



FOR IMMEDIATE RELEASE

CINEPLEX GALAXY INCOME FUND Reports Record Second Quarter Results

TORONTO, CANADA, August 3, 2007 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released the financial results of Cineplex Entertainment Limited Partnership (the “Partnership”) for the second quarter of 2007.

Second Quarter Results

- **Total revenues for the quarter were \$199.9 million, a new quarterly record, compared to \$183.6 million reported for 2006, an increase of 8.9%.**
- **Concession revenue per patron for the quarter was \$3.97, a new quarterly record, compared to \$3.72 reported for 2006, an increase of 6.8%.**
- **Other revenue for the quarter was \$20.1 million compared to \$15.8 million reported for 2006, an increase of 27.3%.**
- **Adjusted EBITDA for the quarter was \$35.0 million compared to \$27.2 million reported for 2006, an increase of 28.8%.**
- **Adjusted EBITDA margin for the quarter was 17.5% compared to 14.8% reported for 2006.**
- **Distributable cash per unit for the quarter was \$0.4337 compared to \$0.3394 reported for 2006, an increase of 27.8%.**

“This has been a record second quarter for Cineplex,” said Ellis Jacob, President and CEO, Cineplex Entertainment. “Strong movies and increased attendance this quarter combined with special concession offerings, revenues derived from both new theatres and the expansion of our digital pre-show network, have generated incremental cash flow and stronger results. We continue to capitalize on key business units such as Cineplex Media with a Q2 revenue increase of 21.1%. SCENE, our new loyalty program, launched nationally during the quarter and has over 300,000 members as of last week. In addition, we are pleased to announce that we have signed an agreement with Empire Theatres to assume in-theatre media sales representation for all of Empire’s theatres in Canada effective September 1, 2007. This will give Cineplex Media nationwide sales coverage.” said Jacob.

Second Quarter Results

Total revenues for the second quarter increased to \$199.9 million, up 8.9% versus the prior year. This represents the highest quarterly total revenue amount since the formation of the Partnership. Box office revenues increased 5.3% as compared to Canadian industry box office growth of approximately 0.4%. Same store box office revenues were up 1.9%. The Partnership continues to exceed industry averages on major film releases and continues to benefit from our premium experiences including our IMAX locations as well as our focus on alternative programming strategies.

The Partnership established a new record concession per patron amount of \$3.97 for the quarter compared to \$3.72 for the prior year. Other revenues increased 27.3% to \$20.1 million with the media component increasing 21.1% versus the prior year. This represents the third consecutive quarter of growth in excess of 20% in the other revenue category.

Adjusted EBITDA for the second quarter established a new second quarter record of \$35.0 million compared to \$27.2 million for the prior year, an increase of 28.8% on a revenue increase of only 8.9%.

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, gains or losses on disposal of theatre assets and income from discontinued operations.

Distributable Cash

For the second quarter, distributable cash per unit increased 27.8% to \$0.4337 as compared to \$0.3394 reported in the prior year. The declared distributions per unit for this period were \$0.2958. For the 12 months ending June 30, 2007, distributable cash per unit amounted to \$1.62 compared to declared distributions per unit of \$1.16.

Additional Highlights

The Partnership is pleased to provide the following additional highlights:

- Opening of the 7-Screen Galaxy Cinemas Collingwood on May 11th
- National launch of SCENE – Canada's first entertainment loyalty program
- Piracy Bill C-59 becomes law making it a criminal offence to camcord a movie in Canadian theatres
- Acquisition of 3 Cinema City branded theatres in Winnipeg and Edmonton
- Amended and restated credit agreement providing additional capacity and flexibility

This news release contains "forward-looking statements" within the meaning of applicable securities laws, such as 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; changes in income tax legislation; 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

Headquartered in Toronto, Canada, Cineplex Entertainment LP owns, leases or has a joint-venture interest in 132 theatres with 1,329 screens serving approximately 60 million guests annually. Cineplex Entertainment LP is the largest motion picture exhibitor in Canada operating theatres with the following brands: Cineplex Odeon, Galaxy and Famous Players (including Coliseum, Colossus and SilverCity), Cinema City and Scotiabank Theatres. The units of Cineplex Galaxy Income Fund, which owns approximately 75.7% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange (symbol CGX.UN). For more information, visit us 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 second quarter. **Ellis Jacob, Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Friday, August 3rd, 2007
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3416 or outside of Toronto dial 1-800-732-9303** at least five to ten minutes prior to 10:00 a.m. Eastern Time on Friday, August 3, 2007.

- 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 21237807#. The replay will begin at 12:00 p.m. ET on Friday, August 3, 2007 and end at 11:59 p.m. ET on Friday, August 10, 2007.
- 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:

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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 June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Net income (loss)	\$ 8,264	\$ 2,897	\$ 4,489	\$ (6,029)
Amortization	16,478	15,834	32,752	31,072
Interest on long-term debt	6,604	8,026	14,110	15,440
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	7,000	7,000
Interest income	(223)	(156)	(475)	(260)
Income tax (recovery) expense	(20)	243	(485)	298
EBITDA	34,603	30,344	57,391	47,521
Non-controlling interest	(561)	(352)	(561)	(389)
Loss from discontinued operations	-	1,223	-	2,181
Loss (gain) on disposal of theatre assets	1,002	(4,003)	2,869	(3,819)
Adjusted EBITDA	\$ 35,044	\$ 27,212	\$ 59,699	\$ 45,494

Cineplex Entertainment Limited Partnership
Consolidated Supplemental Information
(Unaudited)

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

Distributable Cash

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Cash provided by (used in) operating activities	\$ 11,539	\$ 15,109	\$ (2,552)	\$ (9,010)
Less: Changes in operating assets and liabilities (i)	15,195	4,487	43,786	36,945
Tenant inducements (ii)	(2,535)	(2,907)	(3,152)	(3,881)
Capital lease payments	(364)	(339)	(721)	(666)
Dividends paid by subsidiary to non-controlling interest	-	(196)	-	(196)
Maintenance capital expenditures (iii)	(2,974)	(1,057)	(4,469)	(1,906)
Add: Interest on loan from Cineplex Galaxy Trust (iv)	3,500	3,500	7,000	7,000
Non cash components in operating assets and liabilities (v)	405	312	826	632
Expenses funded through integration and restructuring reserve (vi)	21	32	37	76
Distributable cash (vii)	\$ 24,787	\$ 18,941	\$ 40,755	\$ 28,994
Number of LP Units outstanding (viii)	57,150,421	55,809,762	57,150,421	55,481,913
Distributable cash per LP Unit	\$ 0.4337	\$ 0.3394	\$ 0.7131	\$ 0.5226

- (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.
- (iii) Maintenance capital expenditures are funded out of distributable cash. 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.
- (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 and amortization of deferred gain on a RioCan Real Estate Investment Trust sale-leaseback transaction. 2006 also includes non-cash 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.
- (vii) Distributable cash is a non-GAAP measure generally used in Canadian open-ended trusts, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. The Partnership's distributable cash may differ from similar calculations as reported by other entities and accordingly may not be comparable to distributable cash as reported by such entities.
- (viii) Excluding Class C LP units, 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 June 30, 2007 (Unaudited)	As at December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	\$ 21,036	\$ 56,383
Accounts receivable	23,946	35,500
Inventories	3,394	3,193
Prepaid expenses and other current assets	10,394	4,297
Income taxes receivable	23	34
Due from related parties	343	11
	<hr/>	
	59,136	99,418
Property, equipment and leaseholds	432,194	447,932
Goodwill	196,911	200,910
Fair value of interest rate swap agreements	4,376	-
Intangible assets	55,199	57,946
Future income taxes	6,652	6,156
Deferred charges	1,152	7,329
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	\$ 755,620	\$ 819,691
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Cineplex Entertainment Limited Partnership

Consolidated Balance Sheets ... *continued*

(expressed in thousands of Canadian dollars)

	June 30, 2007 (Unaudited)	December 31, 2006
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 52,613	\$ 90,596
Distributions payable	4,548	4,308
Due to related parties	1,145	3,143
Deferred revenue	36,626	50,184
Capital lease obligations - current portion	1,536	1,470
Bank indebtedness	10,000	-
	<hr/> 106,468	149,701
Long-term debt	250,544	248,000
Capital lease obligations – long-term portion	35,638	36,426
Due to Cineplex Galaxy Trust	100,000	100,000
Accrued pension benefit liability	2,737	3,840
Other liabilities	145,143	146,791
Class C Limited Partnership units – liability component	100,917	100,037
	<hr/> 741,447	784,795
Non-controlling interest	-	561
Partners' Equity	14,173	34,335
	<hr/> \$ 755,620	\$ 819,691

Cineplex Entertainment Limited Partnership

Consolidated Statements of Income (Loss)

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Revenue				
Box office	\$ 120,066	\$ 114,013	\$ 232,953	\$ 217,027
Concessions	59,792	53,849	112,116	102,881
Other	20,083	15,780	33,468	26,396
	<u>199,941</u>	<u>183,642</u>	<u>378,537</u>	<u>346,304</u>
Expenses				
Film cost	63,445	60,384	120,322	111,691
Cost of concessions	12,955	11,793	23,378	21,489
Occupancy	37,023	35,879	73,655	72,904
Other theatre operating expenses	43,042	39,938	84,696	78,207
General and administrative	8,432	8,436	16,787	16,519
	<u>164,897</u>	<u>156,430</u>	<u>318,838</u>	<u>300,810</u>
Income before undernoted	35,044	27,212	59,699	45,494
Amortization	16,478	15,834	32,752	31,072
Loss (gain) on disposal of theatre assets	1,002	(4,003)	2,869	(3,819)
Interest on long-term debt and capital lease obligations	6,604	8,026	14,110	15,440
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	7,000	7,000
Interest income	(223)	(156)	(475)	(260)
Income (loss) before income taxes, non-controlling interest and discontinued operations	7,683	4,011	3,443	(3,939)
Provision for (recovery of) income taxes				
Current	5	(346)	11	(291)
Future	(25)	589	(496)	589
	<u>(20)</u>	<u>243</u>	<u>(485)</u>	<u>298</u>
Income (loss) before non-controlling interest and discontinued operations	7,703	3,768	3,928	4,237
Non-controlling interest	(561)	352	(561)	389
Income (loss) from continuing operations	8,264	4,120	4,489	(3,848)
Loss from discontinued operations	-	(1,223)	-	(2,181)
Net income (loss) for the period	\$ 8,264	\$ 2,897	\$ 4,489	\$ (6,029)

Cineplex Entertainment Limited Partnership

Consolidated Statements of Partners' Equity and Comprehensive Income (Unaudited)

(expressed in thousands of Canadian dollars)

For the six months ended June 30, 2007

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive income	Partners' capital	Formation of Partnership deficit	Total Partners' equity	Comprehensive income
Balance - December 31, 2006	\$ 59,761	\$ (140,405)	\$ (80,644)	-	\$ 262,774	\$ (147,795)	\$ 34,335	\$ -
Adoption of new accounting standards	(1,894)	-	(1,894)	2,427	-	-	533	-
Balance - January 1, 2007	57,867	(140,405)	(82,538)	2,427	262,774	(147,795)	34,868	-
Distributions declared	-	(26,330)	(26,330)	-	-	-	(26,330)	-
Investment in Cineplex Galaxy Income Fund units	-	-	-	-	(1,677)	-	(1,677)	-
LTIP compensation obligation	-	-	-	-	899	-	899	-
Net income for the period	4,489	-	4,489	-	-	-	4,489	4,489
Other comprehensive income - interest rate swaps	-	-	-	1,924	-	-	1,924	1,924
Comprehensive income for the period								\$ 6,413
Balance - June 30, 2007	\$ 62,356	\$ (166,735)	\$ (104,379)	\$ 4,351	\$ 261,996	\$ (147,795)	\$ 14,173	

The sum of accumulated distributions in excess of accumulated income and accumulated other comprehensive income as at June 30, 2007 is (\$100,028).

For the six months ended June 30, 2006

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Partners' capital	Formation of Partnership deficit	Total Partners' equity
Balance - January 1, 2006	\$ 51,925	\$ (89,664)	\$ (37,739)	\$ 232,975	\$ (147,795)	\$ 47,441
Issuance of Partnership units - cost	-	-	-	30,210	-	30,210
Other issuance costs	-	-	-	(466)	-	(466)
Distributions declared	-	(24,892)	(24,892)	-	-	(24,892)
Vesting of Fund units	-	-	-	142	-	142
LTIP compensation obligation	-	-	-	(105)	-	(105)
Net loss for the period	(6,029)	-	(6,029)	-	-	(6,029)
Balance - June 30, 2006	\$ 45,896	\$ (114,556)	\$ (68,660)	\$ 262,756	\$ (147,795)	\$ 46,301

Cineplex Entertainment Limited Partnership

Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	\$ 8,264	\$ 2,897	\$ 4,489	\$ (6,029)
Adjustments to reconcile net income (loss) to net cash used in operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	16,478	15,834	32,752	31,072
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(522)	(189)	(969)	(273)
Amortization of debt issuance costs	264	667	450	1,319
Loss (gain) on disposal of theatre assets	1,002	(2,757)	2,869	(2,235)
Future income taxes	(25)	589	(496)	589
Cash flow hedges - interest rate swaps, ineffective portion	(701)	-	(452)	-
Non-controlling interest	(561)	(352)	(561)	(389)
Tenant inducements	2,535	2,907	3,152	3,881
Changes in operating assets and liabilities	(15,195)	(4,487)	(43,786)	(36,945)
	<u>11,539</u>	<u>15,109</u>	<u>(2,552)</u>	<u>(9,010)</u>
Investing activities				
Proceeds from sale of theatre assets	2	-	2,477	70
Proceeds from sale of discontinued operations	-	150	-	652
Purchases of property, equipment and leaseholds	(9,480)	(20,956)	(14,408)	(36,062)
Theatre shutdown payment	-	(900)	(1,445)	(900)
Acquisition of Famous branded magazines	-	-	(406)	(1,100)
Lease guarantee payment and acquisition of theatre assets	-	-	(4,500)	-
	<u>(9,478)</u>	<u>(21,706)</u>	<u>(18,282)</u>	<u>(37,340)</u>
Financing activities				
Borrowings under credit facility	17,000	20,400	38,000	51,000
Repayment of credit facility	(12,000)	(30,108)	(23,000)	(33,117)
Issuance of Partnership units – net of issuance costs	-	30,166	-	30,166
Payments under capital leases	(364)	(339)	(721)	(666)
Distributions paid	(13,165)	(12,350)	(26,090)	(24,700)
Dividends paid to non-controlling interest	-	(196)	-	(196)
Investment in Cineplex Galaxy Income Fund units	-	-	(2,702)	-
Deferred financing fees	-	(115)	-	(115)
	<u>(8,529)</u>	<u>7,458</u>	<u>(14,513)</u>	<u>22,372</u>
Decrease (increase) in cash and cash equivalents during the period	(6,468)	861	(35,347)	(23,978)
Cash and cash equivalents - Beginning of period	27,504	20,956	56,383	45,795
Cash and cash equivalents - End of period	\$ 21,036	\$ 21,817	\$ 21,036	\$ 21,817
Supplemental Information				
Cash paid for interest	\$ 8,111	\$ 8,875	\$ 16,488	\$ 17,551
Class C LP distributions paid and classified as interest	3,161	3,161	3,161	3,161
Cash paid for income taxes - net	5	263	11	315