



FOR IMMEDIATE RELEASE

## CINEPLEX GALAXY INCOME FUND Reports Record Second Quarter Results

**TORONTO, CANADA**, August 13, 2009 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released its financial results for the second quarter of 2009.

### Second Quarter Results

	<b>Three months ended June 30, 2009</b>	<b>Three months ended June 30, 2008</b>	<b>Period over Period Change</b>
<b>Total Revenues</b>	\$248.6 million	\$209.3 million	+18.8%
<b>Attendance</b>	18.2 million	15.6 million	+16.2%
<b>Other Revenue</b>	\$23.0 million	\$20.9 million	+9.9%
<b>Net Income</b>	\$19.9 million	\$6.0 million	+231.0%
<b>Adjusted EBITDA</b>	\$44.7 million	\$32.6 million	+37.0%
<b>Adjusted EBITDA Margin</b>	18.0%	15.6%	+2.4%
<b>Distributable Cash Per Unit</b>	\$0.628	\$0.403	+55.8%

### Year to Date June 30, 2009 Results

	<b>Six months ended June 30, 2009</b>	<b>Six months ended June 30, 2008</b>	<b>Period over Period Change</b>
<b>Total Revenues</b>	\$459.6 million	\$399.2 million	+15.2%
<b>Attendance</b>	34.1 million	30.3 million	+12.7%
<b>Other Revenue</b>	\$40.6 million	\$37.2 million	+9.1%
<b>Net Income</b>	\$23.6 million	\$3.8 million	+528.4%
<b>Adjusted EBITDA</b>	\$74.6 million	\$57.7 million	+29.3%
<b>Adjusted EBITDA Margin</b>	16.2%	14.5%	+1.7%
<b>Distributable Cash Per Unit</b>	\$1.009	\$0.731	+38.0%

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

“Cineplex’s second quarter revenue represented the highest quarterly revenue recorded by the Fund since its inception,” said Ellis Jacob, President and CEO, Cineplex Entertainment. “We also established a new second quarter Adjusted EBITDA record of \$44.7 million, representing a 37% increase over the same period in 2008 and a record quarterly Concession per patron (CPP) of \$4.09, which is one of the highest for the North American exhibition industry,” said Jacob.

Jacob said, “The catalysts behind our success this quarter include a strong film slate comprised of both traditional and 3D films, as well as the affordable escape that Cineplex delivers to our guests. People love going to the movies for both entertainment and an escape, as evidenced by our record second quarter attendance and the continued growth of our SCENE loyalty program which reached 1.76 million members in the second quarter.”

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, extraordinary gains and gains or losses on disposal of 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](http://www.sedar.com).

## Second Quarter Results

The results of the Fund for the three months ended June 30, 2009 as compared to the three months ended June 30, 2008 are presented below.

### Total revenues

Total revenues for the three months ended June 30, 2009 increased \$39.3 million to \$248.6 million. A discussion of the factors affecting the changes in box office, concession and other revenues for the periods compared to the same periods in 2008 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 to date (in thousands of dollars, except attendance and per patron data):

Box office revenues	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
Box office revenues	\$ 151,383	\$ 126,357	19.8%	\$ 281,660	\$ 243,180	15.8%
Attendance	18,156	15,630	16.2%	34,122	30,275	12.7%
Box office revenue per patron	\$ 8.34	\$ 8.08	3.1%	\$ 8.25	\$ 8.03	2.8%
Canadian industry revenues (1)			15.0%			14.1%
Same store box office revenues	\$ 145,390	\$ 123,891	17.4%	\$ 271,326	\$ 239,072	13.5%
Same store attendance	17,470	15,265	14.4%	32,908	29,609	11.1%

(1) The Motion Picture Theatre Associations of Canada ("MPTAC") reported that the Canadian exhibition industry reported a box office increase of 23.3% for the period from April 3, 2009 to July 2, 2009 as compared to the period from March 28, 2008 to June 26, 2008. On a basis consistent with the Fund's calendar reporting period (April 1<sup>st</sup> to June 30<sup>th</sup>), the Canadian industry box office increase is estimated to be 15.0%.

Box office continuity	Second Quarter		Year to Date June 30	
	Box Office	Attendance	Box Office	Attendance
In thousands				
2008 as reported	\$126,357	15,630	\$243,180	30,275
Same store attendance	17,896	2,205	26,637	3,300
Same store BPP change	3,603	-	5,617	-
New and acquired theatres	4,715	538	8,504	974
Disposed and closed theatres	(1,188)	(217)	(2,278)	(427)
2009 as reported	\$151,383	18,156	\$281,660	34,122

### Top Cineplex Films – Second Quarter 2009 compared to Second Quarter 2008

Q2 2009 Top Cineplex Films		% Total Box	Q2 2008 Top Cineplex Films		% Total Box
1	Star Trek	9.5%	1	Iron Man	12.5%
2	Up	8.9%	2	Indiana Jones and the Kingdom of the Crystal Skull	12.0%
3	Transformers: Revenge of the Fallen	7.2%	3	Sex and the City	7.4%
4	X-Men Origins: Wolverine	6.8%	4	Kung Fu Panda	6.4%
5	Angels & Demons	6.3%	5	The Chronicles of Narnia: Prince Caspian	5.4%

The Fund reported its highest-ever second quarter box office revenues in 2009 despite challenging economic conditions in Canada. The \$151.4 million in box office also represents the highest quarterly box office revenues recorded by the Fund since its inception. The increase in box office revenues as compared to the prior year was due to strong film performance throughout the period, starting with *Fast and Furious* and *Monsters vs. Aliens* performing very well in April, a month that traditionally has not featured strong releases. The month of May had major blockbusters released each weekend, including four of the top five films during the quarter (*Star Trek*, *Up*, *X-Men Origins: Wolverine* and *Angels & Demons*). June continued with the strong performing comedy release *The Hangover* and finished with the highly anticipated sequel *Transformers: Revenge of the Fallen*. The strong film product throughout the quarter led to increased

attendance of 16.2% as compared to the prior year period, resulting in a 19.8% increase in box office revenues as compared to the second quarter of 2008.

Box office revenue per patron increased \$0.26 (3.1%) from \$8.08 in the second quarter of 2008 to \$8.34 in the second quarter of 2009. The success of 3D films such as *Up* and *Monsters vs. Aliens*, as well as IMAX releases including *Star Trek*, *Transformers: Revenge of the Fallen*, *Monsters vs. Aliens* and *Night at the Museum: Battle of the Smithsonian* increased the Fund's overall box office revenue per patron, as these films are priced at a premium over regular ticket prices. These premium priced products also contributed to the Fund outperforming the industry results as the Fund's circuit contains the largest proportion of 3D systems in Canada. Select ticket price increases implemented in November 2008 also contributed to this increase.

### Concession revenues

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

Concession revenues	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
Concession revenues	\$ 74,225	\$ 62,031	19.7%	\$ 137,351	\$ 118,752	15.7%
Attendance	18,156	15,630	16.2%	34,122	30,275	12.7%
Concession revenue per patron	\$ 4.09	\$ 3.97	3.0%	\$ 4.03	\$ 3.92	2.6%
Same store concession revenues	\$ 71,150	\$ 60,521	17.6%	\$ 132,028	\$ 116,151	13.7%
Same store attendance	17,470	15,265	14.4%	32,908	29,609	11.1%

Concession revenue continuity In thousands	Second Quarter		Year to Date June 30	
	Concession	Attendance	Concession	Attendance
2008 as reported	\$ 62,031	15,630	\$ 118,752	30,275
Same store attendance	8,742	2,205	12,941	3,300
Same store CPP change	1,887	-	2,936	-
New and acquired theatres	2,375	538	4,306	974
Disposed and closed theatres	(810)	(217)	(1,584)	(427)
2009 as reported	\$ 74,225	18,156	\$ 137,351	34,122

Concession revenues increased 19.7% as compared to the prior period, due to the 16.2% increase in attendance and a 3.0%, or \$0.12, increase in the average concession revenue per patron, which increased from \$3.97 in the second quarter of 2008 to \$4.09 in the second quarter of 2009. This \$4.09 represents the Fund's highest ever quarterly CPP. This increase in CPP is due to price increases on certain products that were implemented on June 1, 2008 and therefore are not fully reflected in the prior period, as well as process improvements designed to increase the speed of service, and an improved product offering mix designed to encourage consumers to make purchases outside of the core concession offerings.

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.

### Other revenues

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

Other revenues	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
Media	\$ 16,318	\$ 14,119	15.6%	\$ 26,941	\$ 24,493	10.0%
Games	1,168	1,173	-0.4%	2,336	2,540	-8.0%
Other	5,523	5,644	-2.1%	11,350	10,200	11.3%
Total	\$ 23,009	\$ 20,936	9.9%	\$ 40,627	\$ 37,233	9.1%

During the second quarter of 2009, media revenue increased \$2.2 million to \$16.3 million. This \$2.2 million increase included a \$1.4 million increase in non-cash barter revenue and a \$0.8 million increase in cash-settled media revenue. Rather than settling cash-based transactions, during 2008 the Fund entered into a number of cross-promotional non-cash barter agreements with certain promotional partners to provide radio and television promotions to the Fund's business initiatives. During the second quarter of 2009 the Fund recognized \$1.4 million in media revenue and \$1.7 million in marketing costs related to these transactions. Other revenues were down slightly due to lower theatre rental income during the second quarter of 2009 as compared to the prior year period.

### 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 to date (in thousands of dollars, except film cost percentage):

Film cost	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
Film cost	\$ 81,372	\$ 67,706	20.2%	\$ 147,312	\$ 126,638	16.3%
Film cost percentage	53.8%	53.6%	0.3%	52.3%	52.1%	0.4%

Film cost varies primarily with box office revenue. The quarterly increase was due to the 19.8% increase in box office revenues and the slightly higher film settlement rate during the quarter. Film cost percentage was up marginally as compared to the prior year, due to the mix of film product during the quarter resulting in a slightly higher film cost percentage.

### 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 to date (in thousands of dollars, except concession cost percentage):

Cost of concessions	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
Concession cost	\$ 15,172	\$ 13,657	11.1%	\$ 28,096	\$ 25,310	11.0%
Concession cost percentage	20.4%	22.0%	-7.2%	20.5%	21.3%	-4.0%

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The increase in concession cost period over period was due to the 16.2% increase in attendance, partially offset by the lower concession cost percentage. This decrease in concession cost percentage was due to the higher proportion of films catering to the family demographic in 2009 as compared to the prior period, as families tend to purchase concession items with higher margins.

### Occupancy expense

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

Occupancy expense	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
Occupancy expenses	\$ 38,868	\$ 38,637	0.6%	\$ 79,018	\$ 77,984	1.3%
One-time benefits	\$ (720)	\$ (1,335)	-46.1%	\$ (947)	\$ (2,213)	-57.2%

The \$0.2 million increase in occupancy expenses was primarily due to the incremental costs associated with new and acquired theatres (\$1.0 million) and lower one-time benefits of lease-related amounts recognized in 2009 as compared to the prior period (\$0.6 million), offset by the impact of disposed and closed theatres (\$0.7 million) and lower rent and real estate taxes (\$0.7 million).

## Other operating expenses

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

Other operating expenses	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
Other operating expenses	\$ 55,795	\$ 46,712	19.4%	\$ 106,516	\$ 91,964	15.8%

Other operating expenses increased \$9.1 million due to the incremental impact of new and acquired theatres (\$1.5 million), increased theatre payroll due to minimum wage increases and increased theatre staffing in response to higher theatre attendance in the second quarter of 2009 as compared to the same period in 2008 (\$4.5 million), additional marketing costs (\$1.7 million) primarily arising from the non-cash barter agreements previously discussed, costs related to expanded service offerings such as the elimination of charges for online ticketing and 3D technology licensing payments (\$1.6 million) and other costs relating to higher business volumes during the quarter (\$0.3 million). These increases were offset by the impact of disposed and closed theatres (\$0.5 million).

## General and administrative expenses

The following table highlights the movement in general and administrative (“G&A”) expenses during the quarter and the year to date, including the Fund’s total Long-Term Incentive Plan (“LTIP”) and unit option plan costs, and G&A net of these costs (expressed in thousands of dollars):

G&A expenses	Second Quarter			Year to Date June 30		
	2009	2008	Change	2009	2008	Change
G&A excluding LTIP and option plan expense	\$ 9,999	\$ 8,534	17.2%	\$ 18,654	\$ 16,257	14.7%
LTIP	\$ 2,297	\$ 1,464	56.9%	\$ 4,977	\$ 3,308	50.5%
Option plan	\$ 441	\$ -	NM	\$ 478	\$ -	NM
G&A costs as reported	\$ 12,737	\$ 9,998	27.4%	\$ 24,109	\$ 19,565	23.2%

General and administrative costs increased \$2.7 million as a result of increased costs under the LTIP and option plans (\$1.3 million) and increased direct costs (\$1.4 million). The direct costs increased due to a \$0.6 million increase in head office payroll, and higher professional fees (\$0.8 million). Professional fees during the quarter include costs relating to the secondary offering of Fund Units completed by the Fund and Onex during April 2009 (\$0.4 million), as well as costs relating to the Fund’s ongoing project to prepare for the 2011 conversion for reporting under current Canadian GAAP to reporting under IFRS (\$0.3 million).

The Fund reported income before undernoted (“adjusted EBITDA”) for the three and six months ended June 30, 2009 of \$44.7 million and \$74.6 million, respectively, as compared to income before undernoted of \$32.6 million and \$57.7 million, respectively, for the prior year periods. These changes were due to the aggregate effect of the factors described above.

## Distributable Cash

For the three months ended June 30, 2009, distributable cash per Fund unit was \$0.628 as compared to \$0.403 for the three months ended June 30, 2008. The declared distributions per Fund unit for the current period were \$0.315 and \$0.310 for the same period in 2008. The payout ratios were 50% and 77%, respectively, for the three months ended June 30, 2009 and 2008. During the twelve months ended June 30, 2009 and 2008, the Fund generated distributable cash of \$2.133 and \$1.741, respectively, as compared to declared distributions of \$1.260 and \$1.210, respectively. The payout ratios for these periods were approximately 59% and 70%, respectively.

## Presentation

Prior to 2009, Cineplex presented and discussed the results of Cineplex Entertainment Limited Partnership (the “Partnership”) as the Fund equity accounted for its investment in the Partnership prior to Q2 2007 and, as such, the

consolidated financial statements of the Fund did not provide comparative results on a line-by-line basis. As a result of the Fund's step acquisitions in the Partnership, there are differences in the valuation bases of certain assets and liabilities between the Fund and the Partnership. These valuation differences give rise to differences in certain non-cash expenses (primarily included in the occupancy category) which result in differences in reported results between the Fund and the Partnership. In its filed Management's Discussion and Analysis, the Fund provides a reconciliation of the Fund and the Partnership reported results. For Q2 2009, the Fund reported Adjusted EBITDA of \$44.7 million, an increase of 37.0% over the prior year's amount of \$32.6 million. For Q2 2008, the Partnership reported Adjusted EBITDA of \$45.8 million, an increase of 36.3% over the prior year's amount of \$33.6 million.

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 LP**

As the largest motion picture exhibitor in Canada, Cineplex Entertainment LP owns, leases or has a joint-venture interest in 129 theatres with 1,328 screens serving more than 63.5 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 10,000 employees, 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 99.6% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange (symbol CGX.UN). For more information, visit [www.cineplex.com](http://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](http://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, August 13th, 2009  
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3416 or outside of Toronto dial 1-800-732-9307** 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 21310582#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, August 13th, 2009 and end at 11:59 p.m. Eastern Time on Thursday, August 20th, 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:**

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

**Pat Marshall**  
**Vice President Communications and Investor Relations**  
**(416) 323-6648**

**Cineplex Galaxy Income Fund**  
**Interim Consolidated Supplemental Information**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

**Reconciliation to Adjusted EBITDA**

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
<b>Net income</b>	<b>\$ 19,892</b>	<b>\$ 6,010</b>	<b>\$ 23,595</b>	<b>\$ 3,755</b>
Amortization	<b>19,733</b>	21,365	<b>40,597</b>	42,467
Interest and accretion expense on convertible debentures	<b>1,848</b>	1,823	<b>3,684</b>	3,663
Interest on long-term debt and capital lease obligations	<b>3,829</b>	4,916	<b>8,043</b>	9,505
Interest income	<b>(76)</b>	(96)	<b>(201)</b>	(393)
Provision for (recovery of) income taxes	<b>450</b>	(2,215)	<b>(280)</b>	(683)
	<b>45,676</b>	31,803	<b>75,438</b>	58,314
<b>EBITDA</b>				
Non-controlling interest	<b>163</b>	(232)	<b>320</b>	(1,964)
Extraordinary gain	<b>(992)</b>	-	<b>(992)</b>	-
(Gain) loss on disposal of assets	<b>(174)</b>	1,043	<b>(179)</b>	1,354
	<b>(174)</b>	1,043	<b>(179)</b>	1,354
<b>Adjusted EBITDA</b>	<b>\$ 44,673</b>	<b>\$ 32,614</b>	<b>\$ 74,587</b>	<b>\$ 57,704</b>



**Cineplex Galaxy Income Fund**  
**Interim 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,	
	2009	2008	2009	2008
Cash provided by operating activities	\$ 42,989	\$ 21,694	\$ 61,546	\$ 30,485
Less: Total capital expenditures	(10,581)	(6,810)	(23,138)	(14,627)
Standardized distributable cash	32,408	14,884	38,408	15,858
Less:				
Changes in operating assets and liabilities (i)	(1,114)	6,163	9,267	19,334
Tenant inducements (ii)	(2,492)	(447)	(7,052)	(2,265)
Principal component of capital lease obligations	(422)	(392)	(835)	(776)
Add:				
New build capital expenditures and other (iii)	7,697	2,992	18,239	9,975
Non-cash components in operating assets and liabilities (iv)	(172)	(162)	(339)	(324)
Distributable cash	\$ 35,905	\$ 23,038	\$ 57,688	\$ 41,802
Less: Non-controlling interests share of distributable cash	(381)	(5,537)	(1,454)	(10,091)
Distributable cash available to Fund unitholders	\$ 35,524	\$ 17,501	\$ 56,234	\$ 31,711
Average number of Fund units outstanding	56,544,125	43,414,217	55,710,361	43,354,771
Distributable cash per Fund unit	\$ 0.628	\$ 0.403	\$ 1.009	\$ 0.731

- (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. The Partnership's revolving credit facility is available to the Fund for use to fund Board approved projects.
- (iv) 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 amortization of deferred gains on sale-leaseback transactions and non-cash pension adjustments relating to the Fund's acquisition of the Partnership.

**Cineplex Galaxy Income Fund**  
**Interim Consolidated Balance Sheets**

(expressed in thousands of Canadian dollars)

	<b>June 30, 2009 (unaudited)</b>	December 31, 2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 36,134	\$ 44,585
Accounts receivable	32,166	45,507
Inventories	2,952	4,014
Prepaid expenses and other current assets	9,018	3,733
	<hr/>	<hr/>
	80,270	97,839
<b>Property, equipment and leaseholds</b>	<b>443,845</b>	<b>455,885</b>
<b>Future income taxes</b>	<b>21,263</b>	<b>13,099</b>
<b>Deferred charges</b>	<b>887</b>	<b>953</b>
<b>Intangible assets</b>	<b>110,558</b>	<b>117,476</b>
<b>Goodwill</b>	<b>600,564</b>	<b>600,564</b>
	<hr/>	<hr/>
	\$ 1,257,387	\$ 1,285,816
	<hr/>	<hr/>

**Cineplex Galaxy Income Fund**  
**Interim Consolidated Balance Sheets ... continued**

(expressed in thousands of Canadian dollars)

	<b>June 30, 2009</b>		December 31, 2008
	(unaudited)		
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 81,259	\$	86,140
Distributions payable	6,001		6,001
Income taxes payable	46		48
Deferred revenue	56,503		76,929
Capital lease obligations - current portion	1,846		1,700
	<hr/> 145,655		170,818
<b>Long-term debt</b>	<b>233,158</b>		<b>232,861</b>
<b>Fair value of interest rate swap</b>	<b>15,887</b>		<b>20,628</b>
<b>Capital lease obligations – long-term portion</b>	<b>32,151</b>		<b>33,131</b>
<b>Accrued pension benefit liability</b>	<b>1,193</b>		<b>932</b>
<b>Other liabilities</b>	<b>113,845</b>		<b>108,380</b>
<b>Convertible debentures - liability component</b>	<b>100,368</b>		<b>99,834</b>
	<hr/> 642,257		666,584
<b>Non-controlling interests</b>	<b>3,114</b>		<b>149,860</b>
<b>Unitholders' equity</b>	<b>612,016</b>		<b>469,372</b>
	<hr/> \$ 1,257,387	\$	<hr/> 1,285,816

**Cineplex Galaxy Income Fund**  
**Interim Consolidated Statements of Operations**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
<b>Revenues</b>				
Box office	\$ 151,383	\$ 126,357	\$ 281,660	\$ 243,180
Concessions	74,225	62,031	137,351	118,752
Other	23,009	20,936	40,627	37,233
	<u>248,617</u>	<u>209,324</u>	<u>459,638</u>	<u>399,165</u>
<b>Expenses</b>				
Film cost	81,372	67,706	147,312	126,638
Cost of concessions	15,172	13,657	28,096	25,310
Occupancy	38,868	38,637	79,108	77,984
Other operating	55,795	46,712	106,516	91,964
General and administrative	12,737	9,998	24,019	19,565
	<u>203,944</u>	<u>176,710</u>	<u>385,051</u>	<u>341,461</u>
<b>Income before undernoted</b>	<b>44,673</b>	<b>32,614</b>	<b>74,587</b>	<b>57,704</b>
<b>Amortization</b>	<b>19,733</b>	<b>21,365</b>	<b>40,597</b>	<b>42,467</b>
<b>(Gain) loss on disposal of assets</b>	<b>(174)</b>	<b>1,043</b>	<b>(179)</b>	<b>1,354</b>
<b>Interest and accretion expense on convertible debentures</b>	<b>1,848</b>	<b>1,823</b>	<b>3,684</b>	<b>3,663</b>
<b>Interest on long-term debt and capital lease obligations</b>	<b>3,829</b>	<b>4,916</b>	<b>8,043</b>	<b>9,505</b>
<b>Interest income</b>	<b>(76)</b>	<b>(96)</b>	<b>(201)</b>	<b>(393)</b>
<b>Income before income taxes and non-controlling interests</b>	<b>19,513</b>	<b>3,563</b>	<b>22,643</b>	<b>1,108</b>
<b>Provision for (recovery of) income taxes</b>				
Current	2	1	9	(4)
Future	448	(2,216)	(289)	(679)
	<u>450</u>	<u>(2,215)</u>	<u>(280)</u>	<u>(683)</u>
<b>Income before extraordinary gain and non-controlling interests</b>	<b>19,063</b>	<b>5,778</b>	<b>22,923</b>	<b>1,791</b>
Extraordinary gain	992	-	992	-
<b>Income before non-controlling interests</b>	<b>20,055</b>	<b>5,778</b>	<b>23,915</b>	<b>1,791</b>
Non-controlling interests	163	(232)	320	(1,964)
<b>Net income</b>	<b>\$ 19,892</b>	<b>\$ 6,010</b>	<b>\$ 23,595</b>	<b>\$ 3,755</b>

**Cineplex Galaxy Income Fund**  
**Interim Consolidated Statements of Unitholders' Equity and Comprehensive Income**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

**For the six months ended June 30, 2009**

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total Unitholders' equity	Comprehensive income
<b>Balance - December 31, 2008</b>	\$ 102,535	\$ (190,881)	\$ (88,346)	\$ (13,683)	\$ 571,401	\$ 469,372	\$ -
Issuance of units under exchange agreement	-	-	-	-	150,519	150,519	-
LTIP compensation obligation	-	-	-	-	1,930	1,930	-
LTIP fund units	-	-	-	-	(2,912)	(2,912)	-
Distributions declared	-	(35,364)	(35,364)	-	-	(35,364)	-
Net income	23,595	-	23,595	-	-	23,595	23,595
Other comprehensive income - interest rate swap agreements	-	-	-	4,876	-	4,876	4,876
<b>Comprehensive income for the period</b>	-	-	-	-	-	-	\$ 28,471
<b>Balance - June 30, 2009</b>	\$ 126,130	\$ (226,245)	\$ (100,115)	\$ (8,807)	\$ 720,938	\$ 612,016	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at June 30, 2009 is \$108,922.

**For the six months ended June 30, 2008**

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive income	Unitholders' capital	Total Unitholders' equity	Comprehensive income
<b>Balance - December 31, 2007</b>	\$ 73,532	\$ (137,082)	\$ (63,550)	\$ 290	\$ 570,728	\$ 507,468	\$ -
Issuance of units under exchange agreement	-	-	-	-	2,139	2,139	-
LTIP compensation obligation	-	-	-	-	1,464	1,464	-
LTIP fund units	-	-	-	-	(3,691)	(3,691)	-
Distributions declared	-	(26,448)	(26,448)	-	-	(26,448)	-
Net income	3,755	-	3,755	-	-	3,755	3,755
Other comprehensive loss - interest rate swap agreements	-	-	-	(276)	-	(276)	(276)
<b>Comprehensive income for the period</b>	-	-	-	-	-	-	\$ 3,479
<b>Balance - June 30, 2008</b>	\$ 77,287	\$ (163,530)	\$ (86,243)	\$ 14	\$ 570,640	\$ 484,411	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive income as at June 30, 2008 is \$86,229.

**Cineplex Galaxy Income Fund**  
**Interim Consolidated Statements of Cash Flows**  
**(Unaudited)**

**(expressed in thousands of Canadian dollars)**

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 19,892	\$ 6,010	\$ 23,595	\$ 3,755
Adjustments to reconcile net income to net cash provided by operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	19,733	21,365	40,597	42,467
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(141)	160	(169)	429
Amortization of debt issuance costs	148	148	297	295
(Gain) loss on disposal of theatre assets	(174)	1,043	(179)	1,354
Future income taxes	448	(2,216)	(289)	(679)
Cash flow hedges - non-cash interest	38	876	48	1,384
Extraordinary gain	(992)	-	(992)	-
Non-controlling interests	163	(232)	320	(1,964)
Accretion of convertible debentures	268	256	533	513
Tenant inducements	2,492	447	7,052	2,265
Changes in operating assets and liabilities	1,114	(6,163)	(9,267)	(19,334)
	<u>42,989</u>	<u>21,694</u>	<u>61,546</u>	<u>30,485</u>
<b>Investing activities</b>				
Proceeds from sale of assets	396	741	396	2,399
Purchases of property, equipment and leaseholds	(10,581)	(6,810)	(23,138)	(14,627)
Cash acquired in exchanges of LP units	-	-	639	-
Theatre shutdown payment	-	(300)	-	(300)
Acquisition of Famous branded magazines	-	-	(231)	(387)
Acquisition of Onsite Media Network Inc., net of cash acquired	(1,660)	-	(1,660)	-
	<u>(11,845)</u>	<u>(6,369)</u>	<u>(23,994)</u>	<u>(12,915)</u>
<b>Financing activities</b>				
Distributions paid	(17,758)	(13,241)	(33,951)	(26,213)
Distributions paid by the Partnership to non-controlling interests	(244)	(4,190)	(2,054)	(8,363)
Borrowings under credit facility	9,000	10,000	27,000	10,000
Repayment of credit facility	(9,000)	(10,000)	(27,000)	(10,000)
Acquisition of LTIP fund units	-	-	(9,163)	(6,887)
Payments under capital leases	(422)	(392)	(835)	(776)
	<u>(18,424)</u>	<u>(17,823)</u>	<u>(46,003)</u>	<u>(42,239)</u>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>12,720</b>	<b>(2,498)</b>	<b>(8,451)</b>	<b>(24,669)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>23,414</b>	<b>22,083</b>	<b>44,585</b>	<b>44,254</b>
<b>Cash and cash equivalents - End of year</b>	<b>\$ 36,134</b>	<b>\$ 19,585</b>	<b>\$ 36,134</b>	<b>\$ 19,585</b>
<b>Supplemental Information</b>				
Cash paid for interest	\$ 6,352	\$ 6,498	\$ 9,129	\$ 9,923
Cash paid for income taxes - net	6	15	11	15
Cash received for interest	76	98	194	378