481
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	48,386	62,044
Property, equipment and leaseholds	451,043	225,905
Goodwill	192,128	22,942
Intangible assets	62,645	2,228
Future income taxes	3,264	1,615
Assets held for sale - long-term	2,000	8,949
Deferred charges	9,442	1,747
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	\$ 768,908	\$ 325,430
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Cineplex Galaxy Limited Partnership

Consolidated Balance Sheets ...continued

(Unaudited)

As at September 30, 2005

(expressed in thousands of Canadian dollars)

	September 30, 2005 (Unaudited)	December 31, 2004
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 58,257	\$ 26,280
Distributions payable	4,117	10,996
Due to related parties	6,317	1,655
Income taxes payable	467	153
Deferred revenue	25,553	13,580
Current portion of long-term debt	18,044	52
Current portion of capital lease obligations	1,357	-
Liabilities related to property held for sale - current	126	92
	<u>114,238</u>	52,808
Long-term debt	239,000	125,512
Capital lease obligations - long-term	38,626	-
Due to Cineplex Galaxy Trust	100,000	100,000
Accrued pension liability	7,257	589
Liabilities related to property held for sale - long-term	400	6,717
Other liabilities	119,633	83,067
Class C Units - liability component	96,937	-
	<u>716,091</u>	368,693
Non-controlling interest	306	-
	<u>716,397</u>	368,693
Partners' Equity (Deficiency)		
Partners' equity (deficit)	52,511	(43,263)
	<u>\$ 768,908</u>	<u>\$ 325,430</u>

Cineplex Galaxy Limited Partnership

Consolidated Statements of Income (Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Revenue				
Box office	\$ 96,713	\$ 56,539	\$ 190,632	\$ 159,652
Concessions	42,440	22,738	82,745	64,560
Other	12,726	5,783	23,736	14,727
	<u>151,879</u>	<u>85,060</u>	<u>297,113</u>	<u>238,939</u>
Expenses				
Film cost	48,760	29,207	98,080	82,617
Cost of concessions	8,409	4,674	16,750	13,241
Occupancy	32,117	11,484	56,029	34,911
Other theatre operating expenses	35,073	16,393	66,781	46,404
General and administrative	16,524	3,535	25,930	10,451
Management fee	-	165	224	500
	<u>140,883</u>	<u>65,458</u>	<u>263,794</u>	<u>188,124</u>
Income before undernoted	10,996	19,602	33,319	50,815
Amortization	14,136	5,858	26,713	16,303
Loss (gain) on disposal of theatre assets	195	(72)	176	(114)
Loss on extinguishment of debt	4,156	-	4,156	-
Impairment of long-lived assets	4,296	-	4,296	-
Interest on long-term debt	6,160	2,068	10,710	5,973
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	10,500	10,500
Interest income	(109)	(200)	(287)	(355)
(Loss) income before income taxes	(21,338)	8,448	(22,945)	18,508
Provision for (recovery of) income taxes				
Current	854	74	1,028	171
Future	(1,566)	-	(1,566)	-
	<u>(712)</u>	<u>74</u>	<u>(538)</u>	<u>171</u>
(Loss) income before non-controlling interests and discontinued operations	(20,626)	8,374	(22,407)	18,337
Non-controlling interests	614	-	614	-
(Loss) income from continuing operations	(21,240)	8,374	(23,021)	18,337
Income from discontinued operations	26,912	2,068	28,736	5,083
Net income for the period	\$ 5,672	\$ 10,442	\$ 5,715	\$ 23,420

Cineplex Galaxy Limited Partnership

Consolidated Statements of Partners' Equity (Deficiency)

(Unaudited)

(expressed in thousands of Canadian dollars)

For the nine months ended September 30, 2005

	Partners' capital	Deficit	Accumulated earnings	Accumulated distributions	Total
Balance - January 1, 2005	\$ 110,203	\$ (147,795)	38,949	\$ (44,620)	\$ (43,263)
Distributions declared	-	-	-	(32,693)	(32,693)
Issuance of Partnership units - net of costs	114,297	-	-	-	114,297
Issuance of Class C Partnership units - equity component	8,546	-	-	-	8,546
Investment in Cineplex Galaxy Income Fund units	(282)	-	-	-	(282)
LTIP compensation obligation	191	-	-	-	191
Net income for the period	-	-	5,715	-	5,715
Balance - September 30, 2005	\$ 232,955	\$ (147,795)	44,664	\$ (77,313)	\$ 52,511

For the nine months ended September 30, 2004

	Partners' capital	Deficit	Accumulated earnings	Accumulated distributions	Total
Balance - January 1, 2004, as previously reported	\$ 110,425	\$ (147,698)	8,707	\$ (3,937)	\$ (32,503)
Adoption of asset retirement obligation standard	-	(121)	(6)	-	(127)
Balance - January 1, 2004, as restated	110,425	(147,819)	8,701	(3,937)	(32,630)
Distributions declared	-	-	-	(30,512)	(30,512)
Formation of Partnership issuance costs	(222)	-	-	-	(222)
Contribution of capital on acquisition of theatres	-	24	-	-	24
Net income for the period	-	-	23,420	-	23,420
Balance - September 30, 2004	\$ 110,203	\$ (147,795)	32,121	\$ (34,449)	\$ (39,920)

Cineplex Galaxy Limited Partnership

Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Cash provided by (used in)				
Operating activities				
Net income for the period	\$ 5,672	\$ 10,442	\$ 5,715	\$ 23,420
Adjustments to reconcile net income to net cash used in operating activities				
Amortization of property, equipment and leaseholds	14,214	6,159	27,428	17,201
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract assets	(519)	(1,446)	(3,246)	(3,927)
Amortization of debt issuance costs	466	291	935	705
Future income taxes	(1,566)	-	(1,566)	-
Loss on extinguishment of debt	4,156	-	4,156	-
Impairment of long-lived assets	4,296	-	4,296	-
Tenant inducements	269	428	2,165	978
Issuance of Class D LP Units	8,050	-	8,050	-
Gain on disposal of theatre assets	(26,403)	(72)	(26,422)	(114)
Changes in operating assets and liabilities	(7,671)	(2,801)	(16,532)	(21,536)
	964	13,001	4,979	16,727
Investing activities				
Proceeds from sale of theatre assets	67,001	72	67,026	122
Proceeds from sale of discontinued operations	85,004	-	85,004	-
Capital expenditures	(9,497)	(8,759)	(17,863)	(14,217)
Acquisition of Famous Players Limited Partnership and Famous Players Co. - net of cash acquired	(431,188)	-	(448,688)	-
Cash received from segregated account for distribution	-	-	8,297	-
Cash transferred to segregated account for future distributions	-	(2,073)	(691)	(5,531)
	(288,680)	(10,760)	(306,915)	(19,626)
Financing activities				
Borrowings under credit facility	263,000	5,500	282,500	11,000
Payments under capital leases	(210)	-	(210)	-
Issuance of Partnership units - net of issuance costs	207,247	-	207,247	-
Formation of Partnership issuance costs paid	-	(120)	-	(222)
Distributions paid	(11,625)	(8,097)	(39,571)	(25,529)
Repayment of long-term debt	(147,005)	(12)	(151,018)	(37)
Investment in Cineplex Galaxy Income Fund units	-	-	(423)	-
Deferred financing fees	(7,780)	-	(9,818)	-
	303,627	(2,729)	288,707	(14,788)
Increase (decrease) in cash and cash equivalents during the period	15,911	(488)	(13,229)	(17,687)
Cash and cash equivalents - Beginning of period	9,523	26,328	38,663	43,527
Cash and cash equivalents - End of period	\$ 25,434	\$ 25,840	\$ 25,434	\$ 25,840
Supplemental information				
Cash paid for interest	\$ 7,541	\$ 6,007	\$ 18,628	\$ 15,914
Cash paid for income taxes - net	\$ 223	\$ 73	\$ 600	\$ 177

