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## CINEPLEX GALAXY INCOME FUND Reports Second Quarter Results

**TORONTO, CANADA**, August 6, 2008 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released the financial results of Cineplex Entertainment Limited Partnership (the “Partnership”) for the second quarter of 2008.

### Year to Date June 30, 2008 Results

	Six months ended June 30, 2008	Six months ended June 30, 2007	Period over Period Change
<b>Total Revenues</b>	\$399.2 million	\$378.5 million	+5.5%
<b>Attendance</b>	30.3 million	28.9 million	+4.6%
<b>Other Revenue</b>	\$37.2 million	\$33.5 million	+11.3%
<b>Net Income</b>	\$4.4 million	\$4.5 million	-2.4%
<b>Adjusted EBITDA</b>	\$59.8 million	\$59.7 million	+0.1%
<b>Adjusted EBITDA Margin</b>	15.0%	15.8%	-0.8%
<b>Distributable Cash Per Unit</b>	\$0.7309	\$0.7131	+2.5%

### Second Quarter Results

	Three months ended June 30, 2008	Three months ended June 30, 2007	Period over Period Change
<b>Total Revenues</b>	\$209.3 million	\$199.9 million	+4.7%
<b>Attendance</b>	15.6 million	15.1 million	+3.9%
<b>Other Revenue</b>	\$20.9 million	\$20.1 million	+4.3%
<b>Net Income</b>	\$5.0 million	\$8.3 million	-39.0%
<b>Adjusted EBITDA</b>	\$33.6 million	\$35.0 million	-4.1%
<b>Adjusted EBITDA Margin</b>	16.0%	17.5%	-1.5%
<b>Distributable Cash Per Unit</b>	\$0.4029	\$0.4337	-7.1%

“Cineplex’ box office, concession and other revenues were all ahead this quarter versus last year which is especially compelling considering that Q2 2007 was a record setting quarter for us,” said Ellis Jacob, President and CEO Cineplex Entertainment. “Total revenues were up 4.7% to \$209.3 million, with concession revenues up 3.7%, other revenues up 4.3% and attendance up 3.9%. Cineplex Media revenue was up 1.8% this quarter, and 15.1% on a year to date basis and remains in line with our previously announced full year growth target of 15%. Our strategic focus has been to grow attendance and purchase incidence both in terms of theatre visits and concession purchases and these results reflect the success of that strategy.” Jacob continued, “Our management team is focused on driving results from our existing business while simultaneously investing in our future growth via our expanding SCENE loyalty program, our Cineplex Media business, and our interactive business cineplex.com. We believe this investment in our future comes with current costs that will deliver strong results and enhance overall revenues for the future. As a result of this continued investment in growth, and certain other specific items, net income was negatively impacted during the quarter.”

“We are also pleased to announce that our SCENE program reached the 1 million member mark on July 22, only 14 months after its national launch,” said Jacob. “This is quite an achievement considering our 12 month target was 500,000 members. Our guests have clearly embraced the program because they continue to earn and redeem points regularly for movies, concession items and promotional programs.”

For the three months ended June 30, 2008 adjusted EBITDA decreased 4.1% to \$33.6 million. Adjusted EBITDA margin was 16.0% compared to 17.5% in the prior period. The decrease was primarily due to an increase in film cost as a percentage of box office revenue due to the mix of film product during the quarter, higher Long Term Incentive Plan costs, incremental costs related to new business initiatives and the introduction of point of sale gift cards in major retail outlets.

Net income for the three months ended June 30, 2008 decreased \$3.3 million to \$5.0 million as a result of the above factors and increased amortization expense of \$0.7 million due to new and acquired theatres, higher interest expense of \$0.5 million primarily due to an increase in non-cash interest expense relating to the accounting for interest rate swaps of \$1.6 million partially offset by a reduction in cash interest expenses of \$0.9 million and the benefit related to a non-controlling interest of \$0.6 million in the prior year.

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, gains or losses on disposal of theatre assets and income or losses from discontinued operations. Distributable cash is a non-GAAP measure generally used in Canadian open-ended trusts, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. Management uses adjusted EBITDA and distributable cash to evaluate performance primarily because of the significant effect certain unusual or non-recurring charges and other items have on EBITDA from period to period. For a detailed reconciliation of net income to EBITDA and adjusted EBITDA and from cash used in operating activities to distributable cash, please refer to Cineplex's management's discussion and analysis filed on [www.sedar.com](http://www.sedar.com).

## **Second Quarter Results**

Box office revenues for the three months ended June 30, 2008 increased \$6.3 million, or 5.2%, to \$126.4 million. Canadian industry box office was up approximately 1.6% (source: Motion Picture Theatre Associations of Canada) for the second quarter of 2008 due to the strong performance of Iron Man, Indiana Jones and the Kingdom of the Crystal Skull, Sex and the City, and stronger overall film product in the second quarter of 2008 as compared to the prior year. Box office revenues are primarily dependent on paid attendance to the Partnership's theatres, which was 15.6 million patrons in the second quarter of 2008, an increase of 3.9% over the second quarter of 2007. The average box office revenue per patron of the Partnership increased \$0.10 from \$7.98 in the second quarter of 2007 to \$8.08 in 2008. The acquisition of the three Cinema City branded locations, second run theatres which employ a discounted ticket price strategy, reduced the Partnership's average box office revenue per patron for the second quarter of 2008. Excluding the three Cinema City locations purchased in July 2007 and therefore not included in the prior year comparatives, the average box office per patron of the Partnership was \$8.17. This increase in box office revenue per patron is driven by a higher proportion of ticket sales to adults during the period as compared to 2007, where the top three films during the period (Spiderman 3, Shrek the Third and Pirates of the Caribbean: At World's End) drove relatively more child ticket sales. The increase in box office revenues was due to higher average ticket prices at same-store locations (\$2.7 million), increased same store attendance levels (\$0.7 million), and an increase due to new and acquired theatres (\$3.0 million), offset by the impact of disposed theatres (\$0.1 million). Further impacting the box office per patron was the introduction of the "Big Ticket Tuesday" program in some locations during the second quarter of 2007, the Partnership's discounted admission and concession offering available in certain markets, as well as the offering of reward admissions under the SCENE loyalty program.

Concession revenues for the three months ended June 30, 2008 increased \$2.2 million, or 3.7%, to \$62.0 million. The increase was due to increased same store attendance levels (\$0.4 million) and additional revenues from the operation of new and acquired theatres (\$2.0 million), offset by decreased average concession revenues per patron at same-store locations (\$0.1 million) and by the impact of disposed theatres (\$0.1 million). The average concession revenue per patron of the Partnership was \$3.97 for both the three months ended June 30, 2008 and 2007. The average concession revenue per patron for the three months ended June 30, 2007 benefited from the top three films in the period (discussed above) which catered to the strong concession purchasing family demographic. The average concession revenue per patron for the three months ended June 30, 2008 was affected by the film product, which catered to more mature audiences which tend not to be as strong concession purchasers, but benefited from price increases on certain products effective June 1, 2008. Excluding the three Cinema City locations, and the impact of the SCENE loyalty program, the average concession revenue per patron was \$4.04.

The SCENE loyalty program was implemented during 2007 to drive incremental attendance and concession purchase incidence. Benefits of the program are reflected in box office and concession revenue respectively. Membership in the SCENE loyalty program as at June 30, 2008 was approximately 942,000, an increase of approximately 182,000 during the quarter and 324,000 year-to-date. Management believes concession revenue has increased due to the higher attendance associated with the introduction of the "Big Ticket Tuesday" program as well as the 10% discount offered to

members of the SCENE loyalty program which drives increased sales incidence among SCENE members. SCENE announced on July 22, 2008 that it had reached the one million member mark.

Other revenues for the three months ended June 30, 2008 increased \$0.9 million over the same period in 2007, or 4.3%, to \$20.9 million. Media revenue increased 1.8% in the second quarter of 2008 over the same period in the prior year and increased 15.1% over the prior year for the six months ended June 30, 2008. Media results for the second quarter of 2007 were driven by the strong media demand as a result of the highly anticipated May 2007 blockbuster franchise films Spiderman 3, Shrek the Third and Pirates of the Caribbean: At World's End resulting in a difficult quarterly comparative. Games revenue decreased 13.0% due to the slate of films targeting more mature audiences in the second quarter of 2008 compared to the films drawing family audiences in the same period in the prior year. Other revenues increased 16.0% due to higher breakage revenues associated with increased sales of gift cards and corporate coupons as compared to the prior period.

Film cost for the three months ended June 30, 2008 increased \$4.3 million to \$67.7 million due to the mix of film product during the quarter. Film cost varies primarily with box office revenue. As a percentage of box office revenue, film cost was 53.6% for the three months ended June 30, 2008 and 52.8% for the three months ended June 30, 2007.

Cost of concessions for the three months ended June 30, 2008 increased \$0.7 million to \$13.7 million. Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The increase in cost of concessions was due to increased same-store concession sales (\$0.3 million) and the additional costs from the operation of new and acquired theatres (\$0.4 million). As a percentage of concession revenues, cost of concessions increased from 21.7% for the three months ended June 30, 2007, to 22.0% for the three months ended June 30, 2008. This increase was driven by the 10% discount offered to members of the SCENE loyalty program, which accounted for a 0.25% increase in the cost of concessions during the second quarter of 2008 as compared to the prior year, and the slate of films catering to more mature audiences driving the sale of lower margin concession items.

Occupancy expense for the three months ended June 30, 2008 increased \$0.7 million to \$37.7 million. The increase was primarily due to incremental costs associated with new and acquired theatres (\$1.2 million), offset by the impact of disposed theatres (\$0.5 million). Occupancy expense for the three months ended June 30, 2008 includes \$1.3 million in one-time benefits related to the settlement of lease related amounts. A similar amount was included in the three months ended June 30, 2007. The impact of changes in same-store rent and real estate taxes was nominal.

Other operating expenses for the three months ended June 30, 2008 increased \$3.7 million to \$46.7 million. The increase in other operating expenses was due to the incremental impact of costs associated with new and acquired theatres (\$1.3 million), operating costs associated with the SCENE loyalty program and development costs of the Partnership's interactive business (\$0.4 million) and increased operating costs (\$2.2 million) due to variable costs and inflationary increases and increased business volumes including increased card costs and commissions relating to the increased sales of gift cards and coupons, minimum wage increases, as well as increased utility costs due to rising energy prices, partially offset by the impact of disposed theatres (\$0.2 million). The costs related to operating and growing the SCENE loyalty program and the development costs of the Partnership's interactive business were \$1.9 million in the second quarter of 2008.

General and administrative costs increased \$1.5 million to \$9.9 million for the three months ended June 30, 2008, primarily as a result of increased costs under the Partnership's Long Term Incentive Plan ("LTIP") (\$0.8 million), higher pension costs resulting from the Partnership's defined benefit plan's lower than expected return on plan assets (\$0.2 million) and increased direct costs (\$0.5 million). The Partnership's defined benefit pension plan is in the process of being wound up.

The Partnership reported income before undernoted ("adjusted EBITDA") for the three and six months ended June 30, 2008 of \$33.6 million and \$59.8 million, respectively, as compared to income before undernoted of \$35.0 million and \$59.7 million for the three and six months ended June 30, 2007. This change was due to the aggregate effect of the factors described above.

### **Distributable Cash**

For the second quarter, distributable cash per unit was \$0.4029 as compared to \$0.4337 reported in the second quarter of 2007. The declared distributions per unit for this period were \$0.3100 and \$0.2958 for the same period in 2007.

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**

Headquartered in Toronto, Canada, Cineplex Entertainment LP owns, leases or has a joint-venture interest in 132 theatres with 1,337 screens serving approximately 61 million guests annually. Cineplex Entertainment LP is the largest motion picture exhibitor in Canada operating theatres with the following brands: Cineplex Odeon, Galaxy and Famous Players (including Coliseum, Colossus and SilverCity), Cinema City and Scotiabank Theatres. The units of Cineplex Galaxy Income Fund, which owns approximately 76% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange (symbol CGX.UN). For more information, visit us at [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 second quarter. **Ellis Jacob, Chief Executive Officer** and **Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Wednesday, August 6th, 2008  
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3416 or outside of Toronto dial 1-800-733-7560** at least five to ten minutes prior to 10:00 a.m. Eastern Time on Wednesday, August 6th, 2008.

- 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 21278048#. The replay will begin at 12:00 p.m. ET on Wednesday, August 6th, 2008 and end at 11:59 p.m. ET on Wednesday, August 13, 2008.
- 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 Entertainment Limited Partnership**  
**Consolidated Supplemental Information**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

**Reconciliation to Adjusted EBITDA**

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
<b>Net income</b>	\$ 5,040	\$ 8,264	\$ 4,382	\$ 4,489
Amortization	17,138	16,478	34,012	32,752
Interest on long-term debt and capital lease obligations	7,148	6,604	13,988	14,110
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	7,000	7,000
Interest income	(89)	(223)	(375)	(475)
Income tax recovery	(188)	(20)	(601)	(485)
<b>EBITDA</b>	<b>32,549</b>	<b>34,603</b>	<b>58,406</b>	<b>57,391</b>
Non-controlling interest	-	(561)	-	(561)
Loss on disposal of theatre assets	1,043	1,002	1,354	2,869
<b>Adjusted EBITDA</b>	<b>\$ 33,592</b>	<b>\$ 35,044</b>	<b>\$ 59,760</b>	<b>\$ 59,699</b>

**Cineplex Entertainment Limited Partnership**  
**Consolidated Supplemental Information**  
**(Unaudited)**

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

**Distributable Cash**

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Cash provided by (used in) operating activities	\$ 18,180	\$ 11,539	\$ 23,460	\$ (2,552)
Less: Total capital expenditures	(6,810)	(9,480)	(14,627)	(14,408)
Standardized distributable cash	11,370	2,059	8,833	(16,960)
Less:				
Changes in operating assets and liabilities (i)	5,560	15,195	18,118	43,786
Tenant inducements (ii)	(447)	(2,535)	(2,265)	(3,152)
Principal component of capital lease obligations	(392)	(364)	(776)	(721)
Add:				
New build capital expenditures and other (iii)	2,992	6,506	9,975	9,939
Interest on loan from Cineplex Galaxy Trust (iv)	3,500	3,500	7,000	7,000
Non cash components in operating assets and liabilities (v)	444	405	889	826
Expenses funded through integration and restructuring reserve (vi)	-	21	-	37
Distributable cash	\$ 23,027	\$ 24,787	\$ 41,774	\$ 40,755
Number of LP Units outstanding (vii)	57,150,687	57,150,421	57,150,687	57,150,421
Distributable cash per LP Unit	\$ 0.4029	\$ 0.4337	\$ 0.7309	\$ 0.7131

- (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 for use to fund Board approved projects. Certain integration related capital expenditures are funded out of reserve funds established on November 26, 2003 and July 22, 2005.
- (iv) Subject to "Catch-up Payment" provision and is considered part of distributable cash.
- (v) Certain non-cash components of other assets and liabilities are indirectly excluded from distributable cash to the extent they reflect permanent, not timing differences. Such items include the accretion of the liability component of the Class C LP Units and amortization of deferred gains on sale-leaseback transactions.
- (vi) Amounts financed by the \$25.0 million reserve set up upon completion of the acquisition of Famous Players are not considered a use of distributable cash.
- (vii) Excluding the unconverted Class C LP Units.

**Cineplex Entertainment Limited Partnership**  
**Interim Consolidated Balance Sheets**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 18,212	\$ 42,906
Accounts receivable	34,971	45,322
Inventories	3,304	3,026
Prepaid expenses and other current assets	9,814	4,584
Due from related parties	6	6
	<hr/>	<hr/>
	<b>66,307</b>	<b>95,844</b>
<b>Property, equipment and leaseholds</b>	<b>405,196</b>	<b>420,884</b>
<b>Fair value of interest rate swap agreements</b>	<b>811</b>	<b>1,523</b>
<b>Future income taxes</b>	<b>6,423</b>	<b>5,825</b>
<b>Deferred charges</b>	<b>1,019</b>	<b>1,085</b>
<b>Intangible assets</b>	<b>50,039</b>	<b>52,815</b>
<b>Goodwill</b>	<b>200,037</b>	<b>200,037</b>
	<hr/>	<hr/>
	<b>\$ 729,832</b>	<b>\$ 778,013</b>

**Cineplex Entertainment Limited Partnership**  
**Interim Consolidated Balance Sheets ... continued**  
**(Unaudited)**

(expressed in thousands of Canadian dollars)

	June 30, 2008	December 31, 2007
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 68,590	\$ 80,779
Distributions payable	4,834	4,548
Income taxes payable	50	65
Deferred revenue	52,828	64,610
Capital lease obligations - current portion	1,639	1,581
	<hr/> 127,941	151,583
<b>Long-term debt</b>	232,560	232,265
<b>Fair value of interest rate swap agreements</b>	1,036	-
<b>Capital lease obligations – long-term portion</b>	33,997	34,831
<b>Due to Cineplex Galaxy Trust</b>	100,000	100,000
<b>Accrued pension benefit liability</b>	1,369	1,109
<b>Other liabilities</b>	149,150	150,162
<b>Class C Limited Partnership units – liability component</b>	103,554	102,231
	<hr/> 749,607	772,181
<b>Partners' (Deficiency) Equity</b>	<hr/> (19,775)	5,832
	<hr/> \$ 729,832	\$ 778,013

**Cineplex Entertainment Limited Partnership**  
**Interim Consolidated Statements of Operations**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
<b>Revenue</b>				
Box office	\$ 126,357	\$ 120,066	\$ 243,180	\$ 232,953
Concessions	62,031	59,792	118,752	112,116
Other	20,936	20,083	37,233	33,468
	<u>209,324</u>	<u>199,941</u>	<u>399,165</u>	<u>378,537</u>
<b>Expenses</b>				
Film cost	67,706	63,445	126,638	120,322
Cost of concessions	13,657	12,955	25,310	23,378
Occupancy	37,714	37,023	76,037	73,655
Other operating	46,712	43,042	91,964	84,696
General and administrative	9,943	8,432	19,456	16,787
	<u>175,732</u>	<u>164,897</u>	<u>339,405</u>	<u>318,838</u>
<b>Income before undernoted</b>	<b>33,592</b>	<b>35,044</b>	<b>59,760</b>	<b>59,699</b>
<b>Amortization</b>	<b>17,138</b>	<b>16,478</b>	<b>34,012</b>	<b>32,752</b>
<b>Loss on disposal of theatre assets</b>	<b>1,043</b>	<b>1,002</b>	<b>1,354</b>	<b>2,869</b>
<b>Interest on long-term debt and capital lease obligations</b>	<b>7,148</b>	<b>6,604</b>	<b>13,988</b>	<b>14,110</b>
<b>Interest on loan from Cineplex Galaxy Trust</b>	<b>3,500</b>	<b>3,500</b>	<b>7,000</b>	<b>7,000</b>
<b>Interest income</b>	<b>(89)</b>	<b>(223)</b>	<b>(375)</b>	<b>(475)</b>
<b>Income before income taxes and non-controlling interest</b>	<b>4,852</b>	<b>7,683</b>	<b>3,781</b>	<b>3,443</b>
<b>Provision for (recovery of) income taxes</b>				
Current	1	5	(4)	11
Future	(189)	(25)	(597)	(496)
	<u>(188)</u>	<u>(20)</u>	<u>(601)</u>	<u>(485)</u>
<b>Income before non-controlling interest</b>	<b>5,040</b>	<b>7,703</b>	<b>4,382</b>	<b>3,928</b>
Non-controlling interest	-	(561)	-	(561)
<b>Net income</b>	<b>\$ 5,040</b>	<b>\$ 8,264</b>	<b>\$ 4,382</b>	<b>\$ 4,489</b>

**Cineplex Entertainment Limited Partnership**  
**Interim Consolidated Statements of Partners' (Deficiency) Equity and Comprehensive Income**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

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

	Accumulated earnings	Accumulated distributions	Accumulated distributions in excess of accumulated earnings	Accumulated other comprehensive income (loss)	Partners' capital	Formation of Partnership deficit	Total Partners' deficiency	Comprehensive income
<b>Balance - December 31, 2007</b>	\$ 84,338	\$ (194,026)	\$ (109,688)	\$ 974	\$ 262,341	\$ (147,795)	\$ 5,832	\$ -
Distributions declared	-	(27,862)	(27,862)	-	-	-	(27,862)	-
Investment in Cineplex Galaxy Income Fund units	-	-	-	-	(3,691)	-	(3,691)	-
LTIP compensation obligation	-	-	-	-	1,928	-	1,928	-
Net income	4,382	-	4,382	-	-	-	4,382	4,382
Other comprehensive loss - interest rate swap agreements	-	-	-	(364)	-	-	(364)	(364)
<b>Comprehensive income</b>	-	-	-	-	-	-	-	\$ 4,018
<b>Balance - June 30, 2008</b>	\$ 88,720	\$ (221,888)	\$ (133,168)	\$ 610	\$ 260,578	\$ (147,795)	\$ (19,775)	\$ -

The sum of accumulated distributions in excess of accumulated earnings and accumulated other comprehensive loss as at June 30, 2008 is \$132,558.

**For the six months ended June 30, 2007**

	Accumulated earnings	Accumulated distributions	Accumulated distributions in excess of accumulated earnings	Accumulated other comprehensive income	Partners' capital	Formation of Partnership deficit	Total Partners' equity	Comprehensive income
<b>Balance - January 1, 2007</b>	\$ 57,867	\$ (140,405)	\$ (82,538)	\$ 2,427	\$ 262,774	\$ (147,795)	\$ 34,868	\$ -
Distributions declared	-	(26,330)	(26,330)	-	-	-	(26,330)	-
Investment in Cineplex Galaxy Income Fund units	-	-	-	-	(1,677)	-	(1,677)	-
LTIP compensation obligation	-	-	-	-	899	-	899	-
Net income	4,489	-	4,489	-	-	-	4,489	4,489
Other comprehensive income - interest rate swap agreements	-	-	-	1,924	-	-	1,924	1,924
<b>Comprehensive income</b>	-	-	-	-	-	-	-	\$ 6,413
<b>Balance - June 30, 2007</b>	\$ 62,356	\$ (166,735)	\$ (104,379)	\$ 4,351	\$ 261,996	\$ (147,795)	\$ 14,173	\$ -

The sum of accumulated distributions in excess of accumulated earnings and accumulated other comprehensive income as at June 30, 2007 is \$100,028.

**Cineplex Entertainment Limited Partnership**  
**Interim Consolidated Statements of Cash Flows**  
**(Unaudited)**

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

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 5,040	\$ 8,264	\$ 4,382	\$ 4,489
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	17,138	16,478	34,012	32,752
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(763)	(522)	(1,517)	(969)
Amortization of debt issuance costs	148	264	295	450
Loss on disposal of theatre assets	1,043	1,002	1,354	2,869
Future income taxes	(189)	(25)	(597)	(496)
Cash flow hedges - non cash interest	876	(701)	1,384	(452)
Non-controlling interest	-	(561)	-	(561)
Tenant inducements	447	2,535	2,265	3,152
Changes in operating assets and liabilities	(5,560)	(15,195)	(18,118)	(43,786)
	<b>18,180</b>	<b>11,539</b>	<b>23,460</b>	<b>(2,552)</b>
<b>Investing activities</b>				
Proceeds from sale of theatre assets	741	2	2,399	2,477
Purchases of property, equipment and leaseholds	(6,810)	(9,480)	(14,627)	(14,408)
Theatre shutdown payment	(300)	-	(300)	(1,445)
Lease guarantee payment and acquisition of theatre assets	-	-	-	(4,500)
Acquisition of Famous branded magazines	-	-	(387)	(406)
	<b>(6,369)</b>	<b>(9,478)</b>	<b>(12,915)</b>	<b>(18,282)</b>
<b>Financing activities</b>				
Distributions paid	(13,931)	(13,165)	(27,576)	(26,090)
Borrowings under credit facility	10,000	17,000	10,000	38,000
Repayment of credit facility	(10,000)	(12,000)	(10,000)	(23,000)
Payments under capital leases	(392)	(364)	(776)	(721)
Investment in Cineplex Galaxy Income Fund units	-	-	(6,887)	(2,702)
	<b>(14,323)</b>	<b>(8,529)</b>	<b>(35,239)</b>	<b>(14,513)</b>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(2,512)</b>	<b>(6,468)</b>	<b>(24,694)</b>	<b>(35,347)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>20,724</b>	<b>27,504</b>	<b>42,906</b>	<b>56,383</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 18,212</b>	<b>\$ 21,036</b>	<b>\$ 18,212</b>	<b>\$ 21,036</b>
<b>Supplemental Information</b>				
Cash paid for interest	\$ 6,848	\$ 8,111	\$ 13,773	\$ 16,488
Class C LP distributions paid and classified as interest	3,160	3,161	3,160	3,161
Cash paid for income taxes - net	15	5	15	11