FOR IMMEDIATE RELEASE

# CINEPLEX INC.
# Reports Annual Results

**TORONTO**, **CANADA**, February 9, 2012 (TSX: CGX) – Cineplex Inc. ("Cineplex") today released its financial results for the fourth quarter and the full year of 2011.

**Annual Results**

| | 2011 | 2010 | Year over Year Change (i) |
|---|---|---|---|
| **Total Revenues** | $998.2 million | $1,006.4 million | -0.8% |
| **Attendance** | 66.1 million | 69.0 million | -4.2% |
| **Other Revenues** | $129.2 million | $113.9 million | 13.5% |
| **Net Income (ii)** | $49.3 million | $50.4 million | -2.3% |
| **Adjusted EBITDA** | $173.2 million | $167.9 million | 3.2% |
| **Adjusted EBITDA Margin** | 17.3% | 16.7% | 0.6% |
| **Adjusted Free Cash Flow per Share/Distributable Cash Per Unit** | $1.966 | $2.245 | -12.4% |

**Fourth Quarter Results**

| | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Period over Period Change (i) |
|---|---|---|---|
| **Total Revenues** | $241.7 million | $240.6 million | 0.5% |
| **Attendance** | 15.1 million | 15.7 million | -4.1% |
| **Other Revenues** | $39.8 million | $34.2 million | 16.5% |
| **Net Income (ii)** | $10.9 million | $4.4 million | 148.7% |
| **Adjusted EBITDA** | $40.1 million | $36.7 million | 9.2% |
| **Adjusted EBITDA Margin** | 16.6% | 15.3% | 1.3% |
| **Adjusted Free Cash Flow per Share/Distributable Cash Per Unit** | $0.357 | $0.467 | -23.6% |

(i) Year over Year and Period over Period change calculated based on thousands of dollars except percentage and per share/unit values.
(ii) Cineplex's results for the three months and year ended December 31, 2011 were negatively impacted by changes in income tax expense due to Cineplex's conversion to a Corporation on January 1, 2011. Also impacting net income is the impact of the fair value of financial instruments that affected net income in the three months and the year ended December 31, 2010 for items that are no longer fair valued in 2011.

"2011 was another strong year for Cineplex" said Ellis Jacob, President and CEO, Cineplex Entertainment. "New annual records were established for adjusted EBITDA, which increased 3.2% to $173.2 million, concession revenue per patron, which increased 3.3% to $4.41; and media revenues which, despite a challenging advertising environment, increased 11.1% to $91.2 million. Throughout 2011 we continued to enhance the quality of the circuit through renovations, new theatre openings and expanded premium offerings. We also continued to expand the SCENE loyalty program, make significant advancements in our interactive and media initiatives and deliver strong results in our six key businesses."

EBITDA, adjusted free cash flow 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, adjusted free cash flow 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 gains and losses on disposal of assets, the change in fair value of financial instruments and the share of loss of the Canadian Digital Cinema Partnership ("CDCP"). Adjusted free cash flow is a non-GAAP measure generally used by Canadian corporations, 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. 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, adjusted free cash flow 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 adjusted free cash flow and distributable cash, please refer to Cineplex's management's discussion and analysis filed on www.sedar.com.

## KEY DEVELOPMENTS IN 2011

The following describes certain key business initiatives undertaken during 2011 in each of Cineplex's core business areas:

### THEATRE EXHIBITION

- Recorded record annual box office revenue per patron ("BPP") of $8.74 during 2011, up $0.07 over the previous record of $8.67 set in 2010.
- Opened two new theatres: Cineplex Odeon Westshore Cinemas in Langford, British Columbia, a suburb of Victoria, featuring seven screens on July 15; and the Galaxy Chatham Cinemas in Chatham, Ontario, featuring seven screens on December 19.
- Opened SilverCity Coquitlam VIP Cinemas in Coquitlam, British Columbia.
- Created Canadian Digital Cinema Partnership ("CDCP") and completed financing transactions for the deployment of digital projection systems.
- Installed 476 digital projectors and 30 RealD 3D systems during the year of 2011, bringing the circuit totals to 891 digital projectors and 396 RealD 3D systems in 121 theatres.
- Installed 12 UltraAVX auditoriums during the year, bringing the circuit total at December 31, 2011 to 23 UltraAVX screens in 23 theatres.
- Installed five new IMAX digital systems across the circuit, bringing the number of IMAX projectors in Cineplex's circuit to 14.
- Installed D-BOX MFX seats in eight Cineplex theatres during the year. At December 31, 2011, eleven of Cineplex's theatres offered D-BOX MFX seats.

### MERCHANDISING

- Recorded record annual concession revenue per patron ("CPP") of $4.41 during 2011, up $0.14 over the previous record set in 2010.
- Completed the acquisition of New Way Sales Games Limited ("NWS"), one of the largest distributors and suppliers of arcade games to the amusement industry in Canada. Prior to the acquisition, NWS provided games for all Cineplex Odeon and Galaxy Cinemas, representing over half of the locations within the Cineplex circuit. NWS continues to offer these services to Cineplex and other third parties following the acquisition.

### MEDIA

- Media revenues during 2011 were a record annual total of $91.2 million for Cineplex, increasing 11.1% compared to the prior year.
- Cineplex Digital Media revenues increased $5.9 million as it continued to expand its customer base, delivering equipment installations and deployment to new and existing customers during the year.
- Launched a pilot program with TimePlay, to implement TimePlay's social mobile platform for interactive on-screen branded entertainment, allowing for Cineplex and TimePlay to work with customers to create customized big screen experiences that guests can interact with using their mobile phones.

### ALTERNATIVE PROGRAMMING

- The highly successful Metropolitan Opera series continued its strong performance in Cineplex's theatres, through live showings in the first and fourth quarters as well as encore presentations in the second and third quarters.
- The Wimbledon tennis finals were presented live in 3D at select theatres across Canada, representing the first live sporting event to be presented in 3D by Cineplex.
- Distributed and presented the faith-based, family-focused film Courageous in select theatres.

### INTERACTIVE MEDIA

- Cineplex's website recorded a monthly average of 2.8 million unique visits during 2011, up 11% from 2010.
- Cineplex's mobile application ("app") was ranked by ComScore MobiLens as one of the most popular mobile brands in Canada, reaching approximately 7% of the Canadian mobile phone market.

- As at December 31, 2011, the app had been downloaded 2.3 million times and had recorded 36.8 million total app sessions.
- Launched the Cineplex movie download application for Samsung televisions and Blu-Ray players.
- Strategically worked with Facebook and Twitter to implement deep social integration with all Cineplex properties.
- Added competitor theatre show times and ticket sales, as well as movie archive data to Cineplex's website, www.cineplex.com.

**LOYALTY**

- Membership in the SCENE loyalty program surpassed the 3 million member mark during the year, increasing by approximately 0.6 million members during the year to approximately 3.3 million at December 31, 2011.
- SCENE members can now earn SCENE points when they purchase concession combos at participating Cineplex theatres, in addition to the 10% discount they receive on concession purchases.

**CORPORATE**

- During the third quarter, Cineplex amended and restated its credit facilities, with the new facilities maturing in September 2016.
- Also during the third quarter, Cineplex announced that it had received regulatory approval from the Toronto Stock Exchange to carry out a normal course issuer bid ("NCIB") to purchase up to 5,600,000 of its Shares in the twelve-month period following August 19, 2011, the effective date of the NCIB. During 2011, Cineplex repurchased 137,400 Shares.

## Adoption of International Financial Reporting Standards

Cineplex has commenced reporting under International Financial Reporting Standards ("IFRS") in 2011. Subject to certain transitional elections disclosed in the financial statements, Cineplex has consistently applied the same accounting policies under IFRS in its opening IFRS balance sheet at January 1, 2010 and throughout all periods presented, as if these accounting policies under IFRS had always been in effect.

## Fourth Quarter and Full Year Results

Cineplex's results for the three and twelve months ended December 31, 2011 as compared to the Fund's results for the three and twelve months ended December 31, 2010 are presented below.

### Total revenues

Total revenues for the three months ended December 31, 2011 increased $1.1 million (0.5%) to $241.7 million as compared to the prior year period. Total revenues for 2011 decreased $8.2 million (0.8%) to $998.2 million as compared to the prior year period. A discussion of the factors affecting the changes in box office, concession and other revenues for the periods is provided on the following pages.

### Box office revenues

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

| Box office revenues | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Box office revenues | $ 133,735 | $ 138,097 | -3.2% | $ 577,348 | $ 597,827 | -3.4% |
| Attendance | 15,070 | 15,718 | -4.1% | 66,059 | 68,989 | -4.2% |
| Box office revenue per patron | $ 8.87 | $ 8.79 | 0.9% | $ 8.74 | $ 8.67 | 0.8% |
| Canadian industry revenues (1) | | | -2.9% | | | -4.2% |
| Same store box office revenues | $ 131,292 | $ 136,406 | -3.7% | $ 555,450 | $ 584,095 | -4.9% |
| Same store attendance | 14,812 | 15,512 | -4.5% | 63,671 | 67,334 | -5.4% |
| % Total box from 3D, UltraAVX & IMAX | 30.2% | 29.2% | 3.7% | 29.4% | 29.0% | 1.4% |

(1) The Motion Picture Theatre Associations of Canada (“MPTAC”) reported that the Canadian exhibition industry reported a box office decrease of 3.8% for the period from September 30, 2011 to December 29, 2011 as compared to the period from October 1, 2010 to December 30, 2010. On a basis consistent with Cineplex’s calendar reporting period (October 1 to December 31), the Canadian industry box office is estimated to be a decrease of 2.9%. MPTAC reported that the Canadian exhibition industry reported a box office decrease of 4.2% for the period from December 31, 2010 to December 29, 2011 as compared to the period from January 1, 2010 to December 30, 2010. On a basis consistent with Cineplex’s calendar reporting period (January 1 to December 31), the Canadian industry box office decrease is estimated to be substantially the same amount.

| Box office continuity | Fourth Quarter | | Full Year | |
|---|---|---|---|---|
| In thousands | Box Office | Attendance | Box Office | Attendance |
| 2010 as reported | $ 138,097 | 15,718 | $ 597,827 | 68,989 |
| Same store attendance change | (6,159) | (701) | (31,768) | (3,662) |
| Impact of same store BPP change | 1,046 | - | 3,124 | - |
| New and acquired theatres | 1,601 | 170 | 11,749 | 1,258 |
| Disposed and closed theatres | (850) | (117) | (3,584) | (526) |
| 2011 as reported | $ 133,735 | 15,070 | $ 577,348 | 66,059 |

*Fourth Quarter*

| Q4 2011 Top Cineplex Films | | IMAX | 3D | % Box | Q4 2010 Top Cineplex Films | | IMAX | 3D | % Box |
|---|---|---|---|---|---|---|---|---|---|
| 1 | The Twilight Saga: Breaking Dawn 1 | | | 9.4% | 1 | Harry Potter and the Deathly Hallows 1 | ✓ | | 12.1% |
| 2 | Mission: Impossible - Ghost Protocol | ✓ | | 6.1% | 2 | Tangled | | ✓ | 5.9% |
| 3 | Puss in Boots | ✓ | ✓ | 6.0% | 3 | Jackass 3D | | ✓ | 5.6% |
| 4 | Sherlock Holmes: A Game of Shadows | | | 5.2% | 4 | Megamind | ✓ | ✓ | 5.4% |
| 5 | Immortals | | ✓ | 4.3% | 5 | The Social Network | | | 5.0% |

Box office revenues decreased $4.4 million, or 3.2%, to $133.7 million during the fourth quarter of 2011, compared to $138.1 million recorded in the same period in 2010. This decrease was primarily due to a 4.1% decrease in attendance, partially offset by a 0.9% increase in BPP. The fourth quarter of 2011 lacked a blockbuster with the wide demographic appeal of *Harry Potter and the Deathly Hallows Part 1*, which contributed to the decreased attendance period over period. Strong performing product in regions where Cineplex is under represented resulted in the Canadian industry sustaining less of a decrease in box office revenue in the fourth quarter of 2011 than Cineplex.

BPP increased $0.08, from $8.79 in the fourth quarter of 2010 to $8.87 in the same period in 2011 mainly due to premium-priced product (3D, UltraAVX and IMAX) accounting for 30.2% of box office revenues in the current quarter, up from 29.2% in the prior year period. The increase in the percentage of box office revenues from premium priced product was due to the impact of UltraAVX installations, as there were nine installations during the fourth quarter of 2010 (bringing the total to 11 UltraAVX screens at December 31, 2010) compared to 23 UltraAVX screens being in place for the entire fourth quarter of 2011.

*Full year*

| 2011 Top Cineplex Films | | IMAX | 3D | % Box | 2010 Top Cineplex Films | | IMAX | 3D | % Box |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Harry Potter and the Deathly Hallows 2 | ✓ | ✓ | 4.4% | 1 | Avatar | ✓ | ✓ | 7.0% |
| 2 | Transformers: Dark of the Moon | ✓ | ✓ | 3.3% | 2 | Alice in Wonderland | ✓ | ✓ | 3.9% |
| 3 | Pirates of the Caribbean: On Stranger Tides | ✓ | ✓ | 2.5% | 3 | Inception | ✓ | | 3.6% |
| 4 | The Twilight Saga: Breaking Dawn 1 | | | 2.2% | 4 | Toy Story 3 | ✓ | ✓ | 3.1% |
| 5 | The Hangover 2 | | | 2.1% | 5 | Harry Potter and the Deathly Hallows 1 | ✓ | | 2.8% |

Box office revenues for 2011 were $577.3 million, 3.4% lower than the prior year period. Cineplex's top grossing film during the year, *Harry Potter and the Deathly Hallows Part 2* accounted for 4.4%, or $25.4 million of Cineplex's box office revenue, compared to 7.0%, or $42.0 million for *Avatar* in the prior year period. The tough comparator to *Avatar* during the first quarter was primarily responsible for the lower attendance and box office revenue in 2011 compared to 2010.

BPP for 2011 increased $0.07, from $8.67 in 2010 to $8.74 in 2011. This $8.74 BPP represents an annual record for Cineplex. The BPP increase was primarily due to the higher proportion of box office revenues from premium products during the year, which accounted for 29.4% of box office revenues, up from 29.0% in the prior year period. Select price increases introduced at the end of March 2010 and therefore not fully reflected in the prior year also contributed to the increase in the BPP amount.

Cineplex's investment in digital and 3D technology over the last three years has positioned it to take advantage of the price premiums offered on 3D product. This investment in 3D technology, as well as other premium-priced technology such as UltraAVX, contributed to Cineplex outperforming the Canadian industry during 2011.

**Concession revenues**

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

| Concession revenues | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Concession revenues | $ 68,161 | $ 68,292 | -0.2% | $ 291,638 | $ 294,727 | -1.0% |
| Attendance | 15,070 | 15,718 | -4.1% | 66,059 | 68,989 | -4.2% |
| Concession revenue per patron | $ 4.52 | $ 4.34 | 4.1% | $ 4.41 | $ 4.27 | 3.3% |
| Same store concession revenues | $ 67,166 | $ 67,591 | -0.6% | $ 281,686 | $ 288,428 | -2.3% |
| Same store attendance | 14,812 | 15,512 | -4.5% | 63,671 | 67,334 | -5.4% |

| Concession revenue continuity | Fourth Quarter | | Full Year | |
|---|---|---|---|---|
| In thousands | Concession | Attendance | Concession | Attendance |
| 2010 as reported | $ 68,292 | 15,718 | $ 294,727 | 68,989 |
| Same store attendance change | (3,052) | (701) | (15,687) | (3,662) |
| Impact of same store CPP change | 2,627 | - | 8,946 | - |
| New and acquired theatres | 620 | 170 | 5,213 | 1,258 |
| Disposed and closed theatres | (326) | (117) | (1,561) | (526) |
| 2011 as reported | $ 68,161 | 15,070 | $ 291,638 | 66,059 |

*Fourth Quarter*

Concession revenues decreased 0.2% as compared to the prior year quarter, due to the 4.1% decrease in attendance during the period, partially offset by the 4.1% increase in CPP. CPP increased from $4.34 in the fourth quarter of 2010 to $4.52 in the same period in 2011, and represents a quarterly record for Cineplex, exceeding the previous record of $4.44 recorded in the second quarter of 2011. Cineplex believes that revised concession offerings as well as process improvements designed to increase the speed of service contributed to this increased CPP period over the period.

While the 10% SCENE discount and SCENE points issued on concession combo purchases have a negative impact on CPP, Cineplex believes that this program drives incremental visits and concession purchases, resulting in higher overall concession revenues.

*Full year*

Concession revenues decreased 1.0% as compared to the prior year period, due to the 4.2% decrease in attendance, offset by the 3.3% increase in CPP. CPP increased from $4.27 in 2010 to $4.41 in 2011. This represents the highest annual CPP in Cineplex's history, $0.14 higher than the previous record established in 2010.

### Other revenues

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

| Other revenues | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Media | $ 28,667 | $ 25,154 | 14.0% | $ 91,242 | $ 82,149 | 11.1% |
| Games | 2,128 | 1,218 | 74.7% | 7,584 | 4,863 | 56.0% |
| Other | 8,997 | 7,787 | 15.5% | 30,383 | 26,860 | 13.1% |
| Total | $ 39,792 | $ 34,159 | 16.5% | $ 129,209 | $ 113,872 | 13.5% |

Other revenues increased 16.5% from $34.2 million in the fourth quarter of 2010 to $39.8 million in the same period in 2011. This increase was due to higher revenues in all categories. Media revenues for the fourth quarter of 2011 were $28.7 million, up $3.5 million, or 14.0%, when compared to the prior year period. The increase was primarily due to higher full motion and digital pre-show revenues ($2.2 million) and growth in CDM revenues ($1.6 million), offset by lower magazine and other media revenues ($0.3 million).

The games revenue increase is due to the acquisition of NWS in the second quarter of 2011 ($0.9 million) and therefore not included in the prior year comparative. The increase in Other is primarily due to higher breakage revenues associated with increased sales of gift cards and coupons.

*Full year*

Other revenues increased 13.5% from $113.9 million in 2010 to $129.2 million during 2011. Media revenues for 2011 were up $9.1 million, or 11.1%, from the prior year period. This increase was primarily due to higher CDM revenues ($5.9 million) as well as higher full motion and digital pre-show revenues ($3.9 million). These increases were offset by lower magazine and other revenues ($0.7 million). CDM includes the results of CDS which was acquired during the third quarter of 2010 and is therefore not fully reflected in the prior period comparative. The increase in games revenue was primarily due to the acquisition of NWS ($2.5 million) as well as the addition of the three new XSCAPE centres (SilverCity St. Vital which opened in December 2011, SilverCity Oakville which opened in March 2011, and SilverCity Cross Iron Mills which opened on June 30, 2010 and therefore not fully reflected in the prior year comparative). The increase in the Other category is 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 and the full year (in thousands of Canadian dollars, except film cost percentage):

| Film cost | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Film cost | $ 68,757 | $ 71,254 | -3.5% | $ 299,404 | $ 316,722 | -5.5% |
| Film cost percentage | 51.4% | 51.6% | -0.4% | 51.9% | 53.0% | -2.1% |

*Fourth Quarter*

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 decrease in the fourth quarter of 2011 compared to the prior year period was due to the decrease in box office revenue and the 0.4% decrease in film cost percentage.

*Full year*

The full year decrease in film cost was due to the 3.4% decrease in box office revenues and the 2.1% decrease in film cost percentage during the period. The decrease in the film cost percentage as compared to the prior year period is primarily due to the settlement rate on certain strong performing titles during the first half of 2010 being higher than the average 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 and the full year (in thousands of Canadian dollars, except concession cost percentage and concession margin per patron):

| Cost of concessions | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Concession cost | $ 14,015 | $ 14,101 | -0.6% | $ 60,737 | $ 62,247 | -2.4% |
| Concession cost percentage | 20.6% | 20.6% | 0.0% | 20.8% | 21.1% | -1.4% |
| Concession margin per patron | $ 3.59 | $ 3.45 | 4.1% | $ 3.50 | $ 3.37 | 3.9% |

*Fourth Quarter*

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The nominal decrease in concession cost as compared to the prior year period was due to the 0.2% decrease in concession revenues. The concession cost percentage of 20.6% was in line with the prior year period. The concession margin per patron increased from $3.45 in the fourth quarter of 2010 to $3.59 in the same period in 2011, reflecting the impact of the higher CPP during the period.

*Full year*

The decrease in concession cost during the period was due to the 1.0% decrease in concession revenues and the 1.4% decrease in the concession cost percentage. Changes in Cineplex's reduced price Tuesday program resulted in a decrease in concession cost percentage, partially offset by the impact of the SCENE 10% discount which had a greater impact in 2011 compared to 2010 due to the increased membership in the SCENE program.

**Depreciation and amortization**

The following table highlights the movement in depreciation and amortization expenses during the quarter and full year (in thousands of Canadian dollars):

| Amortization expenses | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Amortization of property, equipment and leaseholds | $ 14,571 | $ 16,430 | -11.3% | $ 59,145 | $ 71,254 | -17.0% |
| Amortization of intangible assets and other | 2,241 | 2,582 | -13.2% | 8,970 | 11,105 | -19.2% |
| Amortization expenses as reported | $ 16,812 | $ 19,012 | -11.6% | $ 68,115 | $ 82,359 | -17.3% |

The fourth quarter decrease in amortization of property, equipment and leaseholds of $1.9 million primarily relates to the transfer of digital projection equipment to CDCP in June 2011 resulting in lower asset values to depreciate. In addition, certain valuation adjustments that arose as part of Cineplex's acquisition of the Partnership were fully amortized during the third quarter of 2010, contributing to the lower amortization in the 2011 period. Lower depreciation relating to 35 millimeter projectors due to the circuit's conversion to digital also contributed to the decrease in amortization of property, equipment and leaseholds.

The annual decrease of $12.1 million for the amortization of property equipment and leaseholds was due to the Fund recording an impairment charge of $3.9 million in amortization of property, equipment and leaseholds during the third quarter of 2010. Additionally, certain valuation adjustments that arose as part of Cineplex's acquisition of the Partnership were fully amortized during 2010 which contributed to the lower amortization in 2011. The $2.1 million decrease for intangible assets are primarily due to certain intangible assets becoming fully amortized during the second quarter of 2010.

**Loss on disposal of assets**

The following table shows the movement in the loss on disposal of assets during the quarter and the full year (in thousands of Canadian dollars):

| Loss on disposal of assets | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Loss on disposal of assets | $ 731 | $ 990 | -26.2% | $ 735 | $ 2,404 | -69.4% |

*Fourth Quarter*

The loss on disposal of assets represents the loss recorded on certain assets that were sold or otherwise disposed. For the fourth quarter of 2011, Cineplex recorded a loss of $0.7 million on the disposal of assets, compared to $1.0 million in the prior year period.

*Full year*

For 2011, disposal of assets resulted in a loss of $0.7 million, comprised of losses recorded on assets that were sold or otherwise disposed, offset by a gain recorded on the sale of a theatre during the second quarter of 2011 ($1.4 million) and a nominal gain recorded on the transfer of digital projection assets to CDCP. For 2010, disposal of assets resulted in a loss of $2.4 million.

**Other costs**

Other costs include three main sub-categories of expenses, including theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's various operations; other operating expenses, which include the costs related to running Cineplex's theatres and ancillary businesses; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including the head office expenses. Please see the discussions below for more details on these categories. The following table highlights the movement in other costs for the quarter and the full year (in thousands of Canadian dollars):

| Other costs | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Theatre occupancy expenses | $ 39,842 | $ 39,707 | 0.3% | $ 163,696 | $ 161,101 | 1.6% |
| Other operating expenses | 64,095 | 61,621 | 4.0% | 246,289 | 235,852 | 4.4% |
| General and administrative expenses | 12,981 | 15,905 | -18.4% | 56,440 | 59,191 | -4.6% |
| Total other costs | $ 116,918 | $ 117,233 | -0.3% | $ 466,425 | $ 456,144 | 2.3% |

**Theatre occupancy expenses**

The following table highlights the movement in theatre occupancy expenses for the quarter and the full year (in thousands of Canadian dollars):

| Theatre occupancy expenses | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Rent | $ 27,334 | $ 27,377 | -0.2% | $ 110,580 | $ 109,202 | 1.3% |
| Other occupancy | 13,057 | 12,812 | 1.9% | 55,148 | 53,725 | 2.6% |
| One-time items (i) | (549) | (482) | 13.9% | (2,032) | $ (1,826) | 11.3% |
| Total | $ 39,842 | $ 39,707 | 0.3% | $ 163,696 | $ 161,101 | 1.6% |

(i) One-time items include amounts related to both theatre rent and other theatre occupancy costs. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these one-time, non-recurring items

| Theatre occupancy continuity<br>In thousands | Fourth Quarter<br>Occupancy | Full Year<br>Occupancy |
|---|---|---|
| 2010 as reported | $ 39,707 | $ 161,101 |
| Impact of new theatres | 490 | 3,541 |
| Impact of disposed theatres | (484) | (1,435) |
| Same store rent change | (5) | 49 |
| Non-recurring items | (67) | (171) |
| Other | 200 | 611 |
| 2011 as reported | $ 39,841 | $ 163,696 |

*Fourth Quarter*

Theatre occupancy expenses increased $0.1 million during the fourth quarter of 2011 compared to the prior year period. This increase was primarily due to higher real estate taxes partially offset by the impact of non-recurring items.

*Full year*

The increase in theatre occupancy expenses of $2.6 million for 2011 compared to the prior year was primarily due to the impact of new and acquired theatres net of the impact of disposed theatres ($2.1 million), as well as higher real estate taxes.

**Other operating expenses**

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

| Other operating expenses | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Other operating expenses | $ 64,096 | $ 61,621 | 4.0% | $ 246,289 | $ 235,852 | 4.4% |

| Other operating continuity<br>In thousands | Fourth Quarter<br>Other Operating | Full Year<br>Other Operating |
|---|---|---|
| 2010 as reported | $ 61,621 | $ 235,852 |
| Impact of new theatres | 497 | 3,897 |
| Impact of disposed theatres | (420) | (523) |
| Same store payroll change | (937) | (1,436) |
| Marketing change | 273 | 165 |
| Media | 720 | 4,020 |
| New Way Sales | 855 | 2,167 |
| Theatre refurbishment payment | - | 1,014 |
| Other | 1,487 | 1,133 |
| 2011 as reported | $ 64,096 | $ 246,289 |

*Fourth Quarter*

Other operating expenses increased $2.5 million during the fourth quarter of 2011 as compared to the prior year period. Costs associated with NWS which was acquired in 2011 and therefore not included in the 2010 comparative ($0.9 million) and higher media costs ($0.7 million) due to the growth of CDM comprise the majority of the period over period variance. The $1.5 million increase in Other includes increased utility costs ($0.6 million), higher technology royalty costs ($0.2 million) and digital projector rental fees paid to CDCP ($0.2 million). Payroll costs were lower than the prior year due to lower theatre attendance, partially offset by the impact of minimum wage increases enacted throughout 2010. Total theatre payroll accounted for 41.4% of total other operating expenses in the fourth quarter of 2011, compared to 44.5% in the prior year period.

*Full year*

For 2011, other operating expenses are $10.4 million higher than the prior year, despite the lower theatre business volumes in the current year. The increase is due to the net increase in media costs arising from the record annual media revenues and the acquisition of CDS in July 2010 ($4.0 million). NWS also contributed to the cost increase as it was acquired in 2011 and not included in the prior year comparative ($2.2 million). Other increases are due to the net impact of new and disposed theatres ($3.4 million) and the $1.0 termination payment paid to a landlord in 2011 to refurbish theatre space for a disposed theatre. The Other category includes higher utility costs ($2.0 million). These increases were partially offset by lower same-store payroll of $1.4 million due to the lower business volumes. Total theatre payroll accounted for 43.7% of total other operating expenses in 2011, compared to 45.7% in the prior year period.

**General and administrative expenses**

The following table highlights the movement in general and administrative ("G&A") expenses during the quarter and the full year, including share and unit based compensation costs, and G&A net of these costs (in thousands of Canadian dollars):

| G&A expenses | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| G&A excluding LTIP and option plan expense | $ 10,779 | $ 10,471 | 2.9% | $ 40,832 | $ 40,251 | 1.4% |
| LTIP | 1,503 | 3,024 | -50.3% | 7,542 | 12,350 | -38.9% |
| Option plan | 699 | 2,410 | -71.0% | 8,066 | 6,590 | 22.4% |
| G&A expenses as reported | $ 12,981 | $ 15,905 | -18.4% | $ 56,440 | $ 59,191 | -4.6% |

*Fourth Quarter*

G&A expenses decreased $2.9 million during the fourth quarter of 2011 compared to the same period in the prior year. This decrease was due to a $1.5 million decrease in Cineplex's long-term incentive plan ("LTIP") expense and a $1.7 million decrease in option expense during the period. Option expense decreased period over period as the Share price decreased from $26.30 at September 30, 2011 to $25.72 at December 31, 2011 whereas the Unit price increased from $20.78 at September 30, 2010 to $22.41 at December 31, 2010.

*Full year*

G&A expenses for 2011 were $2.8 million lower than the prior year period. The $4.8 million decrease in the LTIP expense was the main reason for the variance, partially offset by the $1.5 million increase in the option plan expense during the year. The LTIP plan prior to 2011 had one-third of the award vest in the first year, with an additional one-third vesting on the second and third anniversaries of the award. The related expense is recognized using a graded vesting method, whereby a higher proportion of the expense is recognized over the first year of the award. Awards under the 2011 LTIP plan vest over three years with the entire payout occurring at the end of the three-year period, resulting in a lower proportion of vesting in the first and second years of the award resulting from a straight-line recognition of the overall expense. This difference in vesting has contributed to the lower cost in 2011 compared to the prior year period. The option expense increase is primarily due to higher option exercises during 2011 compared to 2010.

**Share of loss of joint ventures**

Cineplex's joint ventures in 2011 included its share of one theatre in Quebec, one IMAX screen in Ontario, its interest in SCENE LP and its interest in CDCP, which was formed in June 2011. The Fund's joint ventures in the fourth quarter of 2010 included its share of one theatre in Quebec, one IMAX screen in Ontario, and its interest in SCENE LP. During the full year of 2010, the Fund's joint ventures included its share of four theatres in Quebec, one IMAX screen in Ontario and its interest in SCENE LP. The following table highlights the movement in the share of loss of joint ventures during the quarter and the full year (in thousands of Canadian dollars):

| Share of loss of joint ventures | Fourth Quarter | | | Full Year | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Share of (income) loss of CDCP | $ (560) | $ - | NM | $ 1,658 | $ - | NM |
| Share of loss (income) of SCENE | 1,902 | 1,204 | 58.0% | (1,440) | 3,960 | NM |
| Share of loss (income) of other joint ventures | 19 | 67 | -71.6% | 51 | (304) | NM |
| Total loss of joint ventures | $ 1,361 | $ 1,271 | 7.1% | $ 269 | $ 3,656 | -92.6% |

*Fourth Quarter*

The loss recorded in the fourth quarter of 2011 is primarily related to activity in the SCENE loyalty program, partially offset by the income from the operations of CDCP.

*Full year*

The movement from a loss of $3.7 million in 2010 to a loss of $0.3 million in 2011 is primarily due to breakage revenue recognized by SCENE LP. Based on an analysis of point issuance and redemption activity during the first three years of the program, SCENE established a breakage rate and recognized revenue relating to breakage for the first time during the first quarter of 2011. This change in its accounting estimate for breakage resulted in a program-to-date adjustment to its outstanding points liability during the first quarter. Additionally, during the third quarter of 2011, SCENE points were expired for certain members due to inactivity in the program. This was the result of a change in the terms and conditions of the program communicated earlier in 2011 with the completion of the notice period occurring during the third quarter of 2011. The $1.7 million share of loss of CDCP is related to its start-up costs.

**EBITDA and adjusted EBITDA**

The following table represents EBITDA and adjusted EBITDA for the three months and full year ended December 31, 2011 as compared to the three months and full year ended December 31, 2010 (expressed in thousands of Canadian dollars, except adjusted EBITDA margin):

| **EBITDA** | **Fourth Quarter** | | | **Full Year** | | |
|---|---|---|---|---|---|---|
| | **2011** | **2010** | **Change** | **2011** | **2010** | **Change** |
| EBITDA | $ 39,931 | $ 29,038 | 37.5% | $ 170,781 | $ 155,689 | 9.7% |
| Adjusted EBITDA | $ 40,102 | $ 36,718 | 9.2% | $ 173,174 | $ 167,854 | 3.2% |
| Adjusted EBITDA margin | 16.6% | 15.3% | 1.3% | 17.3% | 16.7% | 0.6% |

Adjusted EBITDA for the fourth quarter of 2011 increased $3.4 million, or 9.2%, as compared to the prior year period. This increase was primarily due to the higher media and other revenues recorded in the period, and the impact of the lower film cost percentage during the quarter. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 16.6%, up 1.3% from 15.3% in the prior year period.

Adjusted EBITDA for the full year ended December 31, 2011 increased $5.3 million, or 3.2%, as compared to the prior year. The increase is primarily due to the higher media and other revenues recorded in the period, as well as the impact of the lower film cost percentage and concession cost percentage in 2011 resulting in stronger margins. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 17.3%, up 0.6% from 16.7% in the prior year period.

**<u>Adjusted Free Cash Flow</u>**

For 2011, adjusted free cash flow per common share of Cineplex was $1.966 as compared to distributable cash per Fund unit of $2.245 in 2010. The declared dividends per common share of Cineplex were $1.280 in 2011 and the declared distributions per Fund unit were $1.260 in 2010. The payout ratios for these years were 65% and 56%, respectively. For the three months ended December 31, 2011, adjusted free cash flow per common share of Cineplex was $0.357 as compared to distributable cash per Fund unit of $0.467. The declared dividends per common share of Cineplex were $0.323 for the three months ended December 31, 2011 and the declared dividends per Fund unit were $0.315 for the three months ended December 31, 2010.

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, 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 Inc., Cineplex Galaxy Income Fund or Cineplex Entertainment Limited Partnership, their financial or operating results or their securities.

**About Cineplex Inc.**

Cineplex is the largest motion picture exhibitor in Canada and owns, leases or has a joint-venture interest in 130 theatres with 1,352 screens serving approximately 66 million guests annually. Headquartered in Toronto, Canada, Cineplex operates theatres from British Columbia to Quebec and is the exclusive provider of UltraAVX and 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. Cineplex shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "CGX". For more information, visit www.cineplex.com.

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

You are cordially invited to participate in a teleconference call with the management of Cineplex (TSX: CGX) 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, February 9, 2012**
**10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial 416-644-3415 or outside of Toronto dial 1-877-974-0445** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 4507697 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 4507697#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, February 9, 2012 and end at 11:59 p.m. Eastern Time on Thursday, February 16, 2012.

- Note that media will be participating in the call in listen – only mode.

- Thank you in advance for your interest and participation.

- 30 -

**For further information:**

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

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

**Cineplex Inc.**
**Consolidated Balance Sheets**

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

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | **$ 48,992** | $ 85,343 |
| Trade and other receivables | **67,185** | 57,950 |
| Inventories | **4,118** | 3,767 |
| Prepaid expenses and other current assets | **3,727** | 3,848 |
| | **124,022** | 150,908 |
| **Property, equipment and leaseholds** | **389,532** | 413,657 |
| **Deferred income taxes** | **12,052** | 25,689 |
| **Interests in joint ventures** | **26,163** | 92 |
| **Intangible assets** | **84,379** | 93,397 |
| **Goodwill** | **608,929** | 608,929 |
| | **$ 1,245,077** | $ 1,292,672 |

**Cineplex Inc.**
**Consolidated Balance Sheets … *continued***

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

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued expenses | $ **112,285** | $ 83,700 |
| Share or unit-based compensation | **1,331** | 14,307 |
| Dividends or distributions payable | **6,285** | - |
| Income taxes payable | **17,485** | 87 |
| Deferred revenue | **83,907** | 82,027 |
| Financing lease obligations | **2,411** | 2,242 |
| Fair value of interest rate swap agreements | **565** | 5,482 |
| Convertible debentures | **76,864** | - |
| | **301,133** | 187,845 |
| **Non-current liabilities** | | |
| Share or unit-based compensation | **9,466** | 8,014 |
| Long-term debt | **167,531** | 233,588 |
| Fair value of interest rate swap agreements | **1,199** | 3,298 |
| Capital lease obligations | **26,474** | 28,885 |
| Post-employment benefit obligations | **5,688** | 4,534 |
| Other liabilities | **103,727** | 98,964 |
| Deficiency interest in joint venture | **8,250** | 12,338 |
| Convertible debentures | **-** | 116,481 |
| Liability for exchangeable interests | **-** | 3,851 |
| | **322,335** | 509,953 |
| | **623,468** | 697,798 |
| **Equity** | | |
| Share capital | **764,801** | - |
| Unit capital | **-** | 710,121 |
| Deficit | **(140,469)** | (113,120) |
| Accumulated other comprehensive loss | **(2,723)** | (3,534) |
| Contributed surplus | **-** | 1,407 |
| | **621,609** | 594,874 |
| | $ **1,245,077** | $ 1,292,672 |

## Cineplex Inc.

### Consolidated Statements of Operations

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

| | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Year ended December 31, 2011 | Year ended December 31, 2010 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Box office | **$ 133,735** | $ 138,097 | **$ 577,348** | $ 597,827 |
| Concessions | **68,161** | 68,292 | **291,638** | 294,727 |
| Other | **39,792** | 34,159 | **129,209** | 113,872 |
| | **241,688** | 240,548 | **998,195** | 1,006,426 |
| **Expenses** | | | | |
| Film cost | **68,757** | 71,254 | **299,404** | 316,722 |
| Cost of concessions | **14,015** | 14,101 | **60,737** | 62,247 |
| Depreciation and amortization | **16,812** | 19,012 | **68,115** | 82,359 |
| Loss on disposal of assets | **731** | 990 | **735** | 2,404 |
| Other costs | **116,918** | 117,233 | **466,425** | 456,144 |
| | **217,233** | 222,590 | **895,416** | 919,876 |
| **Income before undernoted** | **24,455** | 17,958 | **102,779** | 86,550 |
| **Share of loss of joint ventures** | **1,361** | 1,271 | **269** | 3,656 |
| **Change in fair value of financial instruments** | **-** | 6,690 | **-** | 9,782 |
| **Interest expense** | **6,968** | 5,846 | **24,854** | 23,166 |
| **Interest income** | **(94)** | (191) | **(898)** | (526) |
| **Income before income taxes** | **16,220** | 4,342 | **78,554** | 50,472 |
| **Provision for (recovery of) income taxes** | | | | |
| Current | **5,482** | 27 | **17,493** | 30 |
| Deferred | **(193)** | (80) | **11,801** | 19 |
| | **5,289** | (53) | **29,294** | 49 |
| **Net income** | **$ 10,931** | $ 4,395 | **$ 49,260** | $ 50,423 |

**Cineplex Inc.**

**Consolidated Statements of Comprehensive Income**

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

| | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Year ended December 31, 2011 | Year ended December 31, 2010 |
|---|---|---|---|---|
| **Net income** | **$ 10,931** | $ 4,395 | **$ 49,260** | $ 50,423 |
| **Other comprehensive income** | | | | |
| Changes in fair value of interest rate contracts | **2,423** | 1,720 | **3,704** | 2,400 |
| Associated deferred income taxes (expense) recovery | **(640)** | (182) | **(2,893)** | 1,567 |
| Actuarial losses of post-employment benefit obligations | **(812)** | (504) | **(812)** | (504) |
| Associated deferred income tax recovery | **210** | 235 | **210** | 235 |
| **Other comprehensive income** | **1,181** | 1,269 | **209** | 3,698 |
| **Comprehensive income** | **$ 12,112** | $ 5,664 | **$ 49,469** | $ 54,121 |

# Cineplex Inc.
## Consolidated Statements of Changes in Equity

## (expressed in thousands of Canadian dollars)

### For the year ended December 31, 2011

| | Unit capital | Share capital | Contributed Surplus | Accumulated other comprehensive loss | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance - January 1, 2011** | $ 710,121 | $ - | $ 1,407 | $ (3,534) | $ (113,120) | **$ 594,874** |
| Effect of corporate conversion | (710,121) | 744,760 | (1,407) | - | - | **33,232** |
| Net income | - | - | - | - | 49,260 | **49,260** |
| Other comprehensive income | - | - | - | 811 | (602) | **209** |
| Dividends declared | - | - | - | - | (74,344) | **(74,344)** |
| Long-term incentive plan obligation | - | (1,599) | - | - | - | **(1,599)** |
| Long-term incentive plan shares | - | 1,888 | - | - | - | **1,888** |
| Issuance of shares on conversion of debentures | | 21,515 | | | | **21,515** |
| Shares repurchased and cancelled | - | (1,763) | - | - | (1,663) | **(3,426)** |
| **Balance - December 31, 2011** | $ - | $ 764,801 | **$ -** | $ (2,723) | $ (140,469) | **$ 621,609** |

### For the year ended December 31, 2010

| | Unit capital | Share capital | Contributed surplus | Accumulated other comprehensive loss | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance - January 1, 2010** | $ 703,706 | $ - | $ - | $ (7,501) | $ (91,396) | **$ 604,809** |
| Net income | - | - | - | - | 50,423 | **50,423** |
| Other comprehensive income | - | - | - | 3,967 | (269) | **3,698** |
| Distributions declared | - | - | - | - | (71,878) | **(71,878)** |
| Long-term incentive plan units | (1,063) | - | 1,407 | - | - | **344** |
| Issuance of units on conversion of debentures | 5,879 | - | - | - | - | **5,879** |
| Issuance of units under the exchange agreement | 1,599 | - | - | - | - | **1,599** |
| **Balance - December 31, 2010** | $ 710,121 | $ - | $ 1,407 | $ (3,534) | $ (113,120) | **$ 594,874** |

# Cineplex Inc.
## Consolidated Statements of Cash Flows

## (expressed in thousands of Canadian dollars)

| | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Year ended December 31, 2011 | Year ended December 31, 2010 |
|---|---|---|---|---|
| **Cash provided by (used in)** | | | | |
| **Operating activities** | | | | |
| Net income | **$ 10,931** | $ 4,395 | **$ 49,260** | $ 50,423 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | | |
| Depreciation and amortization of property, equipment and leaseholds, deferred charges and intangible assets | **16,812** | 19,012 | **68,115** | 82,359 |
| Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities | **(1,011)** | (985) | **(3,955)** | (3,670) |
| Accretion of debt issuance costs | **139** | 195 | **840** | 768 |
| Loss on disposal of assets | **731** | 990 | **735** | 2,404 |
| Deferred income taxes | **(193)** | (80) | **11,801** | 19 |
| Interest rate swap agreements - non-cash interest | **3,072** | (139) | **4,215** | (707) |
| Non-cash share or unit-based compensation | **37** | 863 | **330** | 2,747 |
| Change in fair value of financial instruments | **-** | 6,690 | **-** | 9,782 |
| Accretion of convertible debentures | **290** | 417 | **1,368** | 1,415 |
| Net change in interests in joint ventures | **984** | 1,746 | **(1,876)** | 5,193 |
| Tenant inducements | **1,565** | 262 | **7,150** | 2,490 |
| Changes in operating assets and liabilities | **59,395** | 26,349 | **38,294** | (7,181) |
| **Net cash provided by operating activities** | **92,752** | 59,715 | **176,277** | 146,042 |
| **Investing activities** | | | | |
| Proceeds from sale of assets | **136** | 34 | **1,958** | 2,247 |
| Purchases of property, equipment and leaseholds | **(19,821)** | (18,457) | **(60,624)** | (56,866) |
| Acquisition of businesses, net of cash acquired | **51** | (6,446) | **(3,229)** | (11,249) |
| Additional equity funding of CDCP | **22** | - | **(356)** | - |
| **Net cash used in investing activities** | **(19,612)** | (24,869) | **(62,251)** | (65,868) |
| **Financing activities** | | | | |
| Dividends or distributions paid | **(18,858)** | (24,016) | **(68,059)** | (77,853) |
| Borrowings under credit facility | **-** | 30,000 | **27,000** | 67,000 |
| Repayment of credit facility | **(65,000)** | (30,000) | **(92,000)** | (67,000) |
| Payments under financing leases | **(576)** | (520) | **(2,242)** | (2,004) |
| Acquisition of long-term incentive plan shares or units | **-** | - | **(9,793)** | (9,620) |
| Deferred financing fees | **58** | - | **(1,857)** | - |
| Purchase of shares for cancellation | **(3,051)** | - | **(3,426)** | - |
| **Net cash used in finacing activities** | **(87,427)** | (24,536) | **(150,377)** | (89,477) |
| **Decrease in cash and cash equivalents during the period** | **(14,287)** | 10,310 | **(36,351)** | (9,303) |
| **Cash and cash equivalents - Beginning of period** | **63,279** | 75,033 | **85,343** | 94,646 |
| **Cash and cash equivalents - End of period** | **$ 48,992** | $ 85,343 | **$ 48,992** | $ 85,343 |
| **Supplemental Information** | | | | |
| Cash paid for interest | **$ 4,286** | $ 6,959 | **$ 18,084** | $ 21,669 |
| Cash paid for income taxes - net | **$ 30** | $ 89 | **$ 95** | $ 119 |

**Cineplex Inc.**
**Consolidated Supplemental Information**
**(Unaudited)**
**(expressed in thousands of Canadian dollars)**

## Reconciliation to Adjusted EBITDA

| | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Year ended December 31, 2011 | Year ended December 31, 2010 |
|---|---|---|---|---|
| **Net income** | **$ 10,931** | $ 4,395 | **$ 49,260** | $ 50,423 |
| Depreciation and amortization (i) | **16,837** | 19,041 | **68,271** | 82,556 |
| Interest expense | **6,968** | 5,846 | **24,854** | 23,166 |
| Interest income | **(94)** | (191) | **(898)** | (526) |
| Current income tax expense | **5,482** | 27 | **17,493** | 30 |
| Deferred income tax expense | **(193)** | (80) | **11,801** | 19 |
| **EBITDA** | **39,931** | 29,038 | **170,781** | 155,668 |
| Change in fair value of financial instruments | **-** | 6,690 | **-** | 9,782 |
| Loss on disposal of assets | **731** | 990 | **735** | 2,404 |
| CDCP equity loss (ii) | **(560)** | - | **1,658** | - |
| **Adjusted EBITDA** | **$ 40,102** | $ 36,718 | **$ 173,174** | $ 167,854 |

(i) Includes the depreciation and amortization incurred by the joint ventures (2011 - $25 for three months and $156 for the year, 2010 - $29 for three months and $197 for the year)

(ii) CDCP equity loss not included in adjusted EBITDA as CDCP is a limited-life financing vehicle that is funded by virtual print fees collected from distributors.

## Components of Other Costs

| | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Year ended December 31, 2011 | Year ended December 31, 2010 |
|---|---|---|---|---|
| Theatre occupancy expenses | **$ 39,842** | $ 39,707 | **$ 163,696** | $ 161,101 |
| Other operating expenses | **64,095** | 61,621 | **246,289** | 235,852 |
| General and administrative expenses | **12,981** | 15,905 | **56,440** | 59,191 |
| Total other costs | **$ 116,918** | $ 117,233 | **$ 466,425** | $ 456,144 |

**Cineplex Inc.**

**Consolidated Supplemental Information**

**(Unaudited)**

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

## Adjusted Free Cash Flow and Distributable Cash

| | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Year ended December 31, 2011 | Year ended December 31, 2010 |
|---|---|---|---|---|
| Cash provided by operating activities | **$ 92,752** | $ 59,715 | **$ 176,277** | $ 146,042 |
| Less: Total capital expenditures (i) | **(19,685)** | (18,457) | **(58,666)** | (56,866) |
| Standardized free cash flow/Standardized distributable cash | **73,067** | 41,258 | **117,611** | 89,176 |
| Add/(Less): | | | | |
| Changes in operating assets and liabilities (ii) | **(59,395)** | (26,349) | **(38,294)** | 7,181 |
| Changes in operating assets and liabilities of joint ventures (ii) | **377** | (475) | **2,145** | (1,537) |
| Tenant inducements (iii) | **(1,565)** | (262) | **(7,150)** | (2,490) |
| Principal component of financing lease obligations | **(576)** | (520) | **(2,242)** | (2,004) |
| New build capital expenditures and other (iv) | **10,838** | 14,379 | **40,769** | 41,635 |
| Share of (loss) profit of joint ventures, net of non-cash depreciation (v) | **(1,896)** | (1,220) | **1,545** | (3,416) |
| Cash invested in CDCP (v) | **22** | - | **(356)** | - |
| Adjusted free cash flow/Distributable cash | **$ 20,872** | $ 26,811 | **$ 114,028** | $ 128,545 |
| Less: Exchangeable interests share of distributable cash | **-** | (80) | **-** | (489) |
| Adjusted free cash flow/Distributable cash available to shareholders/unitholders | **$ 20,872** | $ 26,731 | **$ 114,028** | $ 128,056 |
| Average number of shares/units outstanding | **58,461,523** | 57,182,396 | **58,009,953** | 57,030,442 |
| Adjusted free cash flow per share/Distributable cash per unit | **$ 0.357** | $ 0.467 | **$ 1.966** | $ 2.245 |

(i) For the 2011 adjusted free cash flow calculations, total capital expenditures are shown net of proceeds received on the sale of assets.

(ii) Changes in operating assets and liabilities are not considered a source or use of distributable cash.

(iii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of distributable cash.

(iv) New build capital expenditures and other represent expenditures on Board approved projects as well as any expenditures for digital equipment that will be incorporated into CDCP, and exclude maintenance capital expenditures. The 2011 figures are net of proceeds on asset sales. The revolving credit facility was available to the Fund and is available to Cineplex to fund Board approved projects.

(v) Excludes the share of loss of CDCP, as CDCP is a limited-life financing vehicle funded by virtual print fees collected from distributors. Cash invested into CDCP, as well as cash distributions received from CDCP, are considered to be uses and sources of adjusted free cash flow.