



FOR IMMEDIATE RELEASE

## CINEPLEX GALAXY INCOME FUND Reports Record Third Quarter Results

**TORONTO, CANADA**, November 10, 2009 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released its financial results for the third quarter of 2009.

### Third Quarter Results

	<b>Three months ended September 30, 2009</b>	<b>Three months ended September 30, 2008</b>	<b>Period over Period Change</b>
<b>Total Revenues</b>	\$257.5 million	\$239.1 million	+7.7%
<b>Attendance</b>	18.8 million	18.0 million	+4.4%
<b>Other Revenue</b>	\$23.7 million	\$22.6 million	+4.6%
<b>Net Income</b>	\$20.4 million	\$18.4 million	+11.0%
<b>Adjusted EBITDA</b>	\$47.2 million	\$47.8 million	-1.2%
<b>Adjusted EBITDA Margin</b>	18.3%	20.0%	-1.7%
<b>Distributable Cash Per Unit</b>	\$0.670	\$0.672	-0.3%

### Year to Date September 30, 2009 Results

	<b>Nine months ended September 30, 2009</b>	<b>Nine months ended September 30, 2008</b>	<b>Period over Period Change</b>
<b>Total Revenues</b>	\$717.2 million	\$638.3 million	+12.4%
<b>Attendance</b>	52.9 million	48.3 million	+9.6%
<b>Other Revenue</b>	\$64.3 million	\$59.9 million	+7.4%
<b>Net Income</b>	\$44.0 million	\$22.1 million	+98.8%
<b>Adjusted EBITDA</b>	\$121.8 million	\$105.5 million	+15.5%
<b>Adjusted EBITDA Margin</b>	17.0%	16.5%	+0.5%
<b>Distributable Cash Per Unit</b>	\$1.679	\$1.404	+19.6%

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

“Cineplex’s revenue represents the highest quarterly total revenue recorded by the Fund since its inception,” said Ellis Jacob, President and CEO, Cineplex Entertainment. “Adjusted EBITDA for the quarter, excluding the \$2.4 million expense for the wind up of the Famous Players Defined Benefit Plan recorded during the period, would have increased to \$49.6 million from \$47.8 million in the prior year. We also realized continued theatre attendance growth of 4.4%, box office per patron (BPP) growth of 3.0% to \$8.30 and concession per patron (CPP) growth of 4.5% to a new record of \$4.15. We continued to add members to our SCENE loyalty program which reached the 2 million membership milestone shortly following the quarter end,” 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](http://www.sedar.com).

### Third Quarter Results

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

Total revenues for the three months ended September 30, 2009 increased \$18.4 million to \$257.5 million. Total revenues for the nine months ended September 30, 2009 increased \$78.9 million to \$717.2 million. A discussion of the factors affecting the changes in box office, concession and other revenues for the periods compared to the same periods in 2008 is provided below.

#### **Box office revenues**

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

Box office revenues	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
Box office revenues	\$ 155,884	\$ 144,957	7.5%	\$ 437,544	\$ 388,137	12.7%
Attendance	18,779	17,988	4.4%	52,901	48,262	9.6%
Box office revenue per patron	\$ 8.30	\$ 8.06	3.0%	\$ 8.27	\$ 8.04	2.8%
Canadian industry revenues (1)			8.6%			11.6%
Same store box office revenues	\$ 149,707	\$ 143,018	4.7%	\$ 421,033	\$ 382,090	10.2%
Same store attendance	18,082	17,698	2.2%	50,991	47,306	7.8%
% Total box from IMAX & 3D	16.4%	7.2%	127.8%	12.6%	3.4%	270.6%

(1) The Motion Picture Theatre Associations of Canada ("MPTAC") reported that the Canadian exhibition industry reported a box office increase of 1.9% for the period from July 3, 2009 to October 1, 2009 as compared to the period from June 27, 2008 to September 25, 2008. On a basis consistent with the Fund's calendar reporting period (July 1<sup>st</sup> to September 30<sup>th</sup>), the Canadian industry box office increase is estimated to be 8.6%. The MPTAC reported a box office increase of 10.2% for the period from January 2, 2009 to October 1, 2009 as compared to the period from December 28, 2007 to September 25, 2008. On a basis consistent with the Fund's calendar reporting period (January 1<sup>st</sup> to September 30<sup>th</sup>), the Canadian industry box office increase is estimated to be 11.6%.

Box office continuity In thousands	Third Quarter		YTD September 30	
	Box Office	Attendance	Box Office	Attendance
2008 as reported	\$ 144,957	17,988	\$ 388,137	48,262
Same store attendance change	3,103	384	29,764	3,685
Same store BPP change	3,586	-	9,179	-
New and acquired theatres	4,932	563	13,436	1,537
Disposed and closed theatres	(694)	(156)	(2,972)	(583)
2009 as reported	\$155,884	18,779	\$437,544	52,901

Top Cineplex Films – Third Quarter 2009 compared to Third Quarter 2008					
Q3 2009 Top Cineplex Films		% Total Box	Q3 2008 Top Cineplex Films		% Total Box
1	Harry Potter and the Half-Blood Prince	12.3%	1	The Dark Knight	22.0%
2	Ice Age: Dawn of the Dinosaurs	7.0%	2	Mamma Mia!	6.9%
3	District 9	6.3%	3	Hancock	6.4%
4	Inglourious Basterds	5.9%	4	Tropic Thunder	5.1%
5	Transformers: Revenge of the Fallen	5.9%	5	Journey to the Center of the Earth	5.0%

The third quarter of 2009 marked the fourth consecutive quarter that the Fund has reported its' highest-ever box office revenue for a given quarter. This has been achieved in spite of challenging economic conditions in Canada during this timeframe. The \$155.9 million in box office represents the highest quarterly box office revenues recorded by the Fund since its inception, eclipsing the \$151.4 million recorded in the second quarter of 2009. The increase in box office revenues as compared to the prior year was primarily due to a greater breadth of film product. While the third quarter of 2008 featured the strong performance of *The Dark Knight*, which finished as the second-highest grossing film of all-time in North America, the third quarter of 2009 benefited from film product catering to wider ranging audiences, and the success of the premium-priced 3D and IMAX product.

Box office revenue per patron increased \$0.24 (3.0%) from \$8.06 in the third quarter of 2008 to \$8.30 in the third quarter of 2009. The success of 3D films such as *Ice Age: Dawn of the Dinosaurs*, *The Final Destination* and *Cloudy with a Chance of Meatballs* as well as IMAX releases including *Harry Potter and the Half-Blood Prince* and *Transformers: Revenge of the Fallen* increased the Fund's overall box office revenue per patron, as these films are priced at a premium over regular ticket prices. Select ticket price increases implemented in November 2008 also contributed to this increase. The Fund's third quarter performance relative to industry was impacted by the strong regional performance in Quebec, where the Fund's market share is the lowest of the provinces in which the Fund operates, and the impact of certain independent non-traditional large-format locations.

### Concession revenues

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

Concession revenues	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
Concession revenues	\$ 77,995	\$ 71,520	9.1%	\$ 215,346	\$ 190,272	13.2%
Attendance	18,779	17,988	4.4%	52,901	48,262	9.6%
Concession revenue per patron	\$ 4.15	\$ 3.98	4.5%	\$ 4.07	\$ 3.94	3.3%
Same store concession revenues	\$ 74,735	\$ 70,405	6.2%	\$ 206,763	\$ 186,556	10.8%
Same store attendance	18,082	17,698	2.2%	50,991	47,306	7.8%

Concession revenue continuity In thousands	Third Quarter		YTD September 30	
	Concession	Attendance	Concession	Attendance
2008 as reported	\$ 71,520	17,988	\$ 190,272	48,262
Same store attendance change	1,528	384	14,532	3,685
Same store CPP change	2,802	-	5,675	-
New and acquired theatres	2,631	563	6,937	1,537
Disposed and closed theatres	(486)	(156)	(2,070)	(583)
2009 as reported	\$ 77,995	18,779	\$ 215,346	52,901

Concession revenues increased 9.1% as compared to the prior period, due to the 4.4% increase in attendance and a 4.5% increase in average concession revenue per patron, which increased from \$3.98 in the third quarter of 2008 to \$4.15 in the third quarter of 2009. The \$4.15 CPP represents the Fund's highest ever quarterly CPP, \$0.06 higher than the second quarter of 2009 which represented the Fund's previous highest quarterly CPP at \$4.09. The increase in CPP compared to the prior period is due in part to the film slate, which catered to more family audiences in the third quarter of 2009 as compared to the prior year, with three of top five films during the quarter (*Harry Potter and the Half-Blood Prince*, *Ice Age: Dawn of the Dinosaurs* and *Transformers: Revenge of the Fallen*) catering to the family demographic, who tend to be higher concession spenders. The Fund believes that an improved product offering mix designed to encourage consumers to make purchases outside of the core concession offerings, as well as process improvements designed to increase speed of service also contributed to this year-over-year increase.

During the third quarter of 2009, the Fund launched the 'Telus Tuesdays' program which it believes will drive incremental attendance and concession purchase incidence on Tuesdays.

Management believes that concession revenues will continue to be dependent on overall theatre attendance and that the current economic conditions will not have a material impact on concession revenues.

## Other revenues

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

Other revenues	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
Media	\$ 16,751	\$ 16,547	1.2%	\$ 43,692	\$ 41,040	6.5%
Games	1,304	1,310	-0.5%	3,639	3,850	-5.5%
Other	5,606	4,769	17.6%	16,957	14,969	13.3%
Total	\$ 23,661	\$ 22,626	4.6%	\$ 64,288	\$ 59,859	7.4%

Media revenues for the third quarter of 2009 were \$16.8 million, up \$0.2 million from the prior year period. The third quarter of 2009 includes a \$1.0 million increase in non-cash barter revenue, and a \$1.0 million decrease in cash-settled media revenue. Rather than settling cash-based transactions, during 2008 and 2009 the Fund 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 third quarter of 2009 the Fund recognized \$2.0 million in media revenue and \$1.7 million in marketing costs related to these transactions (third quarter of 2008: \$1.1 million in media revenue and \$1.1 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 and the year to date (in thousands of dollars, except film cost percentage):

Film cost	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
Film cost	\$ 82,024	\$ 76,212	7.6%	\$ 229,336	\$ 202,850	13.1%
Film cost percentage	52.6%	52.6%	0.0%	52.4%	52.3%	0.3%

Film cost varies primarily with box office revenue. The quarterly increase was due to the 7.5% increase in box office revenues. Film cost percentage for both the third quarter of 2009 and 2008 was 52.6%.

## Cost of concessions

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

Cost of concessions	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
Concession cost	\$ 16,517	\$ 14,690	12.4%	\$ 44,613	\$ 40,000	11.5%
Concession cost percentage	21.2%	20.5%	3.1%	20.7%	21.0%	-1.5%
Concession margin per patron	\$3.27	\$3.16	3.5%	\$3.23	\$3.11	3.9%

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The increase in concession cost period over period was due to the 4.4% increase in attendance, increased purchase incidence and the higher Concession Cost Percentage. This increase in Concession Cost Percentage was due to the improved product offering mix, designed to encourage consumers to make purchases outside of the core concession offerings. These non-core offerings tend to have lower margins than popcorn and fountain drinks. Despite this increase in concession cost percentage, the concession margin per patron increased from \$3.16 in the third quarter of 2008 to \$3.27 in the same period in 2009. The 'Telus Tuesdays' program is designed to increase concession purchase incidence on Tuesdays, however due to the discounted nature of the combo offering, will have a negative impact on the Concession Cost Percentage.

## Occupancy expense

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

Occupancy expense	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
Occupancy expenses	\$ 39,154	\$ 38,541	1.6%	\$ 118,172	\$ 116,525	1.4%
One-time benefits	\$ (614)	\$ (477)	28.7%	\$ (1,561)	\$ (2,670)	-41.5%

Occupancy expense increased \$0.6 million, primarily due to the incremental costs associated with new and acquired theatres (\$1.1 million), offset by the impact of disposed and closed theatres (\$0.4 million) and higher one-time benefits of lease related amounts recognized in 2009 as compared to the prior period (\$0.1 million).

## Other operating expenses

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

Other operating expenses	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
Other operating expenses	\$ 58,801	\$ 52,370	12.3%	\$ 165,317	\$ 144,334	14.5%

Other operating expenses increased \$6.4 million due to the incremental impact of new and acquired theatres (\$1.7 million), increased theatre payroll due to minimum wage increases and increased theatre staffing in response to higher theatre attendance in the third quarter of 2009 as compared to the same period in 2008 (\$1.7 million), costs related to expanded service offerings such as the elimination of charges for online ticketing and 3D technology licensing payments (\$0.9 million), additional marketing costs (\$1.1 million) primarily arising from the non-cash barter agreements previously discussed under 'Other revenues' and additional costs relating to servicing new clients and new business initiatives such as the Cineplex Store and Cineplex Digital Media (\$1.4 million). These increases were offset by the impact of disposed and closed theatres (\$0.4 million). Total theatre payroll accounted for 47.1% of the total expenses in other operating expenses during the third quarter of 2009, as compared to 48.3% for the same period in 2008.

## General and administrative expenses

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

G&A expenses	Third Quarter			Year to Date September 30		
	2009	2008	Change	2009	2008	Change
G&A excluding LTIP, option plan expense and pension settlement	\$ 8,893	\$ 7,842	13.4%	\$ 27,548	\$ 24,100	14.3%
LTIP	\$ 2,092	\$ 1,658	26.2%	\$ 7,068	\$ 4,965	42.4%
Option plan	\$ 460	\$ -	NM	\$ 938	\$ -	NM
Pension plan settlement	\$ 2,360	\$ -	NM	\$ 2,360	\$ -	NM
G&A costs as reported	\$ 13,805	\$ 9,500	45.3%	\$ 37,914	\$ 29,065	30.4%

General and administrative costs increased \$4.3 million as a result of a one-time settlement loss of \$2.4 million relating to the Retirement Plan for Salaried Employees of Famous Players, increased costs under the LTIP and option plans (\$0.9 million) and increased direct costs (\$1.0 million). The direct costs increased due to a \$0.6 million increase in head office payroll, and higher professional fees (\$0.4 million). Professional fees during the quarter are primarily related to consulting costs relating to the Fund's general ledger system upgrade undertaken to provide reporting enhancements in preparation for the Fund's transition to IFRS.

The Fund reported income before undernoted (“adjusted EBITDA”) for the three and nine months ended September 30, 2009 of \$47.3 million and \$121.8 million, respectively, as compared to income before undernoted of \$47.8 million and \$105.5 million, respectively, for the prior year periods. These changes were due to the aggregate effect of the factors described previously. The adjusted EBITDA figures for the 2009 periods include a one-time settlement loss of \$2.4 million relating to the wind-up of the Famous Players defined benefit pension plan.

### **Distributable Cash**

For the three months ended September 30, 2009, distributable cash per Fund unit was \$0.670 as compared to \$0.672 for the three months ended June 30, 2008. The declared distributions per Fund unit were \$0.315 for both the three months ended September 30, 2009 and 2008. The payout ratios were approximately 47% for each of these periods. During the twelve months ended September 30, 2009 and 2008, the Fund generated distributable cash of \$2.131 and \$1.664, respectively, as compared to declared distributions of \$1.260 and \$1.225, respectively. The payout ratios for these periods were approximately 59% and 74%, 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 Q3 2009, the Fund reported Adjusted EBITDA of \$47.3 million, and the Partnership reported Adjusted EBITDA of \$48.2 million.

### **Trustee Change**

Howard Beck, founding Trustee and Chairman of Cineplex Galaxy Income Fund, has decided to retire from the Chair position on the Board with Cineplex. Phyllis Yaffe has since been appointed as Chair of the Board.

This news release contains “forward-looking statements” within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in our Annual Information Form and in this news release. Those risks and uncertainties include adverse factors generally encountered in the film exhibition industry such as poor film product and unauthorized copying; the risks associated with national and world events, including war, terrorism, international conflicts, natural disasters, extreme weather conditions and infectious diseases; changes in income tax legislation; and general economic conditions. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. All forward-looking statements in this news release are qualified by these cautionary statements. These statements are made as of the date of this news release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex Entertainment, its financial or operating results or its securities.

### **About Cineplex Entertainment LP**

As the largest motion picture exhibitor in Canada, Cineplex Entertainment LP owns, leases or has a joint-venture interest in 130 theatres with 1,338 screens serving more than 63.5 million guests annually. Headquartered in Toronto, Canada, Cineplex Entertainment operates theatres from British Columbia to Quebec and is the largest exhibitor of digital, 3D and IMAX projection technologies in the country. Proudly Canadian and with a workforce of 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](http://www.cineplex.com).

Further information can be found in the disclosure documents filed by the Fund with the Canadian securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).

You are cordially invited to participate in a teleconference call with the management of the Partnership (TSX: CGX.UN) to review our quarterly results. **Ellis Jacob, Chief Executive Officer** and **Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Tuesday, November 10th, 2009  
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3419 or outside of Toronto dial 1-877-974-0446** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 4178321 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 4178321#. The replay will begin at 12:00 p.m. Eastern Time on Tuesday, November 10th, 2009 and end at 11:59 p.m. Eastern Time on Tuesday, November 17th, 2009.
- Note that media will be participating in the call in listen – only mode.
- Thank you in advance for your interest and participation.

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**For further information:**

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

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

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

**Reconciliation to Adjusted EBITDA**

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
<b>Net income</b>	<b>\$ 20,401</b>	<b>\$ 18,378</b>	<b>\$ 43,996</b>	<b>\$ 22,133</b>
Amortization	19,739	20,840	60,336	63,307
Interest and accretion expense on convertible debentures	1,912	1,887	5,596	5,550
Interest on long-term debt and capital lease obligations	4,088	3,912	12,131	13,417
Interest income	(60)	(223)	(261)	(616)
Provision for (recovery of) income taxes	1,162	(1,382)	882	(2,065)
	<b>47,242</b>	<b>43,412</b>	<b>122,680</b>	<b>101,726</b>
<b>EBITDA</b>				
Non-controlling interests	77	4,150	397	2,186
Extraordinary gain	(67)	-	(1,059)	-
(Gain) loss on disposal of assets	(13)	228	(192)	1,582
	<b>47,239</b>	<b>47,790</b>	<b>121,826</b>	<b>105,494</b>
<b>Adjusted EBITDA</b>	<b>\$ 47,239</b>	<b>\$ 47,790</b>	<b>\$ 121,826</b>	<b>\$ 105,494</b>

**Cineplex Galaxy Income Fund**  
**Interim Consolidated Supplemental Information**  
**(Unaudited)**

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

**Distributable Cash**

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Cash provided by operating activities	\$ 28,611	\$ 35,782	\$ 90,157	\$ 66,267
Less: Total capital expenditures	(10,534)	(13,412)	(33,672)	(28,039)
Standardized distributable cash	18,077	22,370	56,485	38,228
Less:				
Changes in operating assets and liabilities (i)	12,767	7,082	22,034	26,416
Tenant inducements (ii)	-	(736)	(7,052)	(3,001)
Principal component of capital lease obligations	(428)	(399)	(1,263)	(1,175)
Add:				
New build capital expenditures and other (iii)	8,037	10,280	26,276	20,255
Non-cash components in operating assets and liabilities (iv)	(180)	(164)	(519)	(488)
Distributable cash	\$ 38,273	\$ 38,433	\$ 95,961	\$ 80,235
Less: Non-controlling interests share of distributable cash	(167)	(9,238)	(1,745)	(19,340)
Distributable cash available to Fund unitholders	\$ 38,106	\$ 29,195	\$ 94,216	\$ 60,895
Average number of Fund units outstanding	56,900,680	43,414,217	56,111,494	43,374,731
Distributable cash per Fund unit	\$ 0.670	\$ 0.672	\$ 1.679	\$ 1.404

- (i) Changes in operating assets and liabilities are not considered a source or use of distributable cash.
- (ii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of distributable cash.
- (iii) New build capital expenditures and other represent expenditures on Board approved projects as well as any expenditures for digital equipment anticipated to be reimbursed by a third-party digital integrator, and exclude maintenance capital expenditures. The Partnership's revolving credit facility is available to the Fund for use to fund Board approved projects.
- (iv) Certain non-cash components of other assets and liabilities are indirectly excluded from distributable cash to the extent they reflect permanent, not timing differences. Such items include the amortization of deferred gains on sale-leaseback transactions and non-cash pension adjustments relating to the Fund's acquisition of the Partnership.

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

(expressed in thousands of Canadian dollars)

	<b>September 30, 2009 (unaudited)</b>	December 31, 2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 35,838	\$ 44,585
Accounts receivable	29,534	45,507
Inventories	3,826	4,014
Prepaid expenses and other current assets	9,723	3,733
	<hr/>	<hr/>
	78,921	97,839
<b>Property, equipment and leaseholds</b>	<b>435,862</b>	<b>455,885</b>
<b>Future income taxes</b>	<b>20,435</b>	<b>13,099</b>
<b>Deferred charges</b>	<b>854</b>	<b>953</b>
<b>Intangible assets</b>	<b>107,115</b>	<b>117,476</b>
<b>Goodwill</b>	<b>600,564</b>	<b>600,564</b>
	<hr/>	<hr/>
	\$ 1,243,751	\$ 1,285,816
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**Cineplex Galaxy Income Fund**  
**Interim Consolidated Balance Sheets ... continued**

(expressed in thousands of Canadian dollars)

	<b>September 30, 2009</b>	December 31, 2008
	(unaudited)	
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 65,902	\$ 86,140
Distributions payable	6,001	6,001
Income taxes payable	44	48
Deferred revenue	54,512	76,929
Capital lease obligations - current portion	1,921	1,700
	<hr/> <b>128,380</b>	<hr/> 170,818
<b>Long-term debt</b>	<b>233,309</b>	232,861
<b>Fair value of interest rate swap agreements</b>	<b>15,121</b>	20,628
<b>Capital lease obligations – long-term portion</b>	<b>31,647</b>	33,131
<b>Accrued pension benefit liability</b>	<b>1,867</b>	932
<b>Other liabilities</b>	<b>113,002</b>	108,380
<b>Convertible debentures - liability component</b>	<b>100,675</b>	99,834
	<hr/> <b>624,001</b>	<hr/> 666,584
<b>Non-controlling interests</b>	<b>2,713</b>	149,860
<b>Unitholders' equity</b>	<b>617,037</b>	469,372
	<hr/> <b>\$ 1,243,751</b>	<hr/> \$ 1,285,816

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

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
<b>Revenues</b>				
Box office	\$ 155,884	\$ 144,957	\$ 437,544	\$ 388,137
Concessions	77,995	71,520	215,346	190,272
Other	23,661	22,626	64,288	59,859
	<u>257,540</u>	<u>239,103</u>	<u>717,178</u>	<u>638,268</u>
<b>Expenses</b>				
Film cost	82,024	76,212	229,336	202,850
Cost of concessions	16,517	14,690	44,613	40,000
Occupancy	39,154	38,541	118,172	116,525
Other operating	58,801	52,370	165,317	144,334
General and administrative	13,805	9,500	37,914	29,065
	<u>210,301</u>	<u>191,313</u>	<u>595,352</u>	<u>532,774</u>
<b>Income before undernoted</b>	<b>47,239</b>	<b>47,790</b>	<b>121,826</b>	<b>105,494</b>
<b>Amortization</b>	<b>19,739</b>	<b>20,840</b>	<b>60,336</b>	<b>63,307</b>
<b>(Gain) loss on disposal of assets</b>	<b>(13)</b>	<b>228</b>	<b>(192)</b>	<b>1,582</b>
<b>Interest and accretion expense on convertible debentures</b>	<b>1,912</b>	<b>1,887</b>	<b>5,596</b>	<b>5,550</b>
<b>Interest on long-term debt and capital lease obligations</b>	<b>4,088</b>	<b>3,912</b>	<b>12,131</b>	<b>13,417</b>
<b>Interest income</b>	<b>(60)</b>	<b>(223)</b>	<b>(261)</b>	<b>(616)</b>
	<u>21,573</u>	<u>21,146</u>	<u>44,216</u>	<u>22,254</u>
<b>Income before income taxes, extraordinary gain and non-controlling interests</b>	<b>21,573</b>	<b>21,146</b>	<b>44,216</b>	<b>22,254</b>
<b>Provision for (recovery of) income taxes</b>				
Current	(2)	-	7	(4)
Future	1,164	(1,382)	875	(2,061)
	<u>1,162</u>	<u>(1,382)</u>	<u>882</u>	<u>(2,065)</u>
<b>Income before extraordinary gain and non-controlling interests</b>	<b>20,411</b>	<b>22,528</b>	<b>43,334</b>	<b>24,319</b>
Extraordinary gain	67	-	1,059	-
	<u>20,478</u>	<u>22,528</u>	<u>44,393</u>	<u>24,319</u>
<b>Income before non-controlling interests</b>	<b>20,478</b>	<b>22,528</b>	<b>44,393</b>	<b>24,319</b>
Non-controlling interests	77	4,150	397	2,186
	<u>20,401</u>	<u>18,378</u>	<u>43,996</u>	<u>22,133</u>
<b>Net income</b>	<b>\$ 20,401</b>	<b>\$ 18,378</b>	<b>\$ 43,996</b>	<b>\$ 22,133</b>

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

**For the nine months ended September 30, 2009**

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total Unitholders' equity	Comprehensive income
<b>Balance - December 31, 2008</b>	\$ 102,535	\$ (190,881)	\$ (88,346)	\$ (13,683)	\$ 571,401	\$ 469,372	\$ -
Issuance of Fund units under exchange agreement	-	-	-	-	150,935	150,935	-
LTIP compensation obligation	-	-	-	-	2,683	2,683	-
LTIP Fund units	-	-	-	-	(2,912)	(2,912)	-
Distributions declared	-	(53,288)	(53,288)	-	-	(53,288)	-
Net income	43,996	-	43,996	-	-	43,996	43,996
Other comprehensive income - interest rate swap agreements, net of \$961 of future income tax provision	-	-	-	6,251	-	6,251	6,251
<b>Comprehensive income for the period</b>	-	-	-	-	-	-	\$ 50,247
<b>Balance - September 30, 2009</b>	\$ 146,531	\$ (244,169)	\$ (97,638)	\$ (7,432)	\$ 722,107	\$ 617,037	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at September 30, 2009 is \$105,070.

**For the nine months ended September 30, 2008**

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive income	Unitholders' capital	Total Unitholders' equity	Comprehensive income
<b>Balance - December 31, 2007</b>	\$ 73,532	\$ (137,082)	\$ (63,550)	\$ 290	\$ 570,728	\$ 507,468	\$ -
Issuance of Fund units under exchange agreement	-	-	-	-	2,139	2,139	-
LTIP compensation obligation	-	-	-	-	1,845	1,845	-
LTIP Fund units	-	-	-	-	(3,691)	(3,691)	-
Distributions declared	-	(40,124)	(40,124)	-	-	(40,124)	-
Net income	22,133	-	22,133	-	-	22,133	22,133
Other comprehensive loss - interest rate swap agreements	-	-	-	(3,306)	-	(3,306)	(3,306)
<b>Comprehensive income for the period</b>	-	-	-	-	-	-	\$ 18,827
<b>Balance - September 30, 2008</b>	\$ 95,665	\$ (177,206)	\$ (81,541)	\$ (3,016)	\$ 571,021	\$ 486,464	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive income as at September 30, 2008 is \$84,557.

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

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 20,401	\$ 18,378	\$ 43,996	\$ 22,133
Adjustments to reconcile net income to net cash provided by operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	19,739	20,840	60,336	63,307
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(462)	(449)	(631)	(20)
Amortization of debt issuance costs	151	150	448	445
(Gain) loss on disposal of theatre assets	(13)	228	(192)	1,582
Future income taxes	1,164	(1,382)	875	(2,061)
Cash flow hedges - non-cash interest	81	(74)	129	1,310
Extraordinary gain	(67)	-	(1,059)	-
Non-controlling interests	77	4,150	397	2,186
Accretion of convertible debentures	307	287	840	800
Tenant inducements	-	736	7,052	3,001
Changes in operating assets and liabilities	(12,767)	(7,082)	(22,034)	(26,416)
	<b>28,611</b>	<b>35,782</b>	<b>90,157</b>	<b>66,267</b>
<b>Investing activities</b>				
Proceeds from sale of assets	100	54	496	2,453
Purchases of property, equipment and leaseholds	(10,534)	(13,412)	(33,672)	(28,039)
Cash acquired in exchanges of LP units	-	-	639	-
Theatre shutdown payment	-	(450)	-	(750)
Acquisition of Famous branded magazines	-	-	(231)	(387)
Acquisition of Onsite Media Network Inc., net of cash acquired	(42)	-	(1,702)	-
	<b>(10,476)</b>	<b>(13,808)</b>	<b>(34,470)</b>	<b>(26,723)</b>
<b>Financing activities</b>				
Distributions paid	(17,921)	(13,676)	(51,872)	(39,889)
Distributions paid by the Partnership to non-controlling interests	(82)	(4,327)	(2,136)	(12,690)
Borrowings under credit facility	3,000	3,000	30,000	13,000
Repayment of credit facility	(3,000)	(3,000)	(30,000)	(13,000)
Payments under capital leases	(428)	(399)	(1,263)	(1,175)
Acquisition of LTIP fund units	-	-	(9,163)	(6,887)
	<b>(18,431)</b>	<b>(18,402)</b>	<b>(64,434)</b>	<b>(60,641)</b>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>(296)</b>	<b>3,572</b>	<b>(8,747)</b>	<b>(21,097)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>36,134</b>	<b>19,585</b>	<b>44,585</b>	<b>44,254</b>
<b>Cash and cash equivalents - End of year</b>	<b>\$ 35,838</b>	<b>\$ 23,157</b>	<b>\$ 35,838</b>	<b>\$ 23,157</b>
<b>Supplemental Information</b>				
Cash paid for interest	\$ 3,374	\$ 3,194	\$ 12,503	\$ 13,117
Cash paid for income taxes - net	-	-	11	15
Cash received for interest	43	217	237	595