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CINEPLEX GALAXY INCOME FUND
Reports Record First Quarter Results and Announces Corporate Conversion Plans

TORONTO, **CANADA**, May 13, 2010 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the "Fund") today released its financial results for the first quarter of 2010.

	Q1 2010	Q1 2009	Period over Period Change
Total Revenues	$257.2 million	$211.0 million	+21.9%
Attendance	18.0 million	16.0 million	+13.0%
Other Revenue	$22.0 million	$17.6 million	+24.9%
Net Income	$9.5 million	$3.7 million	+157.7%
Adjusted EBITDA	$35.3 million	$29.9 million	+18.1%
Adjusted EBITDA Margin	13.7%	14.2%	-0.5%
Distributable Cash Per Unit	$0.447	$0.381	+17.3%

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

"Cineplex achieved first quarter records for revenue (up 21.9%), attendance (up 13.0%), net income (up 157.7%), adjusted EBITDA (up 18.1%) and distributable cash per unit (up 17.3%). Additionally, our box office revenue this quarter was the highest in the history of the Fund. We saw strength in our media business which was up 34% and our loyalty program, SCENE, grew to 2.3 million members, an addition of 170,000 new members in the quarter," said Ellis Jacob, President and CEO, Cineplex Entertainment.

"Two 3D films, Avatar and Alice in Wonderland, dominated the box office this quarter representing 38.3% of total box office revenue as compared to the same period in 2009 when the top five films combined represented 24.1%. Building on the success of 3D films in 2009, we installed 50 RealD 3D projection systems during the quarter bringing our total to 199 RealD 3D systems which represents approximately 15% of our total screens across Canada. Additional digital and 3D systems will be added throughout 2010 as Cineplex and the industry converts from 35mm film to digital projection. As part of the ongoing development of our e-commerce business, in January, we announced we had signed an agreement with Roxio CinemaNow to power a new digital movie download service at Cineplex.com which we expect to launch later this year," said Jacob.

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.

Corporate Conversion Plan

The Fund announced details on its path to conversion from an income trust to a traditional corporate structure. The Fund anticipates that it will convert on January 1, 2011 subject to approval of unitholders of the Fund and all required regulatory, stock exchange and court approvals. It is contemplated that the conversion will be undertaken pursuant to a statutory Plan of Arrangement under the Business Corporations Act (Ontario). In such a case, a management information circular outlining the details of the planned conversion would be mailed to unitholders in the fourth quarter of 2010 and a special meeting of unitholders would be held in the fourth quarter of 2010 to approve the proposed conversion. At the date of conversion, all members of the Fund's Board as well as all senior management are expected to continue serving as the directors and officers of the new corporation. It is expected that the conversion will be completed on a tax-deferred rollover basis for Canadian resident unitholders. Following conversion, distributions to shareholders will be characterized as dividends for Canadian tax purposes and certain investors may be entitled to dividend tax credits.

Commencing in 2011, the Fund anticipates that the new corporation will set its initial dividend at $0.105 per share payable on a monthly basis or $1.26 annually representing no change to the annual amount as a result of the conversion. Consistent with past practice of the Fund, the level of distributions/dividends will be reviewed periodically by the Board on the basis of a number of factors including the financial performance, future prospects and capital requirements of the business.

“Since the announcement in October 2006 regarding the taxation of income trusts in 2011, the Fund has continued to improve its operating performance and manage its tax attributes and balance sheet. We are pleased to announce that we intend to maintain the current distribution level upon conversion to a corporation” said Gord Nelson, Chief Financial Officer.

First Quarter Results

The results of the Fund for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009 are presented below.

Total revenues for the three months ended March 31, 2010 increased $46.2 million (21.9%) as compared to the prior year period. A discussion of the factors affecting the changes in box office, concession and other revenues for the first quarter of 2010 compared to the first quarter of 2009 is provided on the following pages.

Box office revenues. The following table highlights the movement in box office revenues, attendance and box office revenues per patron (“BPP”) for the quarter (in thousands of dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	**First Quarter**		
	2010	**2009**	**Change**
Box office revenues	$ 160,327	$ 130,277	23.1%
Attendance	18,045	15,966	13.0%
Box office revenue per patron	$ 8.88	$ 8.16	8.9%
Canadian industry revenues (1)			17.0%
Same store box office revenues	$ 157,808	$ 129,496	21.9%
Same store attendance	17,762	15,843	12.1%
% Total box from IMAX & 3D	33.9%	7.0%	384.3%

(1) The Motion Picture Theatre Associations of Canada (“MPTAC”) reported that the Canadian exhibition industry reported a box office increase of 20.0% for the period from January 1, 2010 to April 1, 2010 as compared to the period from January 2, 2009 to April 2, 2009. On a basis consistent with the Fund’s calendar reporting period (January 1 to March 31), the Canadian industry box office increase is estimated to be 17.0%.

Box office continuity	**First Quarter**	
In thousands of dollars	**Box Office**	**Attendance**
2009 as reported	$ 130,277	15,966
Same store attendance change	15,689	1,919
Impact of same store BPP change	12,624	-
New and acquired theatres	2,497	280
Disposed and closed theatres	(760)	(120)
2010 as reported	$ 160,327	18,045

Top Cineplex Films – First Quarter 2010 compared to First Quarter 2009					
Q1 2010 Top Cineplex Films		**% Total Box**	**Q1 2009 Top Cineplex Films**		**% Total Box**
1	Avatar	25.8%	1	Paul Blart: Mall Cop	5.4%
2	Alice in Wonderland	12.5%	2	Slumdog Millionaire	5.1%
3	Shutter Island	4.8%	3	He’s Just Not That Into You	4.8%
4	Sherlock Holmes	4.7%	4	Watchmen	4.6%
5	Valentines’ Day	3.3%	5	Taken	4.2%

The first quarter of 2010 resulted in the highest quarterly box office revenues recorded in the Fund's history. Historically, the Fund's box office revenues have been seasonal, with the highest box office revenues recorded in the second and third quarters, when the major distributors tend to release their most marketable film product, with the lowest box office revenues generally recorded in the first quarter. The continued success of the 2009 release *'Avatar'*, which became the highest-grossing film of all-time during the first quarter, was the driving force behind the record result. *'Avatar'* accounted for 25.8% of the Fund's box office revenues during the quarter, compared to the 5.4% earned by the Fund's number one film during the first quarter of 2009, *'Paul Blart: Mall Cop'.* The first quarter of 2010 represents the sixth consecutive quarter that the Fund has reported its' highest-ever box office revenue for a given quarter.

Box office revenue per patron increased $0.72, or 8.9% from $8.16 in the first quarter of 2009 to $8.88 in the first quarter of 2010. This represents a record BPP for the Fund, exceeding the $8.40 recorded in the fourth quarter of 2009. The dominance of the top two films during the quarter, *'Avatar'* and *'Alice in Wonderland'*, which were both exhibited in 3D and IMAX, contributed to this record BPP amount. The percentage of box office revenues earned from the 3D and IMAX titles represented 33.9% of the Fund's total box office results during the quarter, up from 7.0% from the prior year period. These premium priced offerings also contributed to the Fund outperforming the industry results as the Fund's circuit contains the largest number of 3D and IMAX systems in Canada.

Concession revenues. The following table highlights the movement in concession revenues, attendance and CPP for the quarter (in thousands of dollars, except attendance and same store attendance reported in thousands of patrons, and per patron amounts):

Concession revenues	**First Quarter**		
	2010	**2009**	**Change**
Concession revenues	$ 74,898	$ 63,126	18.6%
Attendance	18,045	15,966	13.0%
Concession revenue per patron	$ 4.15	$ 3.95	5.0%
Same store concession revenues	$ 73,691	$ 62,739	17.5%
Same store attendance	17,762	15,843	12.1%

Concession revenue continuity	**First Quarter**	
In thousands of dollars	**Concession**	**Attendance**
2009 as reported	$ 63,126	15,966
Same store attendance change	7,601	1,919
Impact of same store CPP change	3,351	-
New and acquired theatres	1,193	280
Disposed and closed theatres	(373)	(120)
2010 as reported	$ 74,898	18,045

Concession revenues increased 18.6% as compared to the prior year period, due to the 13.0% increase in attendance and a 5.0% increase in average concession revenue per patron, which increased from $3.95 in the first quarter of 2009 to $4.15 in the first quarter of 2010. The Fund believes that revised concession offerings, as well as process improvements designed to increase speed of service contributed to this period-over-period increase. The 2010 results include the impact of the Fund's 'Telus Tuesdays' program, which features a reduced price movie and concession offering. The Fund believes the program drives incremental attendance and concession purchase incidence on Tuesdays.

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

Other revenues	**First Quarter**		
	2010	**2009**	**Change**
Media	$ 14,232	$ 10,622	34.0%
Games	1,181	1,168	1.1%
Other	6,587	5,828	13.0%
Total	$ 22,000	$ 17,618	24.9%

Media revenues for the first quarter of 2010 were $14.2 million, up $3.6 million from the prior year period. This increase was due to a $3.3 million increase in cash-settled transactions and a $0.3 million increase in non-cash barter revenue.

The cash-settled revenue increase was primarily due to increased full-motion media revenue. Spending from the automotive sector increased period over period as the first quarter of 2009 saw reduced spending by this sector in response to the difficult economic climate at that time. Telecommunications spending was also up in the quarter over the prior period due to increased spending from existing companies and new market entrants.

Rather than settling cash-based transactions, since 2008 the Fund has entered into a number of cross-promotional non-cash barter agreements with certain promotional partners to provide radio and television promotions for the Fund's business initiatives. During the first quarter of 2010 the Fund recognized $2.5 million in media revenue and $2.9 million in marketing costs related to these transactions (first quarter of 2009: $2.2 million in media revenue and $1.7 million in marketing costs).

Other revenues are up $0.8 million, primarily due to higher breakage revenues associated with increased sales of gift cards and coupons.

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

Film cost	**First Quarter**		
	2010	**2009**	**Change**
Film cost	$ 87,376	$ 65,940	32.5%
Film cost percentage	54.5%	50.6%	7.7%

Film cost varies primarily with box office revenue, and can vary from quarter to quarter based on the relative strength of the titles exhibited during the period. The quarterly increase was due to the 23.1% increase in box office revenues and the 7.7% increase in the film cost percentage as compared to the prior year period. The increase in film cost percentage is primarily due to the settlement rate on certain strong performing titles during the quarter being higher than the average film settlement rate.

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 (in thousands of dollars, except concession cost percentage and concession margin per patron):

Cost of concessions	**First Quarter**		
	2010	**2009**	**Change**
Concession cost	$ 16,918	$ 12,924	30.9%
Concession cost percentage	22.6%	20.5%	10.2%
Concession margin per patron	$ 3.21	$ 3.14	2.2%

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The increase in concession cost as compared to the prior year period was due to the 13.0% increase in attendance, increased purchase incidence and the 10.2% higher concession cost percentage.

The continued growth of the SCENE loyalty program and the associated 10% discount on concession products also contributed to the higher concession cost percentage. The 'Telus Tuesdays' program is designed to increase concession purchase incidence on Tuesdays, however the discounted price of the concession offering negatively impacts the Fund's concession cost percentage and concession margin per patron. Despite the increase in concession cost percentage, the concession margin per patron increased from $3.14 in the first quarter of 2009 to $3.21 in the same period in 2010.

Occupancy expenses. The following table highlights the movement in occupancy expenses for the quarter (in thousands of dollars):

Occupancy expense	First Quarter		
	2010	2009	Change
Rent	$ 27,334	$ 26,848	1.8%
Other occupancy	13,841	13,529	2.3%
One-time items	(382)	$ (227)	68.3%
Total	$ 40,793	$ 40,150	1.6%

Occupancy continuity In thousands of dollars	First Quarter Occupancy
2009 as reported	$ 40,150
Impact of new theatres	938
Same store rent change	99
Impact of disposed theatres	(217)
Non-recurring items	(155)
Other	(22)
2010 as reported	$ 40,793

Occupancy expense increased $0.6 million during the three months ended March 31, 2010 compared to the prior year period. Since March 31, 2009, the Fund has acquired three theatres and opened one, accounting for 45 screens. During the same timeframe, the Fund has closed four theatres, accounting for 26 screens. This increased screen count resulted in the net impact of new and acquired theatres less disposed and closed theatres increasing occupancy expense by $0.7 million during the first quarter of 2010 compared to the prior year period.

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

Other operating expenses	First Quarter		
	2010	2009	Change
Other operating expenses	$ 59,510	$ 50,721	17.3%

Other operating continuity In thousands of dollars	First Quarter Other Operating
2009 as reported	$ 50,721
Impact of new theatres	855
Impact of disposed theatres	(374)
Same store payroll change	2,497
Marketing change	1,472
New business initiatives	817
Other	3,522
2010 as reported	$ 59,510

Other operating expenses increased $8.8 million during the first quarter of 2010 compared to the prior year period primarily as a result of increased business volumes due to the 13.0% increase in attendance. Theatre payroll for same store locations increased $2.5 million due to minimum wage increases and increased theatre staffing in response to higher theatre attendance in the first quarter of 2010. Marketing costs increased $1.4 million, of which $1.2 million relates to the non-cash barter agreements previously discussed under ‘Other revenues’. New business initiatives include costs for the Cineplex Store, the Cineplex.com website and costs relating to Cineplex Digital Media (“CDM”), which was acquired in the second quarter of 2009.

The $3.5 million increase in Other includes technology enhancements and expanded service offerings including the cost of online ticketing and 3D technology licensing payments ($1.4 million) and increased costs relating to the higher business volumes including the media activity during the period ($2.1 million). Total theatre payroll accounted for 44.0% of the total expenses in other operating expenses during the first quarter of 2010, as compared to 46.1% for the same period in 2009.

General and administrative expenses. The following table highlights the movement in general and administrative ("G&A") expenses during the quarter, including the Fund's Long-Term Incentive Plan ("LTIP") and unit option plan costs, and G&A net of these costs (in thousands of dollars):

G&A expenses	First Quarter 2010	First Quarter 2009	Change
G&A excluding LTIP and option plan expense	$ 9,908	$ 8,693	14.0%
LTIP	3,502	2,679	30.7%
Option plan	3,887	-	NM
G&A expenses as reported	$ 17,297	$ 11,372	52.1%

General and administrative costs increased $5.9 million primarily as a result of increased costs under the Fund's unit option plan ($3.9 million). The Fund's unit option plan has outstanding options with exercise prices of $17.03 and $14.00. The Fund closing unit price at March 31, 2010 was $20.30, as compared to $18.33 at December 31, 2009. This increased unit price resulted in the $3.9 million option plan expense during the period. Higher head office payroll of $1.0 million and increased costs for the LTIP ($0.8 million) also contributed to the period over period increase.

Earnings before interest, taxes, depreciation and amortization. The following table represents the Fund's EBITDA and adjusted EBITDA for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009 (expressed in thousands of dollars, except adjusted EBITDA margin):

	Three months ended March 31, 2010	Three months ended March 31, 2009
EBITDA	$ 35,137	$ 29,762
Adjusted EBITDA	$ 35,331	$ 29,914
Adjusted EBITDA margin	13.7%	14.2%

Adjusted EBITDA for the first quarter of 2010 increased $5.4 million, or 18.1%, as compared to the prior year period. The increase is primarily due to the higher exhibition and merchandising revenues realized due to the strong film product screened during the period, and the higher media revenues as a result of increased advertising spending due to the improved economic climate in the first quarter of 2010 compared to the prior year period. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 13.7%, down from 14.2% in the prior year period. The decrease is primarily due to the increase in film cost percentage and the $3.9 million increase in the Fund's option plan expense during the period.

Distributable Cash

For the three months ended March 31, 2010, distributable cash per unit was $0.447 as compared to $0.381 in the prior year period. The declared distributions per unit were $0.315 for both periods. The payout ratios for these periods were 70.5% and 82.7%, 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 the first quarter of 2010, the Fund reported Adjusted EBITDA of $35.3 million, and the Partnership reported Adjusted EBITDA of $36.4 million.

This news release contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events (including the proposed conversion of the Fund to a corporate form and the ability to maintain the current level of cash distributions to equity holders following conversion), 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 130 theatres with 1,347 screens serving approximately 70 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 approximately 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.

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

Thursday, May 13, 2010
9:30 a.m. Eastern Time

In order to participate in the conference call, **please dial (416) 644-3415 or outside of Toronto dial 1-877-974-0445** at least five to ten minutes prior to 9:30 a.m. Eastern Time. Please quote the conference ID 4278017 to access the call.

- 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 4278017#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, May 13, 2010 and end at 11:59 p.m. Eastern Time on Thursday, May 20, 2010.

- 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 Galaxy Income Fund
Consolidated Supplemental Information
(Unaudited)
(expressed in thousands of Canadian dollars)

Reconciliation to Adjusted EBITDA

	Three months ended March 31, 2010	2009
Net income	**$ 9,543**	$ 3,703
Amortization	**19,369**	20,864
Interest and accretion expense on convertible debentures	**1,852**	1,836
Interest on long-term debt and capital lease obligations	**3,749**	4,214
Interest income	**(84)**	(125)
Provision for (recovery of) income taxes	**708**	(730)
EBITDA	**35,137**	29,762
Non-controlling interests	**29**	157
Loss (gain) on disposal of assets	**165**	(5)
Adjusted EBITDA	**$ 35,331**	$ 29,914

Cineplex Galaxy Income Fund

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 March 31, 2010	2009
Cash provided by operating activities	**$ 21,601**	$ 18,557
Less: Total capital expenditures	**(10,411)**	(12,557)
Standardized distributable cash	**11,190**	6,000
Less:		
Changes in operating assets and liabilities (i)	**8,209**	10,381
Tenant inducements (ii)	**(409)**	(4,560)
Principal component of capital lease obligations	**(485)**	(413)
Add:		
New build capital expenditures and other (iii)	**7,295**	10,542
Non-cash components in operating assets and liabilities (iv)	**(235)**	(167)
Distributable cash	**$ 25,565**	$ 21,783
Less: Non-controlling interests share of distributable cash	**(112)**	(870)
Distributable cash available to Fund unitholders	**$ 25,453**	$ 20,913
Average number of Fund units outstanding	**56,901,546**	54,867,332
Distributable cash per Fund unit	**$ 0.447**	$ 0.381

(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 incorporated into a third-party digital integrator financing structure, 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
Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	March 31, 2010 (unaudited)	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	$ **80,223**	$ 95,791
Accounts receivable	**33,951**	54,892
Inventories	**3,613**	4,260
Prepaid expenses and other current assets	**9,117**	4,310
	126,904	159,253
Property, equipment and leaseholds	**419,754**	428,253
Future income taxes	**19,568**	20,221
Deferred charges	**787**	820
Intangible assets	**100,232**	103,674
Goodwill	**600,564**	600,564
	$ **1,267,809**	$ 1,312,785

Cineplex Galaxy Income Fund
Consolidated Balance Sheets … ***continued***

(expressed in thousands of Canadian dollars)

	March 31, 2010 (unaudited)	December 31, 2009
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	**$ 93,511**	$ 109,900
Distributions payable	**6,001**	6,001
Income taxes payable	**30**	34
Deferred revenue	**68,904**	85,501
Capital lease obligations - current portion	**2,064**	2,004
Fair value of interest rate swap agreements	**6,578**	6,881
	177,088	210,321
Long-term debt	**233,606**	233,459
Fair value of interest rate swap agreements	**4,290**	5,382
Capital lease obligations – long-term portion	**30,582**	31,127
Accrued pension benefit liability	**2,123**	2,012
Other liabilities	**114,093**	114,941
Convertible debentures - liability component	**101,228**	100,982
	663,010	698,224
Non-controlling interests	**2,624**	2,669
Unitholders' equity	**602,175**	611,892
	$ 1,267,809	$ 1,312,785

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

	Three months ended March 31, 2010	Three months ended March 31, 2009
Revenues		
Box office	**$ 160,327**	$ 130,277
Concessions	**74,898**	63,126
Other	**22,000**	17,618
	257,225	211,021
Expenses		
Film cost	**87,376**	65,940
Cost of concessions	**16,918**	12,924
Occupancy	**40,793**	40,150
Other operating	**59,510**	50,721
General and administrative	**17,297**	11,372
	221,894	181,107
Income before undernoted	**35,331**	29,914
Amortization	**19,369**	20,864
Loss (gain) on disposal of assets	**165**	(5)
Interest and accretion expense on convertible debentures	**1,852**	1,836
Interest on long-term debt and capital lease obligations	**3,749**	4,214
Interest income	**(84)**	(125)
Income before income taxes and non-controlling interests	**10,280**	3,130
Provision for (recovery of) income taxes		
Current	**4**	7
Future	**704**	(737)
	708	(730)
Income before non-controlling interests	**9,572**	3,860
Non-controlling interests	**29**	157
Net income	**$ 9,543**	$ 3,703

Cineplex Galaxy Income Fund

Consolidated Statements of Unitholders' Equity and Comprehensive Income

(Unaudited)

(expressed in thousands of Canadian dollars)

For the three months ended March 31, 2010

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total unitholders' equity	Comprehensive income
Balance - December 31, 2009	$ 155,981	$ (262,094)	**$ (106,113)**	$ (4,852)	$ 722,857	**$ 611,892**	**$ -**
Issuance of units on conversion of debentures	-	-	**-**	-	35	**35**	-
LTIP compensation obligation	-	-	**-**	-	(1,587)	**(1,587)**	-
LTIP Fund units	-	-	**-**	-	(1,063)	**(1,063)**	-
Distributions declared	-	(17,924)	**(17,924)**	-	-	**(17,924)**	-
Net income	9,543	-	**9,543**	-	-	**9,543**	**9,543**
Other comprehensive income - interest rate swap agreements, net of $50 of future income tax recovery	-	-	**-**	1,279	-	**1,279**	**1,279**
Comprehensive income for the period	-	-	**-**	-	-	**-**	**$ 10,822**
Balance – March 31, 2010	$ 165,524	$ (280,018)	**$ (114,494)**	$ (3,573)	$ 720,242	**$ 602,175**	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at March 31, 2010 is $118,067.

For the three months ended March 31, 2009

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total unitholders' equity	Comprehensive income
Balance - December 31, 2008	$ 102,535	$ (190,881)	**$ (88,346)**	$ (13,683)	$ 571,401	**$ 469,372**	**$ -**
Issuance of units under exchange agreement	-	-	**-**	-	134,403	**134,403**	-
LTIP compensation obligation	-	-	**-**	-	1,068	**1,068**	-
LTIP Fund units	-	-	**-**	-	(2,912)	**(2,912)**	-
Distributions declared	-	(17,451)	**(17,451)**	-	-	**(17,451)**	-
Net income	3,703	-	**3,703**	-	-	**3,703**	**3,703**
Other comprehensive income - interest rate swap agreements, net of $73 future income tax provision	-	-	**-**	223	-	**223**	**223**
Comprehensive income for the period	-	-	**-**	-	-	**-**	**$ 3,926**
Balance – March 31, 2009	$ 106,238	$ (208,332)	**$ (102,094)**	$ (13,460)	$ 703,960	**$ 588,406**	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at March 31, 2009 is $115,554.

Cineplex Galaxy Income Fund

Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2010	Three months ended March 31, 2009
Cash provided by (used in)		
Operating activities		
Net income	**$ 9,543**	$ 3,703
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	**19,369**	20,864
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	**(611)**	(28)
Amortization of debt issuance costs	**147**	149
Loss (gain) on disposal of assets	**165**	(5)
Future income taxes	**704**	(737)
Cash flow hedges - non-cash interest	**(226)**	10
Non-controlling interests	**29**	157
Accretion of convertible debentures	**281**	265
Tenant inducements	**409**	4,560
Changes in operating assets and liabilities	**(8,209)**	(10,381)
	21,601	18,557
Investing activities		
Proceeds from sale of assets	**1,350**	-
Purchases of property, equipment and leaseholds	**(10,411)**	(12,557)
Cash acquired in exchanges of LP units	**-**	639
Acquisition of businesses	**-**	(231)
	(9,061)	(12,149)
Financing activities		
Distributions paid	**(17,924)**	(16,193)
Distributions paid by the Partnership to non-controlling interests	**(79)**	(1,810)
Borrowings under credit facility	**5,000**	18,000
Repayment of credit facility	**(5,000)**	(18,000)
Payments under capital leases	**(485)**	(413)
Acquisition of long-term incentive plan Fund units	**(9,620)**	(9,163)
	(28,108)	(27,579)
Decrease in cash and cash equivalents during the period	**(15,568)**	(21,171)
Cash and cash equivalents - Beginning of period	**95,791**	44,585
Cash and cash equivalents - End of period	**$ 80,223**	$ 23,414
Supplemental Information		
Cash paid for interest	**$ 3,766**	$ 2,777
Cash paid for income taxes - net	**$ 8**	$ 5
Cash received for interest	**$ 83**	$ 119