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CINEPLEX GALAXY INCOME FUND Reports Record Third Quarter Results

TORONTO, CANADA, November 2, 2006 (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 2006.

Third Quarter Results

- **Achieved record distributable income per unit for the quarter of \$0.4628, up 124% from \$0.2063 reported in the prior year.**
- **Distributable income per unit for the 12 months ended September 30, 2006 amounted to \$1.45 as compared to declared distributions of \$1.15.**
- **Achieved record total revenues for the quarter of \$199.0 million compared to \$151.9 million reported for 2005 and \$179.1 million on a pro forma basis for 2005.**
- **Achieved record concession revenue per patron of \$3.77 for the quarter compared to \$3.40 reported for 2005 and \$3.40 on a pro forma basis for 2005.**
- **Achieved record adjusted EBITDA of \$35.7 million for the quarter compared to \$11.0 million reported for 2005 and \$15.6 million on a pro forma basis.**
- **Adjusted EBITDA margin for the quarter was 17.9% compared to 8.7% on a pro forma basis for 2005.**

“This has been a record third quarter for Cineplex,” said Ellis Jacob, President and CEO. “These results reflect the work that has been done during the past year by our management and staff in bringing Cineplex and Famous Players together. We have realized greater synergies than we originally planned, and have identified new ways to capitalize on opportunities to grow revenues and profits. We now have the infrastructure in place to build upon the recent investment and installation of our new point-of-sale system, our digital pre-show network and Cineplex Media to name a few” said Jacob.

“We are also very pleased to announce that we have signed a partnership agreement with Scotiabank that includes the creation of a new loyalty program, naming rights for five Cineplex Entertainment theatres as well as advertising through Cineplex Media,” said Ellis Jacob. This program is targeted to launch in 2007.

Third Quarter Results

Total revenues for the third quarter increased to \$199.0 million for the quarter from \$151.9 million reported and \$179.1 million on a pro forma basis for the prior year. Same store box office revenues increased 5.5%. With the inclusion of the Famous Players locations, our combined average ticket price was a new record of \$8.09 for the quarter versus \$7.76 reported and \$7.81 on a pro forma basis for the prior year.

Our combined average concession revenue per patron amount established a new record of \$3.77 and compared to \$3.40 reported and \$3.40 on a pro forma basis for the prior year. Other income of \$16.6 million compared to \$12.7 million

reported and \$14.8 million on a pro forma basis for the prior year. As with the first two quarters, other income for the quarter was adversely impacted when compared to the pro forma amount as a result of the standardization and net extension of expiry dates on the Partnership's gift certificate and discount ticket programs.

Adjusted EBITDA for the third quarter established a new record of \$35.7 million compared to a reported Adjusted EBITDA of \$11.0 million and a pro forma Adjusted EBITDA of \$15.6 million for the prior year. The Adjusted EBDITA margin of 17.9% increased significantly from the 8.7% on a pro forma basis for the prior year.

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 and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for non-controlling interests, loss on extinguishment of debt, impairment of long-lived assets, gains or losses on disposal of theatre assets and income from discontinued operations.

Distributable Income

For the third quarter, distributable income per unit established a new record and increased 124% to \$0.4628 as compared to \$0.2063 reported in the prior year. The declared distributions per unit for this period were \$0.2874. For the 12 months ending September 30, 2006, distributable income per unit amounted to \$1.45 compared to declared distributions per unit of \$1.15. On October 31, 2006 the Department of Finance (Canada) announced modifications to income tax rules that will result in the taxation of distributions made by the Fund beginning in the year 2011. Management is reviewing the proposed changes.

Trustee Changes

The Fund announced the resignation of Bruce Birmingham from the Board of Trustees. Ellis Jacob, President and CEO said, "On behalf of the Board I would like to thank Bruce for his contributions since the inception of the Fund. He has been a valuable member of the Board and we appreciate his efforts."

The Fund also announced the appointment of Joan T. Dea, Executive Vice President, Head of Strategic Management for BMO Financial Group, to the Board of Trustees. "We are very pleased to have Joan joining the Board and believe that her background and experience will add tremendous value" said Ellis Jacob.

This news release contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning synergies 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 such as poor film product and unauthorized copying of film and development of alternative distribution methods; risks associated with integrating Famous Players; 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.

About Cineplex Entertainment

The Partnership owns, leases or has a joint-venture interest in 132 theatres with 1,309 screens and is the largest motion picture exhibitor in Canada. The Partnership operates theatres with the following six top-tier brands: Cineplex Odeon, Galaxy and Famous Players including: Coliseum, Colossus and SilverCity. Proudly Canadian, the units of Cineplex Galaxy Income Fund, which owns approximately 59.7% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange under the symbol CGX.UN. More information can be found at www.cineplex.com.

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

You are cordially invited to participate in a teleconference call with the management of the Partnership (TSX: CGX.UN) to review our 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 2nd, 2006
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3420 or outside of Toronto dial 1-866-250-4892** at least five to ten minutes prior to 10:00 a.m. Eastern Time on Thursday, November 2, 2006.

- 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 21206753#. The replay will begin at 12:00 p.m. ET on Thursday, November 2, 2006 and end at 11:59 p.m. ET on Thursday, November 9, 2006.
- 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:

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

Cineplex Entertainment Limited Partnership
Consolidated Supplemental Information
Consolidated Statements of Income (including Pro Forma)
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended September 30, 2006	Pro Forma Three months ended September 30, 2005	Three months ended September 30, 2005	Nine months ended September 30, 2006	Pro Forma Nine months ended September 30, 2005	Nine months ended September 30, 2005
Revenue						
Box office	124,382	114,509	96,713	341,409	326,624	190,632
Concessions	57,966	49,869	42,440	160,847	143,620	82,745
Other	16,628	14,761	12,726	43,024	41,122	23,736
	198,976	179,139	151,879	545,280	511,366	297,113
Expenses						
Film cost	64,676	57,521	48,760	176,367	168,851	98,080
Cost of concessions	11,282	9,806	8,409	32,771	28,238	16,750
Occupancy	36,391	38,046	32,117	109,295	113,896	56,029
Other theatre operating expenses	42,628	40,816	35,073	120,835	126,240	66,781
General and administrative	8,296	17,362	16,524	24,815	42,798	25,930
Management fee	-	-	-	-	224	224
	163,273	163,551	140,883	464,083	480,247	263,794
Income before undernoted	35,703	15,588	10,996	81,197	31,119	33,319
Amortization	16,340	16,925	14,136	47,412	51,357	26,713
Loss (gain) on disposal of theatre assets	344	198	195	(645)	101	176
Loss on extinguishment of debt	-	4,156	4,156	-	4,156	4,156
Impairment of long-lived assets	-	4,296	4,296	-	4,296	4,296
Interest on long-term debt and capital lease obligations	8,002	7,872	6,160	23,442	22,621	10,710
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	3,500	10,500	10,500	10,500
Interest income	(237)	(127)	(109)	(497)	(433)	(287)
Income (loss) before income taxes, non-controlling interest and discontinued operations	7,754	(21,232)	(21,338)	985	(61,479)	(22,945)
Provision for (recovery of) income taxes						
Current	7	1,121	854	(284)	1,295	1,028
Future	(1,457)	(1,566)	(1,566)	(868)	(1,566)	(1,566)
	(1,450)	(445)	(712)	(1,152)	(271)	(538)
Income (loss) before non- controlling interest and discontinued operations	9,204	(20,787)	(20,626)	2,137	(61,208)	(22,407)
Non-controlling interest	10	860	614	(379)	1,876	614
Income (loss) from continuing operations	9,194	(21,647)	(21,240)	2,516	(63,084)	(23,021)
Income from discontinued operations	108	27,760	26,912	757	28,784	28,736
Net income for the period	9,302	6,113	5,672	3,273	(34,300)	5,715

Cineplex Entertainment 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,		
	2006	Pro Forma 2005	2005	2006	Pro Forma 2005	2005
Net income (loss)	\$ 9,302	\$ 6,113	\$ 5,672	\$ 3,273	\$ (35,510)	\$ 5,715
Amortization	16,340	16,925	14,136	47,412	51,357	26,713
Interest on long-term debt	8,002	7,872	6,160	23,442	22,621	10,710
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	3,500	10,500	10,500	10,500
Interest income	(237)	(127)	(109)	(497)	(433)	(287)
Income tax expense	(1,450)	(445)	(712)	(1,152)	(271)	(538)
EBITDA	35,457	33,838	28,647	82,978	48,264	52,813
Non-controlling interest	10	860	614	(379)	1,187	614
Loss on extinguishment of debt	-	4,156	4,156	-	4,156	4,156
Impairment of long-lived assets	-	4,296	4,296	-	4,296	4,296
Income from discontinued operations	(108)	(27,760)	(26,912)	(757)	(26,885)	(28,736)
Loss (gain) on disposal of theatre assets	344	198	195	(645)	101	176
Adjusted EBITDA	\$ 35,703	\$ 15,588	\$ 10,996	\$ 81,197	\$ 31,119	\$ 33,319

Cineplex Entertainment Limited Partnership
Consolidated Supplemental Information
(Unaudited)

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

Distributable Income

	For the three months ended September 30,		For the nine months ended September 30,	
	2006	2005	2006	2005
Cash used in operating activities	\$ 30,415	\$ 327	\$ 21,405	\$ 5,471
Less: Changes in operating assets and liabilities (i)	5,027	8,922	41,972	16,654
Tenant inducements (ii)	(10,604)	(269)	(14,485)	(2,165)
Capital lease payments	(345)	(210)	(1,011)	(210)
Dividends paid by subsidiary to non-controlling interest	-	(1,372)	(196)	(1,372)
Maintenance capital expenditures (iii)	(1,905)	(590)	(3,811)	(2,524)
Add: Interest on loan from Cineplex Galaxy Trust (iv)	3,500	3,500	10,500	10,500
Non cash components in operating assets and liabilities (v)	333	283	965	283
Expenses funded through integration and restructuring reserve (vi)	27	784	103	784
	<u>\$ 26,448</u>	<u>\$ 11,375</u>	<u>\$ 55,442</u>	<u>\$ 27,421</u>
Distributable cash				
Number of LP Units outstanding (vii)	57,150,421	55,150,421	56,044,194	50,122,568
Distributable cash per LP Unit	\$ 0.4628	\$ 0.2063	\$ 0.9893	\$ 0.5471

- (i) Changes in operating assets and liabilities are not considered a source or use of distributable cash.
- (ii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of distributable cash flow.
- (iii) Maintenance capital expenditures are funded out of distributable income. Board approved projects are funded out of the Partnership's Development facility. Certain integration related capital expenditures are funded out of reserve funds established on November 26, 2003 and July 22, 2005. Maintenance capital expenditures for the nine-months ended September 30, 2006 are not representative of the expected run-rate as the Partnership has focused on integrating the two circuits and evaluating capital requirements.
- (iv) Subject to "Catch-up Payment" provision and is considered part of distributable cash.
- (v) 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.
- (vi) Amounts financed by the \$25 million reserve set up upon completion of the acquisition of Famous Players are not considered a use of distributable cash flow.
- (vii) LP units outstanding reflect the issuance on June 20, 2006 of 2,000,000 Class A LP units

Cineplex Entertainment Limited Partnership

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	As at September 30, 2006 (Unaudited)	As at December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	\$ 23,697	\$ 45,190
Accounts receivable	24,964	21,752
Inventories	3,689	4,162
Prepaid expenses and other current assets	8,236	3,803
Due from related parties	20	32
Assets held for sale - current	-	789
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	60,606	75,728
Property, equipment and leaseholds	451,424	435,002
Goodwill	201,009	206,218
Intangible assets	59,326	63,464
Future income taxes	6,407	5,539
Deferred charges	8,021	9,319
Assets held for sale – long term	-	3,481
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	\$ 786,793	\$ 798,751
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Cineplex Entertainment Limited Partnership

Consolidated Balance Sheets ... *continued*

(expressed in thousands of Canadian dollars)

	September 30, 2006 (Unaudited)	December 31, 2005
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 57,098	\$ 88,243
Distributions payable	4,308	4,117
Due to related parties	3,246	2,442
Income taxes payable	332	667
Deferred revenue	26,402	41,003
Bank indebtedness	19,909	35
Current portion of capital lease obligations	1,443	1,383
Liabilities related to property held for sale - current	-	843
	112,738	138,733
Long-term debt	248,000	243,500
Capital lease obligations – long-term	36,795	38,078
Due to Cineplex Galaxy Trust	100,000	100,000
Accrued pension liability	4,106	5,229
Other liabilities	142,594	123,950
Class C Limited Partnership units – liability component	99,418	97,555
Liabilities related to property held for sale – long-term	-	3,235
	743,651	750,280
Non-controlling interest	455	1,030
Partners' Equity	42,687	47,441
	\$ 786,793	\$ 798,751

Cineplex Entertainment Limited Partnership

Consolidated Statements of Income

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Revenue				
Box office	\$ 124,382	\$ 96,713	\$ 341,409	\$ 190,632
Concessions	57,966	42,440	160,847	82,745
Other	16,628	12,726	43,024	23,736
	<u>198,976</u>	<u>151,879</u>	<u>545,280</u>	<u>297,113</u>
Expenses				
Film cost	64,676	48,760	176,367	98,080
Cost of concessions	11,282	8,409	32,771	16,750
Occupancy	36,391	32,117	109,295	56,029
Other theatre operating expenses	42,628	35,073	120,835	66,781
General and administrative	8,296	16,524	24,815	25,930
Management fee	-	-	-	224
	<u>163,273</u>	<u>140,883</u>	<u>464,083</u>	<u>263,794</u>
Income before undernoted	35,703	10,996	81,197	33,319
Amortization	16,340	14,136	47,412	26,713
Loss (gain) on disposal of theatre assets	344	195	(645)	176
Loss on extinguishment of debt	-	4,156	-	4,156
Impairment of long-lived assets	-	4,296	-	4,296
Interest on long-term debt and capital lease obligations	8,002	6,160	23,442	10,710
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	10,500	10,500
Interest income	(237)	(109)	(497)	(287)
Income (loss) before income taxes, non-controlling interest and discontinued operations	7,754	(21,338)	985	(22,945)
Provision for (recovery of) income taxes				
Current	7	854	(284)	1,028
Future	(1,457)	(1,566)	(868)	1,566
	<u>(1,450)</u>	<u>(712)</u>	<u>(1,152)</u>	<u>(538)</u>
Income (loss) before non-controlling interest and discontinued operations	9,204	(20,626)	2,137	(22,407)
Non-controlling interest	10	614	(379)	614
Income (loss) from continuing operations	9,194	(21,240)	2,516	(23,021)
Income from discontinued operations	108	26,912	757	28,736
Net income for the period	\$ 9,302	\$ 5,672	\$ 3,273	\$ 5,715

Cineplex Entertainment Limited Partnership

Consolidated Statements of Partners' Equity

(Unaudited)

(expressed in thousands of Canadian dollars)

For the nine months ended September 30, 2006

	Partners' capital	Deficit	Accumulated earnings	Accumulated distributions	Total
Balance - January 1, 2006	\$ 232,975	\$ (147,795)	\$ 51,925	\$ (89,664)	\$ 47,441
Issuance of Partnership units	30,210	-	-	-	30,210
Other issuance costs	(466)	-	-	-	(466)
Distributions declared	-	-	-	(37,817)	(37,817)
Vesting of Fund units	142	-	-	-	142
LTIP compensation obligation	(96)	-	-	-	(96)
Net income for the period	-	-	3,273	-	3,273
Balance – September 30, 2006	\$ 262,765	\$ (147,795)	\$ 55,198	\$ (127,481)	\$ 42,687

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)
Issuance of Partnership units	116,591	-	-	-	116,591
Other issuance costs	(2,294)	-	-	-	(2,294)
Distributions declared	-	-	-	(32,693)	(32,693)
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

Cineplex Entertainment Limited Partnership

Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Cash provided by (used in)				
Operating activities				
Net income for the period	\$ 9,302	\$ 5,672	\$ 3,273	\$ 5,715
Adjustments to reconcile net income to net cash used in operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	16,340	14,214	47,412	27,428
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(389)	(519)	(662)	(3,246)
Amortization of debt issuance costs	659	466	1,978	935
Loss on extinguishment of debt	-	4,156	-	4,156
Impairment of long-lived assets	-	4,296	-	4,296
Issuance of Class D LP Units non cash compensation	-	8,050	-	8,050
Loss (gain) on disposal of theatre assets	373	(26,403)	(1,862)	(26,422)
Future income taxes	(1,457)	(1,566)	(868)	(1,566)
Non-controlling interest	10	614	(379)	614
Tenant inducements	10,604	269	14,485	2,165
Changes in operating assets and liabilities	(5,027)	(8,922)	(41,972)	(16,654)
	30,415	327	21,405	5,471
Investing activities				
Proceeds from sale of theatre assets	-	152,005	722	152,030
Capital expenditures	(21,257)	(7,488)	(57,319)	(16,983)
Theatre shutdown payment	(500)	-	(1,400)	-
Acquisition of Famous Players Limited Partnership and Famous Players Co. - net of cash acquired	-	(431,188)	-	(448,688)
Acquisition of Famous Players branded magazines	-	-	(1,100)	-
Cash received from segregated account for distribution	-	-	-	8,297
Cash transferred to segregated account for future distributions	-	-	-	(691)
	(21,757)	(286,671)	(59,097)	(306,035)
Financing activities				
Borrowings under credit facility	31,000	263,000	82,000	282,500
Issuance of Partnership units – net of issuance costs	-	207,247	30,166	207,247
Distributions paid	(12,924)	(11,625)	(37,624)	(39,571)
Dividends paid to non-controlling interest	-	(1,372)	(196)	(1,372)
Payments under capital leases	(345)	(210)	(1,011)	(210)
Repayment of credit facility	(24,509)	(147,005)	(57,626)	(151,018)
Investment in Cineplex Galaxy Income Fund units	-	-	-	(423)
Deferred financing fees	-	(7,780)	(115)	(9,818)
	(6,778)	302,255	15,594	287,335
Increase (decrease) in cash and cash equivalents during the period	1,880	15,911	(22,098)	(13,229)
Cash and cash equivalents - Beginning of period	21,817	9,523	45,795	38,663
Cash and cash equivalents - End of period	\$ 23,697	\$ 25,434	\$ 23,697	\$ 25,434
Supplemental Information				
Cash paid for interest	\$ 8,789	\$ 7,541	\$ 26,340	\$ 18,628
Class C LP distributions paid and classified as interest	-	-	3,161	-
Cash paid for income taxes - net	5	223	320	600