



**FOR IMMEDIATE RELEASE**

**CINEPLEX GALAXY INCOME FUND  
Reports First Quarter Results**

**TORONTO, ON**, May 3, 2005 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) (TSX: CGX.UN) today released the financial results of Cineplex Galaxy Limited Partnership (the “Partnership”), for the first quarter of 2005.

**First Quarter Results**

- **Total revenues for the quarter were \$78.3 million compared to \$79.0 million for 2004 – down 1.0%.**
- **Box office revenue decreased by 4.5% compared to the Canadian industry decline of 5.6%.**
- **Concession per patron hits a record high of \$3.07, the highest quarterly result to date, up 4.1% from the prior year.**
- **Other revenues increased 28.6% to \$5.2 million primarily due to higher advertising sales.**
- **EBITDA for the quarter was \$12.0 million compared to \$15.1 million for 2004 – down 20.6% due to the decline in box office volume and other one-time charges.**
- **Distributable cash flow per unit for the quarter was \$0.1709 compared to a declared distribution of \$0.2874.**

“While the exhibition industry suffered from a quarter of lacklustre film product we are encouraged by our achievements in concession revenues and other income. Our concession revenue per patron increased to a new quarterly record of \$3.07 and our other income increased 28.6% primarily as a result of our ongoing focus in this area. This of course excludes the results of our new digital advertising network which was launched in the extended Toronto market on April 1,” said Ellis Jacob, President and CEO.

EBITDA is not an earnings measure recognized by generally accepted accounting principles and do not have a standardized meaning in accordance with such principles. Therefore, 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.

### **First Quarter Results**

The first quarter of 2005 was characterized by a lack of successful film product. Total revenue for the first quarter decreased 1.0% to \$78.3 million for the quarter. Cineplex Galaxy's box office revenue was down 4.5% for the quarter, ahead of the Canadian exhibition industry which was down 5.6% for the quarter. As exhibitors do not control the quality of film product on-screen, we continue to focus on increasing our concession revenues and other income. Concession revenue increased 2.3% this quarter, as a result of a \$0.12 or 4.1% increase in average concession revenue per patron offset by a 1.8% attendance decline. Our average concession revenue per patron amount of \$3.07 was a new record for Cineplex Galaxy. Other income increased 28.6% this quarter, over the prior year to \$5.2 million. This now makes three consecutive quarters where we have shown increases in other income greater than 20% versus the prior year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the first quarter decreased 20.6% to \$12.0 million. The decline in EBITDA versus the prior year is in part due to the decline in box office volume and the inclusion of one-time charges of approximately \$1.0 million related to the investigation of strategic acquisition opportunities and the establishment of an information technology department in the Canadian office as we repatriate our IT services back from the United States.

### **Distributable Cash**

For the first quarter of 2005 distributable cash flow per unit was \$0.1709 and the declared distribution per unit for this period was \$0.2874. For the twelve months ended December 31, 2004 distributable cash flow per unit was \$1.2283 and the declared distribution was \$1.1496.

### **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 42.4% interest in the Partnership.

The Partnership owns, operates or has an interest in 86 theatres with 775 screens in Canada, and is the second largest film exhibition company in the country. The Partnership operates 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](http://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 first quarter. **Ellis Jacob, Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Tuesday, May 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 1-800-814-4862** at least ten minutes prior to 10:30 a.m. Eastern Time on Tuesday, May 3, 2005.

- Please RSVP to Pat Marshall at [pmarshall@cineplexgalaxy.com](mailto:pmarshall@cineplexgalaxy.com) if you wish to participate.
- 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 21120707#. The replay will begin at 1:30 p.m. on Tuesday, May 3, 2005 and end at 11:59 p.m. ET on Tuesday, May 10, 2005.
- 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:**

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

**Or,**

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

# Cineplex Galaxy Limited Partnership

## Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	<b>March 31, 2005</b>	<b>December 31, 2004</b>
	(Unaudited)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 24,143	\$ 38,663
Restricted cash	-	7,637
Accounts receivable	7,439	10,937
Inventories	1,870	2,123
Prepaid expenses and other current assets	3,437	2,680
Due from related parties	10	4
	<hr/>	<hr/>
	36,899	62,044
<b>Property, equipment and leaseholds</b>	233,539	234,854
<b>Goodwill</b>	22,942	22,942
<b>Future income taxes</b>	1,615	1,615
<b>Deferred charges and other intangibles</b>	3,668	3,975
	<hr/>	<hr/>
	\$ 298,663	\$ 325,430
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 24,280	\$ 27,654
Distributions payable	3,390	10,996
Due to related parties	-	373
Income taxes payable	119	153
Deferred revenue	8,721	13,580
Current portion of long-term debt	51	52
	<hr/>	<hr/>
	36,561	52,808
<b>Long-term debt</b>	126,500	125,512
<b>Due to Cineplex Galaxy Trust</b>	100,000	100,000
<b>Accrued pension liability</b>	559	589
<b>Other liabilities</b>	88,824	89,784
	<hr/>	<hr/>
	352,444	368,693
<b>Partners' Deficiency</b>		
<b>Partners' deficit</b>	<hr/>	<hr/>
	(53,781)	(43,263)
	<hr/>	<hr/>
	\$ 298,663	\$ 325,430

# Cineplex Galaxy Limited Partnership

Consolidated Statements of Operations  
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2005	Three months ended March 31, 2004
<b>Revenue</b>		
Box office	\$ 51,398	\$ 53,835
Concessions	21,626	21,131
Other	5,235	4,073
	<hr/> 78,259	<hr/> 79,039
<b>Expenses</b>		
Film cost	25,897	26,640
Cost of concessions	4,445	4,280
Occupancy	13,933	13,237
Other theatre operating expenses	16,969	16,377
General and administrative	4,894	3,267
Management fee	153	165
	<hr/> 66,291	<hr/> 63,966
<b>Income before undernoted</b>	11,968	15,073
<b>Amortization</b>	6,524	5,435
<b>Gain on disposal of theatre assets</b>	-	(6)
<b>Interest on long-term debt</b>	2,206	2,001
<b>Interest on loan from Cineplex Galaxy Trust</b>	3,500	3,500
<b>Interest income</b>	<hr/> (118)	<hr/> (94)
<b>(Loss) income before income taxes</b>	(144)	4,237
<b>Current income tax</b>	<hr/> 55	<hr/> 36
<b>Net (loss) income for the period</b>	<hr/> \$ (199)	<hr/> \$ 4,201

# Cineplex Galaxy Limited Partnership

## Consolidated Statements of Partners' Deficiency (Unaudited)

(expressed in thousands of Canadian dollars)

### For the three months ended March 31, 2005

	Partners' capital	Deficit	Accumulated earnings	Accumulated distributions	Total
<b>Balance - January 1, 2005</b>	\$ 110,203	\$ (147,795)	\$ 38,949	\$ (44,620)	\$ (43,263)
Distributions declared	-	-	-	(10,170)	(10,170)
Investment in Cineplex Galaxy Income Fund units	(282)	-	-	-	(282)
LTIP compensation obligation	133	-	-	-	133
Net loss for the period	-	-	(199)	-	(199)
<b>Balance - March 31, 2005</b>	\$ 110,054	\$ (147,795)	\$ 38,750	\$ (54,790)	\$ (53,781)

### For the three months ended March 31, 2004

	Partners' capital	Deficit	Accumulated earnings	Accumulated distributions	Total
<b>Balance - January 1, 2004, as previously reported</b>	\$ 110,425	\$ (147,698)	\$ 8,707	\$ (3,937)	\$ (32,503)
Adoption of asset retirement obligation standard	-	(121)	(6)	-	(127)
<b>Balance - January 1, 2004, as restated</b>	110,425	(147,819)	8,701	(3,937)	(32,630)
Distributions declared	-	-	-	(10,104)	(10,104)
Net income for the period	-	-	4,201	-	4,201
<b>Balance - March 31, 2004</b>	\$ 110,425	\$ (147,819)	\$ 12,902	\$ (14,041)	\$ (38,533)

# Cineplex Galaxy Limited Partnership

## Consolidated Statements of Cash Flows (Unaudited)

(expressed in thousands of Canadian dollars)

	<b>Three months ended March 31, 2005</b>	<b>Three months ended March 31, 2004</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net (loss) income for the period	\$ (199)	\$ 4,201
Adjustments to reconcile net income to net cash used in operating activities		
Amortization of property, equipment and leaseholds	6,524	5,435
Amortization of tenant inducements and rent averaging liabilities	(1,301)	(1,196)
Amortization of debt issuance costs	235	204
Gain on disposal of theatre assets	-	(6)
Changes in operating assets and liabilities	(6,329)	(14,933)
	<u>(1,070)</u>	<u>(6,295)</u>
<b>Investing activities</b>		
Proceeds from sale of theatre assets	6	6
Capital expenditures	(5,141)	(2,072)
Cash transferred to segregated account for future distributions	(691)	(1,383)
Cash received from segregated account for distribution	8,297	-
	<u>2,471</u>	<u>(3,449)</u>
<b>Financing activities</b>		
Borrowings under credit facility	1,000	4,000
Distributions paid	(17,776)	(9,290)
Tenant inducements	1,291	300
Repayment of long-term debt	(13)	(10)
Investment in Cineplex Galaxy Income Fund units	(423)	-
	<u>(15,921)</u>	<u>(5,000)</u>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(14,520)</b>	<b>(14,744)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>38,663</b>	<b>43,527</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 24,143</b>	<b>\$ 28,783</b>
<b>Supplemental information</b>		
Cash paid for interest	\$ 5,394	\$ 4,902
Cash paid for income taxes - net	\$ 64	\$ 60

# Cineplex Galaxy Limited Partnership

Consolidated Supplemental Information  
(Unaudited)

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

## Reconciliation to EBITDA

	<b>Three Months Ended March 31, 2005</b>	<b>Three Months Ended March 31, 2004</b>
Net Income	\$ (199)	\$ 4,201
<u>Add Back :</u>		
Amortization	6,524	5,435
Interest expense on long-term debt	2,206	2,001
Interest expense on loan from Cineplex Galaxy Trust	3,500	3,500
Other interest income	(118)	(94)
Income tax expense	55	36
EBITDA	<u>\$ 11,968</u>	<u>\$ 15,079</u>

## Distributable Cash

	<b>Three Months Ended March 31, 2005</b>	<b>Three Months Ended March 31, 2004</b>
Cash used in operating activities	\$ (1,070)	\$ (6,295)
Less:		
Changes in operating assets and liabilities (i)	6,329	14,933
Total capital expenditures	(5,141)	(2,072)
Add:		
Interest on loan from Cineplex Galaxy Trust (ii)	3,500	3,500
New theatre and Project capital expenditures (iii)	4,195	1,720
POS/Rebranding capital expenditures (iv)	316	-
Distributable Cash	<u>\$ 8,129</u>	<u>\$ 11,786</u>
Number of Units outstanding (fully diluted)	47,566,974	47,566,974
Distributable cash per Unit (fully diluted)	\$ 0.1709	\$ 0.2478

(i) Changes in operating assets and liabilities are not considered a source of distributable cash

(ii) Subject to "Catch-up Payment" provision and is considered part of distributable cash

(iii) The total capital expenditures noted above includes new theatre and maintenance capital expenditures of which the new theatre capital expenditures are funded out of the Partnership's Development Facility and therefore are added back to calculate distributable cash

(iv) Point-of-Sale ("POS") and rebranding capital expenditures are funded out of a \$5.5 million reserve fund established on November 26, 2003.

