



FOR IMMEDIATE RELEASE

CINEPLEX GALAXY INCOME FUND Reports Second Quarter Results

TORONTO, CANADA, August 10, 2005 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released the financial results of Cineplex Galaxy Limited Partnership (the “Partnership”), for the second quarter of 2005.

Second Quarter Results

- **Total revenues for the quarter were \$84.1 million compared to \$93.4 million for 2004 – down 10.0%.**
- **Box office revenue decreased by 13.2% compared to the Canadian industry decline of 16.9%.**
- **Concession per patron hits a record high of \$3.22, the highest quarterly result to date, up 5.6% from the prior year.**
- **Other revenues increased 23.7% to \$6.8 million primarily due to higher advertising sales.**
- **EBITDA for the quarter was \$12.8 million compared to \$19.8 million for 2004 – down 35.1% due to the decline in box office volume and other one-time charges.**
- **Distributable cash flow per unit for the quarter was \$0.1664 compared to a declared distribution of \$0.2874.**

“The acquisition of Famous Players is a transforming event in our company’s history,” said Ellis Jacob, President and CEO. “The opportunity to acquire Famous Players was truly unique and will enable us to substantially grow our business in the most cost effective, efficient and accretive manner possible”. Jacob went on to say: “our goal is to be the best motion picture exhibitor in the business and we are now well positioned to achieve this.”

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 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.

Second Quarter Results

The acquisition of Famous Players was completed on July 22, 2005 and as such the second quarter results of Cineplex Galaxy do not include any results from Famous Players. The second quarter of 2005 was characterized by a lack of successful film product. Total revenue for the second quarter decreased 10.0% to \$84.1 million for the quarter. Cineplex Galaxy’s box office revenue was down 13.2% for the quarter, ahead of the Canadian exhibition industry which was down 16.9% for the quarter. Given that we do not control the quality of film product on-screen, our continued focus remains on increasing our concession revenues and other income while controlling expenses. Revenues from the new digital pre-show cinema network launched last quarter are on target and we are very pleased with the results. Concession revenue decreased 9.2% this quarter, as a result of a 14.1% attendance decline that was partially offset by a \$0.17 or 5.6% increase in average concession revenue per patron. Our average concession revenue per patron amount of \$3.22 was a new record for Cineplex Galaxy. Other income increased

23.7% this quarter, over the prior year to \$6.8 million. This now makes four 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 second quarter decreased 35.1% to \$12.8 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 strategic acquisition opportunities and the establishment of an information technology department in the Canadian office as we repatriated our IT services back from the United States.

Distributable Cash

For the second quarter of 2005 distributable cash flow per unit was \$0.1664 and the declared distribution per unit for this period was \$0.2874.

Transaction Updates

On July 22, 2005, we completed the transaction to acquire the Famous Players theatre exhibition business from Viacom Inc. The transaction, valued at \$500 million, inclusive of approximately \$36 million in capital lease obligations, was completed only 40 days following the initial announcement.

The sale of real estate interests to RioCan, as announced on June 29, 2005, has been completed, generating proceeds of \$67 million. The proceeds of this sale have been used to repay a portion of the debt financing related to the acquisition of Famous Players.

The divestiture process is proceeding and we expect to announce the completion of this process by the end of the third quarter.

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

Currently, we operate two offices, the former Famous Players head office and Cineplex Galaxy's head office. These offices will be merged into one location by the end of the year. We have also begun the Information Technology integration process to combine the operations previously at Famous Players into the Cineplex Galaxy system. This process is expected to be complete by the end of year as well.

About Cineplex Galaxy

The Partnership owns, operates or has an interest in 132 theatres with 1,278 screens (after giving effect to the 34 theatres and 282 screens to be divested) and is the largest film exhibition company in Canada. The Partnership operates theatres with the following five top-tier brands: Cineplex Odeon, Coliseum, Colossus, Galaxy and SilverCity. Proudly Canadian, Cineplex Galaxy Income Fund, which owns approximately 50.2% of Cineplex Galaxy 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.cineplexgalaxy.com.

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 first quarter. **Ellis Jacob, Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Wednesday, August 10, 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 Wednesday, August 10, 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 21131991#. The replay will begin at 1:30 p.m. on Wednesday, August 10, 2005 and end at 11:59 p.m. ET on Wednesday, August 17, 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)

	June 30, 2005 (Unaudited)	December 31, 2004
Assets		
Current assets		
Cash and cash equivalents	\$ 9,523	\$ 38,663
Restricted cash	-	7,637
Accounts receivable	7,411	10,937
Inventories	2,083	2,123
Prepaid expenses and other current assets	21,586	2,680
Due from related parties	7	4
	<u>40,610</u>	62,044
Property, equipment and leaseholds	230,146	234,854
Goodwill	22,942	22,942
Future income taxes	1,698	1,615
Deferred charges and other intangibles	5,398	3,975
	<u>\$ 300,794</u>	<u>\$ 325,430</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 24,551	\$ 27,654
Distributions payable	3,390	10,996
Due to related parties	-	373
Income taxes payable	21	153
Deferred revenue	6,888	13,580
Current portion of long-term debt	51	52
	<u>34,901</u>	52,808
Long-term debt	141,000	125,512
Due to Cineplex Galaxy Trust	100,000	100,000
Accrued pension liability	529	589
Other liabilities	88,048	89,784
	<u>364,478</u>	368,693
Partners' Deficiency		
Partners' deficit	<u>(63,684)</u>	(43,263)
	<u>\$ 300,794</u>	<u>\$ 325,430</u>

Cineplex Galaxy Limited Partnership
Consolidated Statements of Income
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Six months ended June 30, 2005	Six months ended June 30, 2004
Revenue				
Box office	\$ 54,029	\$ 62,275	\$ 105,427	\$ 116,110
Concessions	23,324	25,699	44,950	46,830
Other	6,767	5,469	12,002	9,542
	84,120	93,443	162,379	172,482
Expenses				
Film cost	29,449	33,407	55,346	60,047
Cost of concessions	4,776	5,060	9,221	9,340
Occupancy	13,665	13,798	27,598	27,035
Other theatre operating expenses	18,829	17,605	35,798	33,982
General and administrative	4,514	3,651	9,408	6,918
Management fee	71	170	224	335
	71,304	73,691	137,595	137,657
Income before undernoted	12,816	19,752	24,784	34,825
Amortization	6,690	5,607	13,214	11,042
Gain on disposal of theatre assets	(19)	(36)	(19)	(42)
Interest on long-term debt	2,344	1,904	4,550	3,905
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	7,000	7,000
Interest income	(60)	(61)	(178)	(155)
Income before income taxes	361	8,838	217	13,075
Current income taxes	119	61	174	97
Net income for the period	\$ 242	\$ 8,777	\$ 43	\$ 12,978

Cineplex Galaxy Limited Partnership
Consolidated Statements of Partner's Deficiency
(Unaudited)

(expressed in thousands of Canadian dollars)

For the six months ended June 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	-	-	-	(20,342)	(20,342)
Investment in Cineplex Galaxy Income Fund units	(282)	-	-	-	(282)
LTIP compensation obligation	160	-	-	-	160
Net income for the period	-	-	43	-	43
Balance - June 30, 2005	<u>\$ 110,081</u>	<u>\$ (147,795)</u>	<u>\$ 38,992</u>	<u>\$ (64,962)</u>	<u>\$ (63,684)</u>

For the six months ended June 30, 2004

	Partners' capital	Deficit	Accumulated earnings	Accumulated distribution	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	-	-	-	(20,342)	(20,342)
Formation of Partnership issuance costs	(102)	-	-	-	(102)
Contribution of capital on acquisition of theatres	-	24	-	-	24
Net income for the period	-	-	12,978	-	12,978
Balance - June 30, 2004	<u>\$ 110,323</u>	<u>\$ (147,795)</u>	<u>\$ 21,679</u>	<u>\$ (24,279)</u>	<u>\$ (40,072)</u>

Cineplex Galaxy Limited Partnership
Consolidated Statements of Cash Flows
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Six months ended June 30, 2005	Six months ended June 30, 2004
Cash provided by (used in)				
Operating activities				
Net income for the period	\$ 242	\$ 8,777	\$ 43	\$ 12,978
Adjustments to reconcile net income to net cash used in operating activities				
Amortization of property, equipment and leaseholds	6,690	5,607	13,214	11,042
Amortization of tenant inducements and rent averaging liabilities	(1,426)	(1,285)	(2,727)	(2,481)
Amortization of debt issuance costs	234	210	469	414
Gain on disposal of theatre assets	(19)	(36)	(19)	(42)
Changes in operating assets and liabilities	(2,532)	(3,802)	(8,861)	(18,735)
	3,189	9,471	2,119	3,176
Investing activities				
Proceeds from sale of theatre assets	19	44	25	50
Capital expenditures	(3,225)	(3,386)	(8,366)	(5,458)
Deposit paid for subsequent acquisition	(17,500)	-	(17,500)	-
Cash received from segregated account for distribution	-	-	8,297	-
Cash transferred to segregated account for future distributions	-	(2,075)	(691)	(3,458)
	(20,706)	(5,417)	(18,235)	(8,866)
Financing activities				
Borrowings under credit facility	18,500	1,500	19,500	5,500
Formation of Partnership issuance costs paid	-	(102)	-	(102)
Distributions paid	(10,170)	(8,142)	(27,946)	(17,432)
Tenant inducements	605	250	1,896	550
Repayment of long-term debt	(4,000)	(15)	(4,013)	(25)
Investment in Cineplex Galaxy Income Fund units	-	-	(423)	-
Deferred financing fees	(2,038)	-	(2,038)	-
	2,897	(6,509)	(13,024)	(11,509)
Decrease in cash and cash equivalents during the period	(14,620)	(2,455)	(29,140)	(17,199)
Cash and cash equivalents - Beginning of period	24,143	28,783	38,663	43,527
Cash and cash equivalents - End of period	\$ 9,523	\$ 26,328	\$ 9,523	\$ 26,328
Supplemental information				
Cash paid for interest	\$ 5,693	\$ 5,005	\$ 11,087	\$ 9,907
Cash paid for income taxes - net	\$ 313	\$ 44	\$ 377	\$ 104

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

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Net income	\$242	\$8,777	\$43	\$12,978
Amortization	6,690	5,607	13,214	11,042
Interest on long-term debt	2,344	1,904	4,550	3,905
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	7,000	7,000
Interest income	(60)	(61)	(178)	(155)
Income tax expense	119	61	174	97
EBITDA	\$12,835	\$19,788	\$24,803	\$34,867

Distributable Cash

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Cash used in operating activities	\$3,189	\$9,471	\$2,119	\$3,176
Less:				
Changes in operating assets and liabilities (i)	2,532	3,802	8,861	18,735
Total Capital expenditures	(3,225)	(3,386)	(8,366)	(5,458)
Add:				
Interest on loan from Cineplex Galaxy Trust (ii)	3,500	3,500	7,000	7,000
New theatre and Project capital expenditures (iii)	1,279	2,226	5,474	3,946
POS/Rebranding capital expenditures (iv)	642	-	958	-
Distributable	\$7,917	\$15,613	\$16,046	\$27,399
Number of Units outstanding (fully diluted)	47,566,974	47,566,974	47,566,974	47,566,974
Distributable cash per Unit (fully diluted)	\$0.1664	\$0.3282	\$0.3373	\$0.5760

(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.