



FOR IMMEDIATE RELEASE

CINEPLEX GALAXY INCOME FUND Reports Record Fourth Quarter and Full Year Results

TORONTO, CANADA, February 12, 2009 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released the financial results of Cineplex Entertainment Limited Partnership (the “Partnership”) for the fourth quarter and full year of 2008.

Full Year Results

	2008	2007	Year over Year Change
Total Revenues	\$849.7 million	\$805.0 million	+5.5%
Attendance	63.5 million	61.1 million	+3.8%
Other Revenue	\$87.1 million	\$81.0 million	+7.5%
Net Income	\$34.6 million	\$26.5 million	+30.6%
Adjusted EBITDA	\$144.9 million	\$137.2 million	+5.7%
Adjusted EBITDA Margin	17.1%	17.0%	+0.1%
Distributable Cash Per Unit	\$1.8544	\$1.7217	+7.7%

Year over year change calculated based on thousands of dollars except percentage and per unit values.

Fourth Quarter Results

	Three months ended December 31, 2008	Three months ended December 31, 2007	Period over Period Change
Total Revenues	\$211.4 million	\$182.6 million	+15.8%
Attendance	15.2 million	13.1 million	+16.5%
Other Revenue	\$27.3 million	\$26.5 million	+2.8%
Net Income (Loss)	\$7.1 million	\$(2.8) million	NM
Adjusted EBITDA	\$36.1 million	\$25.8 million	+39.8%
Adjusted EBITDA Margin	17.1%	14.1%	+20.8%
Distributable Cash Per Unit	\$0.4513	\$0.2597	+73.8%

Period over period change calculated based on thousands of dollars except percentage and per unit values.

“Cineplex Entertainment experienced its best year ever in 2008,” said Ellis Jacob, President and CEO. “We achieved new all-time records in key metrics including attendance, box office, concession, other revenue and total revenue. This culminated in record annual adjusted EBITDA of \$144.9 million and distributable cash of \$1.85 per unit. During the fourth quarter we opened three new theatres in Ontario; and in spite of the difficult economic environment, we generated growth of 15.8% in total revenues, 16.5% growth in attendance and 39.8% growth in adjusted EBITDA.”

Jacob said, “We have diversified our business beyond the traditional movie exhibition model. Innovative programs such as SCENE were created to engage our audiences and drive traffic to our theatres. Programming has expanded beyond Hollywood movies to include live-via-satellite presentations of The Metropolitan Opera in addition to concerts, ballet and live theatre productions. We continued to enhance cineplex.com with the launch of our social media network, *mycineplex*, and the Cineplex Store which sells DVDs and Blu-ray discs online. Cineplex gift card distribution channels were expanded through the use of third-party providers making them available in neighborhood convenience stores, gas stations and big box stores. These are just some of the many examples that best exemplify the diversification strategy that has contributed to Cineplex’s success.”

EBITDA and distributable cash are not measures recognized by generally accepted accounting principles ("GAAP") and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and distributable cash 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 and gains or losses on disposal of theatre assets. 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. Management uses adjusted EBITDA and distributable cash to evaluate performance primarily because of the significant effect certain unusual or non-recurring charges and other items have on EBITDA from period to period. For a detailed reconciliation of net income to EBITDA and adjusted EBITDA and from cash used in operating activities to distributable cash, please refer to Cineplex's management's discussion and analysis filed on www.sedar.com.

Fourth Quarter and Full Year Results

Total revenues for the three months and year ended December 31, 2008 increased \$28.8 million and \$44.7 million to \$211.4 million and \$849.7 million, respectively. A discussion of the factors affecting the changes in box office, concession and other revenues for fourth quarter and the full year compared to 2007 is provided below.

Box office revenues. The following table highlights the movement in box office revenues, attendance and box office revenues per patron ("BPP") for the quarter and the year (in thousands of dollars, except attendance and per patron data):

Box office revenues	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
Box office revenues	\$ 122,797	\$ 105,542	16.3%	\$ 510,934	\$ 488,871	4.5%
Attendance	15,229	13,076	16.5%	63,491	61,148	3.8%
Box office revenue per patron	\$ 8.06	\$ 8.07	(0.1)%	\$ 8.05	\$ 7.99	0.8%
Canadian industry revenues (1)			13.9%			3.3%
Same store box office revenues	\$ 118,217	\$ 103,063	14.7%	\$ 493,754	\$ 480,953	2.7%
Same store attendance	14,515	12,510	16.0%	60,474	59,372	1.9%

(1) Source: Motion Picture Theatre Associations of Canada.

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Attendance	Box Office	Attendance
2007 as reported	\$ 105,542	13,076	\$ 488,871	61,148
Same store attendance change	16,518	2,005	8,927	1,102
Same store BPP change	(1,364)	-	3,874	-
New and acquired theatres	2,617	266	10,658	1,522
Disposed and closed theatres	(516)	(118)	(1,396)	(281)
2008 as reported	\$ 122,797	15,229	\$ 510,934	63,491

Fourth Quarter

Top Cineplex Films – Fourth Quarter 2008 compared to Fourth Quarter 2007							
Q4 2008 Top Cineplex Films			% Total Box	Q4 2007 Top Cineplex Films			% Total Box
1	Quantum of Solace		10.3%	1	I Am Legend		6.9%
2	Twilight		7.2%	2	American Gangster		5.7%
3	Madagascar: Escape 2 Africa		6.5%	3	Bee Movie		5.3%
4	Four Christmases		3.9%	4	The Golden Compass		4.4%
5	High School Musical 3: Senior Year		3.7%	5	Enchanted		4.4%

In spite of the general economic downturn in the fourth quarter of 2008, box office revenues for the quarter were up compared to the prior year, driven by the strong performance of *Quantum of Solace*, as well as the first film based on the highly popular Stephenie Meyer young adult series *Twilight*.

Film product during the fourth quarter of 2007 lacked strong blockbuster titles, making the 2007 results a weak comparator. The slight decrease in box office revenue per patron from \$8.07 to \$8.06 was driven by more family-oriented film product resulting in a higher proportion of ticket sales to children during the quarter. The decrease driven by the family-oriented product was partially offset by select ticket price increases implemented in November 2008.

Full Year

Top Cineplex Films – Full Year 2008 compared to Full Year 2007						
2008 Top Cineplex Films			% Total Box	2007 Top Cineplex Films		% Total Box
1	The Dark Knight		4.9%	1	Transformers	3.4%
2	Iron Man		2.9%	2	Spider-Man 3	3.2%
3	Indiana Jones and the Kingdom of the Crystal Skull		2.9%	3	Shrek the Third	3.0%
4	Quantum of Solace		2.5%	4	Harry Potter and the Order of the Phoenix	2.9%
5	Hancock		2.0%	5	Pirates of the Caribbean: At World's End	2.9%

Box office revenues for 2008 were up as compared to the prior year, driven by the highly successful latest release from the Batman franchise, *The Dark Knight*, which finished 2008 as the second highest grossing film of all time in North American box office. Other strong performing releases included the latest Marvel comic film adaptation, *Iron Man*; the highly anticipated release from Stephen Spielberg, *Indiana Jones and the Kingdom of the Crystal Skull*; and the latest James Bond film *Quantum of Solace*.

The Partnership's box office revenue per patron was \$8.05 for the year ended December 31, 2008 and \$7.99 for the year ended December 31, 2007. The increase in BPP was driven by a higher proportion of ticket sales to adults during the year as well as select ticket price increases introduced in November 2008. Three of the top five films during 2008 catered to adult audiences, whereas the top five films of 2007 drove relatively more child ticket sales. The success of premium-priced IMAX and 3D product during the year also contributed to this increase in box office revenue per patron. In July 2007, the Partnership acquired three Cinema City branded locations, second run theatres which employ a discounted ticket price strategy. The discounted pricing at these locations reduced the Partnership's average box office revenue per patron for 2008 and the second half of 2007. Excluding the impact of these locations purchased in July 2007 and therefore not fully reflected in the prior year comparatives, BPP of the Partnership was \$8.15 for the year ended December 31, 2008 and \$8.06 for the year ended December 31, 2007. Further impacting the box office per patron was the introduction of the "Big Ticket Tuesday" program in some locations during the second quarter of 2007, the Partnership's discounted admission and concession offering available in certain markets.

Concession revenues. The following table highlights the movement in concession revenues, attendance and box office revenues per patron for the quarter and the year (in thousands of dollars, except per patron amounts):

Concession revenues	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
Concession revenues	\$ 61,373	\$ 50,578	21.3%	\$ 251,645	\$ 235,102	7.0%
Attendance	15,229	13,076	16.5%	63,491	61,148	3.8%
Concession revenue per patron	\$ 4.03	\$ 3.87	4.1%	\$ 3.96	\$ 3.84	3.1%
Same store concession revenues	\$ 58,376	\$ 48,559	20.2%	\$ 239,565	\$ 229,066	4.6%
Same store attendance	14,515	12,510	16.0%	60,474	59,372	1.9%

Concession revenue continuity In thousands	Fourth Quarter		Full Year	
	Concession	Attendance	Concession	Attendance
2007 as reported	\$ 50,578	13,076	\$ 235,102	61,148
Same store attendance change	7,783	2,005	4,252	1,102
Same store CPP change	2,034	-	6,247	-
New and acquired theatres	1,391	266	6,940	1,522
Disposed and closed theatres	(413)	(118)	(896)	(281)
2008 as reported	\$ 61,373	15,229	\$ 251,645	63,491

Fourth Quarter

The average concession revenue per patron of the Partnership increased from \$3.87 in the fourth quarter of 2007 to \$4.03 in 2008. This represents the highest quarterly concession per patron average for the Partnership, and the first time over \$4.00. Higher purchase incidence was driven by film product during the fourth quarter catering to family audiences who tend to be strong concession purchasers. Management believes that concession revenues will continue to be dependent on overall theatre attendance and that the current economic conditions will not have a material impact on concession revenues.

Full Year

The average concession revenue per patron of the Partnership increased from \$3.84 in 2007 to \$3.96 in 2008. This increase was due to selected price increases implemented in the second quarter of 2008 and the improved product mix encouraging consumers to make purchases outside of the core concession offerings. In addition, higher purchase incidence was achieved through a better product mix during 2008 as compared to 2007.

Other revenues. The following table highlights the movement in media, games and other revenues for the quarter and the year (in thousands of dollars):

Other revenues	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
Media	\$ 19,926	\$ 20,151	(1.1)%	\$ 60,966	\$ 56,066	8.7%
Games	1,149	1,204	(4.6)%	4,999	5,584	(10.5)%
Other	6,176	5,151	19.9%	21,145	19,396	9.0%
Total other revenues	\$ 27,251	\$ 26,506	2.8%	\$ 87,110	\$ 81,046	7.5%

Fourth Quarter

Media revenue decreased due to lower full motion and digital pre-show advertising revenues in the fourth quarter of 2008. Current economic conditions resulted in fewer advertisers committing to on-screen advertising in the fourth quarter of 2008 as compared to the prior year. Games revenues were down, consistent with the earlier quarters in 2008. Other revenues were up primarily due to higher breakage revenues associated with increased sales of gift cards and corporate coupons.

Full Year

Media revenues increased due to higher full motion and digital pre-show advertising revenues through the first three quarters of the year, offset by decreased advertising revenues in the fourth quarter of 2008. Current economic conditions resulted in less advertisers committing to on-screen advertising in the fourth quarter of 2008 as compared to the prior year. Games revenue decreased due to the slate of films targeting more mature audiences. Other revenues increased primarily due to higher breakage revenues associated with increased sales of gift cards and corporate coupons as compared to the prior year.

Film cost. The following table highlights the movement in film cost and film cost as a percentage of box office revenue ("film cost percentage") for the quarter and the year (in thousands of dollars, except film cost percentage):

Film cost	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
Film cost	\$ 62,360	\$ 53,485	16.6%	\$ 265,210	\$ 253,864	4.5%
Film cost percentage	50.8%	50.7%	0.2%	51.9%	51.9%	0.0%

Fourth Quarter

Film cost varies primarily with box office revenue. The quarterly increase was driven by the 16.3% increase in box office revenues. Film cost percentage was up marginally as compared to the prior year.

Full Year

The increase over the prior year was driven by the 4.5% increase in box office revenues during the year. As a percentage of box office revenue, film cost was 51.9% for the years ended December 31, 2008 and 2007. Management does not anticipate that the current economic conditions will have a material impact on film cost, as the film cost percentage on individual films have negotiated terms that vary primarily based on the quality of the film product.

Cost of concessions. The following table highlights the movement in concession cost and concession cost as a percentage of concession revenues ("concession cost percentage") for the quarter and the year (in thousands of dollars, except concession cost percentage):

Cost of concessions	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
Concession cost	\$ 12,192	\$ 10,379	17.5%	\$ 52,192	\$ 48,599	7.4%
Concession cost percentage	19.9%	20.5%	(2.9)%	20.7%	20.7%	0.0%

Fourth Quarter

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The decrease in concession cost percentage period over period was due to higher volume rebates received from certain suppliers, which were higher in the fourth quarter of 2008 than 2007. This decrease was partially offset by the impact of the 10% concession discount offered to members of the SCENE loyalty program, which accounted for a 0.2% increase in the concession cost percentage during 2008 as compared to the prior year.

Full Year

As a percentage of concession revenues, cost of concessions was 20.7% for both the years ended December 31, 2008 and 2007. The 10% concession discount offered to members of the SCENE loyalty program accounted for a 0.2% increase in the concession cost percentage during 2008 as compared to the prior year. Annual volume rebates received from certain suppliers were higher in 2008 than 2007 due to a 7.0% increase in concession sales in 2008 as compared to 2007. Management does not anticipate that the current economic conditions will have a material impact on concession costs. The Partnership has agreements in place to purchase its popcorn seed and beverage products, which constitute the two largest concession inputs.

Occupancy expense. The following table highlights the movement in occupancy expenses for the quarter and year, including non-recurring one-time benefits of lease-related amounts recognized during the periods (in thousands of dollars):

Occupancy expense	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
Occupancy expenses	\$ 37,368	\$ 36,983	1.0%	\$ 150,725	\$ 151,843	(0.7)%
One-time benefits	\$ (312)	\$ (950)	(67.2)%	\$ (2,982)	\$ (4,380)	(31.9)%

Fourth Quarter

The \$0.4 million increase in occupancy expenses was primarily due to lower one-time benefits of lease-related amounts recognized in 2008 as compared to the prior period (\$0.6 million) and the incremental costs associated with new and acquired theatres (\$0.6 million), offset by the impact of disposed and closed theatres (\$0.5 million) and lower real estate taxes, business taxes and other (\$0.3 million).

Full Year

The \$1.1 million full year decrease in occupancy expenses was primarily due to a one-time theatre shutdown expense for a theatre closed on September 30, 2007 included in the prior year's results (\$2.8 million), non-cash occupancy costs (\$1.9 million), lower insurance costs (\$0.3 million) and the impact of disposed and closed theatres (\$1.9 million). These decreases were offset by the incremental costs associated with new and acquired theatres (\$3.3 million), lower one-time benefits of lease-related amounts recognized in 2008 as compared to the prior period (\$1.4 million) and higher rent expenses (\$1.1 million).

Other operating expenses. The following table highlights the movement in other operating expenses during the quarter and year (expressed in thousands of dollars):

Other operating expenses	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
Other operating expenses	\$ 52,212	\$ 46,921	11.3%	\$ 196,546	\$ 177,822	10.5%

Fourth Quarter

The \$5.3 million increase in other operating expenses was due to the incremental impact of new and acquired theatres (\$0.8 million), increased operating costs associated with the SCENE loyalty program and the development of the Partnership's interactive business (\$0.4 million) and increased operating costs (\$4.4 million). Components of the \$4.4 million increase include increased theatre payroll driven by minimum wage increases and increased concession staff payroll due to higher theatre attendance in the fourth quarter of 2008 as compared to the same period in 2007 (\$1.9 million), additional marketing costs (\$0.8 million), and other costs related to expanded service offerings such as the elimination of charges for online ticketing and 3D technology licensing payments (\$0.3 million). These increases were offset by the impact of disposed and closed theatres (\$0.3 million). The Partnership launched its online store, an initiative to sell DVDs through its cineplex.com website, during December 2008.

Full Year

The \$18.7 million increase in other operating expenses was due to the incremental impact of costs associated with new and acquired theatres (\$4.3 million), operating costs associated with the SCENE loyalty program and development costs of the Partnership's interactive business (\$2.5 million) and increased operating costs (\$12.9 million). Components of the \$12.9 million include increased theatre payroll driven to minimum wage increases and extended operating hours during the summer months (\$5.8 million), increased expenses relating to Cineplex Media as well as gift card and corporate coupon programs (\$3.0 million), additional marketing costs (\$1.7 million) and other costs relating to expanded service offerings such as the elimination of charges for online ticketing and 3D technology licensing payments (\$1.0 million combined). These increases were offset by the impact of disposed and closed theatres (\$1.0 million).

General and administrative expenses. The following table highlights the movement in general and administrative ("G&A") expenses during the quarter and year, including the Partnership's total Long-Term Incentive Plan ("LTIP") costs, and the net general and administrative costs without factoring in the LTIP program (expressed in thousands of dollars):

G&A expenses	Fourth Quarter			Full Year		
	2008	2007	Change	2008	2007	Change
G&A excluding LTIP	\$ 8,853	\$ 8,465	4.6%	\$ 32,789	\$ 31,071	5.5%
LTIP	\$ 2,313	\$ 563	310.8%	\$ 7,278	\$ 4,658	56.2%
G&A costs as reported	\$ 11,166	\$ 9,028	23.7%	\$ 40,067	\$ 35,729	12.1%

Fourth Quarter

General and administrative costs increased \$2.1 million primarily as a result of increased costs under the LTIP (\$1.7 million), increased direct costs (\$0.2 million) related to higher head office payroll due to higher headcount relating to the Partnership's new initiatives, and higher pension costs resulting from the Partnership's defined benefit plan's lower than expected return on plan assets (\$0.2 million). The Partnership has received approval for the proposed wind-up of the Famous Players defined benefit pension plan and estimates that the expense to be recorded on the wind-up will be \$1.7 million.

Full Year

Costs increased \$4.3 million for the year ended December 31, 2008, primarily as a result of increased costs under the Partnership's LTIP (\$2.6 million), increased direct costs (\$1.0 million) due to higher head office payroll and higher pension costs resulting from the Partnership's defined benefit plan (\$0.7 million) that is in the process of being wound-up.

The Partnership reported income before undernoted ("adjusted EBITDA") for the three months ended December 31, 2008 of \$36.1 million, as compared to income before undernoted of \$25.8 million for the prior period. The Partnership reported income before undernoted for the year ended December 31, 2008 of \$144.9 million, as compared to income before undernoted of \$137.2 million for the year ended December 31, 2007. These changes were due to the aggregate effect of the factors described above.

Distributable Cash

For 2008, distributable cash per unit was \$1.8544 as compared to \$1.7217 reported in 2007. The declared distributions per unit for this period were \$1.2400 and \$1.1832 for the same period in 2007. The payout ratios were 67% and 69%, respectively, for the years ended December 31, 2008 and 2007. Distributable cash for the fourth quarter of 2008 was \$0.4513 as compared to \$0.2597 for the same period one year earlier. The declared distributions per unit for these periods were \$0.3150 and \$0.3000, respectively. The payout ratios were 70% for the fourth quarter of 2008 and 116% in the same period during the prior year.

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; the risks associated with national and world events, including war, terrorism, international conflicts, natural disasters, extreme weather conditions and infectious diseases; changes in income tax legislation; 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

As the largest motion picture exhibitor in Canada, Cineplex Entertainment LP owns, leases or has a joint-venture interest in 130 theatres with 1,331 screens serving approximately 63 million guests annually. Headquartered in Toronto, Canada, Cineplex Entertainment operates theatres from British Columbia to Quebec and is the largest exhibitor of digital, 3D and IMAX projection technologies in the country. Proudly Canadian and with a workforce of more than 8,000, the company operates the following top tier brands: Cineplex Odeon, Galaxy, Famous Players, Colossus, Coliseum, SilverCity, Cinema City and Scotiabank Theatres. The units of Cineplex Galaxy Income Fund, which owns approximately 97% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange (symbol CGX.UN). For more information, visit 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 quarterly results. **Ellis Jacob, Chief Executive Officer** and **Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Thursday, February 12th, 2009
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3415 or outside of Toronto dial 1-800-733-7560** at least five to ten minutes prior to 10:00 a.m. Eastern Time.

- 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 21294325#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, February 12th, 2009 and end at 11:59 p.m. Eastern Time on Thursday, February 19th, 2009.
- 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)

Reconciliation to Adjusted EBITDA

	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
Net income (loss)	\$ 7,094	\$ (2,773)	\$ 34,570	\$ 26,471
Amortization	16,738	18,061	67,356	67,211
Interest on long-term debt and capital lease obligations	5,939	6,371	26,166	27,129
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	14,000	14,000
Interest income	(155)	(131)	(746)	(969)
Provision for (recovery of) income taxes	133	281	(284)	342
EBITDA	33,249	25,309	141,062	134,184
Non-controlling interest	-	-	-	(561)
Loss on disposal of theatre assets	2,874	521	3,887	3,539
Adjusted EBITDA	\$ 36,123	\$ 25,830	\$ 144,949	\$ 137,162

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 year ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Cash provided by operating activities	\$ 70,846	\$ 51,879	\$ 126,580	\$ 97,438
Less: Total capital expenditures	(32,138)	(7,660)	(60,177)	(27,592)
Standardized distributable cash	38,708	44,219	66,403	69,846
Less:				
Changes in operating assets and liabilities (i)	(39,731)	(34,779)	(15,204)	2,922
Tenant inducements (ii)	(5,112)	(1,820)	(8,113)	(5,904)
Principal component of capital lease obligations	(406)	(377)	(1,581)	(1,469)
Add:				
New build capital expenditures and other (iii)	28,333	3,637	48,588	17,207
Interest on loan from Cineplex Galaxy Trust (iv)	3,500	3,500	14,000	14,000
Non-cash components in operating assets and liabilities (v)	498	457	1,890	1,747
Expenses funded through integration and restructuring reserve (vi)	-	5	-	47
Distributable cash	\$ 25,790	\$ 14,842	\$ 105,983	\$ 98,396
Number of LP units outstanding (vii)	57,150,687	57,150,594	57,150,687	57,150,465
Distributable cash per LP unit	\$ 0.4513	\$ 0.2597	\$ 1.8544	\$ 1.7217

- (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) New build capital expenditures and other represent expenditures on Board approved projects as well as any expenditures for digital equipment anticipated to be reimbursed by a third-party digital integrator, and exclude maintenance capital expenditures. 2008 includes \$9.6 million for the acquisition of the Partnership's head office location and three drive-in properties. The Partnership's revolving credit facility is available for use to fund Board approved projects. Certain integration related capital expenditures are funded out of reserve funds established on July 22, 2005.
- (iv) Subject to "Catch-up Payment" provision and is considered part of distributable cash.
- (v) Certain non-cash components of other assets and liabilities are indirectly excluded from distributable cash to the extent they reflect permanent, not timing differences. Such items include the accretion of the liability component of the Class C LP units and amortization of deferred gains on sale-leaseback transactions.
- (vi) Amounts financed by the \$25.0 million reserve set up upon completion of the acquisition of Famous Players are not considered a use of distributable cash.
- (vii) Excluding unconverted Class C LP units.

Cineplex Entertainment Limited Partnership
Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	December 31, 2008	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 43,187	\$ 42,906
Accounts receivable	45,507	45,322
Inventories	4,014	3,026
Prepaid expenses and other current assets	3,733	4,584
Due from related parties	6	6
	<hr/>	<hr/>
	96,447	95,844
Property, equipment and leaseholds	423,975	420,884
Fair value of interest rate swap agreements	-	1,523
Future income taxes	6,105	5,825
Deferred charges	953	1,085
Intangible assets	47,273	52,815
Goodwill	200,301	200,037
	<hr/>	<hr/>
	\$ 775,054	\$ 778,013
	<hr/>	<hr/>

Cineplex Entertainment Limited Partnership
Consolidated Balance Sheets ... continued

(expressed in thousands of Canadian dollars)

	December 31, 2008	December 31, 2007
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 84,833	\$ 80,779
Distributions payable	4,834	4,548
Income taxes payable	48	65
Deferred revenue	76,929	64,610
Capital lease obligations - current portion	1,700	1,581
	<hr/> 168,344	151,583
Long-term debt	232,861	232,265
Fair value of interest rate swap agreements	20,628	-
Capital lease obligations – long-term portion	33,131	34,831
Due to Cineplex Galaxy Trust	100,000	100,000
Accrued pension benefit liability	1,151	1,109
Other liabilities	152,009	150,162
Class C Limited Partnership units – liability component	104,995	102,231
	<hr/> 813,119	772,181
Partners' (Deficiency) Equity	<hr/> (38,065)	5,832
	<hr/> \$ 775,054	\$ 778,013

Cineplex Entertainment Limited Partnership
Consolidated Statements of Operations

(expressed in thousands of Canadian dollars)

	Three months ended December 31, 2008	Three months ended December 31, 2007	Year ended December 31, 2008	Year ended December 31, 2007
Revenue				
Box office	\$ 122,797	\$ 105,542	\$ 510,934	\$ 488,871
Concessions	61,373	50,578	251,645	235,102
Other	27,251	26,506	87,110	81,046
	<u>211,421</u>	<u>182,626</u>	<u>849,689</u>	<u>805,019</u>
Expenses				
Film cost	62,360	53,485	265,210	253,864
Cost of concessions	12,192	10,379	52,192	48,599
Occupancy	37,368	36,983	150,725	151,843
Other operating	52,212	46,921	196,546	177,822
General and administrative	11,166	9,028	40,067	35,729
	<u>175,298</u>	<u>156,796</u>	<u>704,740</u>	<u>667,857</u>
Income before undernoted	36,123	25,830	144,949	137,162
Amortization	16,738	18,061	67,356	67,211
Loss on disposal of theatre assets	2,874	521	3,887	3,539
Interest on long-term debt and capital lease obligations	5,939	6,371	26,166	27,129
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	14,000	14,000
Interest income	(155)	(131)	(746)	(969)
Income (loss) before income taxes and non-controlling interest	7,227	(2,492)	34,286	26,252
Provision for (recovery of) income taxes				
Current	-	-	(4)	11
Future	133	281	(280)	331
	<u>133</u>	<u>281</u>	<u>(284)</u>	<u>342</u>
Income (loss) before non-controlling interest	7,094	(2,773)	34,570	25,910
Non-controlling interest	-	-	-	(561)
Net income (loss)	\$ 7,094	\$ (2,773)	\$ 34,570	\$ 26,471

Cineplex Entertainment Limited Partnership
Consolidated Statements of Partners' (Deficiency) Equity and Comprehensive Income

(expressed in thousands of Canadian dollars)

For the year ended December 31, 2008

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Partners' capital	Formation of Partnership deficit	Total Partners' deficiency	Comprehensive income
Balance - December 31, 2007	\$ 84,338	\$ (194,026)	\$ (109,688)	\$ 974	\$ 262,341	\$ (147,795)	\$ 5,832	\$ -
Distributions declared	-	(56,867)	(56,867)	-	-	-	(56,867)	-
Investment in Cineplex Galaxy Income Fund units	-	-	-	-	(3,691)	-	(3,691)	-
LTIP compensation obligation	-	-	-	-	2,930	-	2,930	-
Net income	34,570	-	34,570	-	-	-	34,570	34,570
Other comprehensive loss - interest rate swap agreements	-	-	-	(20,839)	-	-	(20,839)	(20,839)
Comprehensive income	-	-	-	-	-	-	-	\$ 13,731
Balance - December 31, 2008	\$ 118,908	\$ (250,893)	\$ (131,985)	\$ (19,865)	\$ 261,580	\$ (147,795)	\$ (38,065)	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at December 31, 2008 is \$151,850.

For the year ended December 31, 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 - January 1, 2007	\$ 57,867	\$ (140,405)	\$ (82,538)	\$ 2,427	\$ 262,774	\$ (147,795)	\$ 34,868	\$ -
Distributions declared	-	(53,621)	(53,621)	-	-	-	(53,621)	-
Investment in Cineplex Galaxy Income Fund units	-	-	-	-	(1,677)	-	(1,677)	-
Conversion of Class C LP units	-	-	-	-	5	-	5	-
LTIP compensation obligation	-	-	-	-	1,239	-	1,239	-
Net income	26,471	-	26,471	-	-	-	26,471	26,471
Other comprehensive loss - interest rate swap agreements	-	-	-	(1,453)	-	-	(1,453)	(1,453)
Comprehensive income	-	-	-	-	-	-	-	\$ 25,018
Balance - December 31, 2007	\$ 84,338	\$ (194,026)	\$ (109,688)	\$ 974	\$ 262,341	\$ (147,795)	\$ 5,832	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive income as at December 31, 2007 is \$108,714.

Cineplex Entertainment Limited Partnership

Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

	Three months ended December 31, 2008	Three months ended December 31, 2007	Year ended December 31, 2008	Year ended December 31, 2007
Cash provided by (used in)				
Operating activities				
Net income	\$ 7,094	\$ (2,773)	\$ 34,570	\$ 26,471
Adjustments to reconcile net loss to net cash provided by operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	16,738	18,061	67,356	67,211
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(988)	(780)	(4,177)	(2,307)
Amortization of debt issuance costs	150	156	595	749
Loss on disposal of theatre assets	2,874	521	3,887	3,539
Future income taxes	133	281	(280)	331
Cash flow hedges - non-cash interest	2	(186)	1,312	(977)
Non-controlling interest	-	-	-	(561)
Tenant inducements	5,112	1,820	8,113	5,904
Changes in operating assets and liabilities	39,731	34,779	15,204	(2,922)
	<u>70,846</u>	<u>51,879</u>	<u>126,580</u>	<u>97,438</u>
Investing activities				
Proceeds from sale of theatre assets	17	2	2,470	2,510
Purchases of property, equipment and leaseholds	(32,138)	(7,660)	(60,177)	(27,592)
Theatre shutdown payment	(2,406)	(750)	(3,156)	(2,195)
Lease guarantee payment and acquisition of theatre assets	-	-	-	(4,500)
Acquisition of businesses	-	(1,409)	(387)	(8,008)
	<u>(34,527)</u>	<u>(9,817)</u>	<u>(61,250)</u>	<u>(39,785)</u>
Financing activities				
Distributions paid	(14,502)	(13,645)	(56,581)	(53,381)
Borrowings under credit facility	-	20,000	13,000	72,000
Repayment of credit facility	-	(20,000)	(13,000)	(85,000)
Payments under capital leases	(406)	(377)	(1,581)	(1,469)
Investment in Cineplex Galaxy Income Fund units	-	-	(6,887)	(2,702)
Deferred financing fees	-	-	-	(578)
	<u>(14,908)</u>	<u>(14,022)</u>	<u>(65,049)</u>	<u>(71,130)</u>
Increase (decrease) in cash and cash equivalents during the period	21,411	28,040	281	(13,477)
Cash and cash equivalents - Beginning of period	21,776	14,866	42,906	56,383
Cash and cash equivalents - End of year	\$ 43,187	\$ 42,906	\$ 43,187	\$ 42,906
Supplemental Information				
Cash paid for interest	\$ 7,541	\$ 7,583	\$ 28,008	\$ 31,875
Class C LP unit distributions paid and classified as interest	-	-	6,321	6,321
Cash paid for income taxes - net	-	-	13	11