



FOR IMMEDIATE RELEASE

**CINEPLEX GALAXY INCOME FUND
Reports First Quarter Results**

TORONTO, CANADA, May 4, 2006 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released the financial results of Cineplex Entertainment Limited Partnership (the “Partnership”), for the first quarter of 2006.

First Quarter Results

- **Distributable income per unit for the quarter increased 6.7% to \$0.1823 from \$0.1709 reported in the prior year.**
- **Total revenues for the quarter were \$162.7 million compared to \$70.0 million reported for 2005 and \$157.6 million on a pro forma basis for 2005.**
- **Adjusted EBITDA for the quarter was \$18.3 million compared to \$10.8 million reported for 2005 and \$6.5 million on a pro forma basis for 2005.**
- **Adjusted EBITDA margin for the quarter was 11.2% compared to 4.1% on a pro forma basis for 2005.**

“The first quarter demonstrates a positive change in industry box office revenues with an increase of approximately 2% over the first quarter of 2005. This is good news and I think sets the tone for this year’s box office performance versus last year,” said Ellis Jacob, President and CEO. “Cineplex continues to realize synergies and identify other revenue growth and cost reduction opportunities resulting from the integration of the Cineplex Galaxy and Famous Players businesses. The Quebec theatre divestiture was completed in the first quarter, pursuant to our agreement with the Commissioner of Competition. Changes made to our concession sizing and pricing in Q4 2005 are now bearing fruit, as demonstrated by our new record concession revenue per patron of \$3.72 versus \$3.37 for the prior year on a pro forma basis.”

First Quarter Results

Total revenues for the first quarter increased to \$162.7 million for the quarter from \$70.0 million reported and \$157.6 million on a pro forma basis for the prior year. The contribution from Famous Players to total revenues for the quarter was \$87.2 million. Same store box office revenues increased 2.3%. With the inclusion of the Famous Players locations, our combined average ticket price was \$7.81 for the quarter versus \$7.34 reported and \$7.76 on a pro forma basis for the prior year.

Our combined average concession revenue per patron amount of \$3.72 represented a new quarterly record. Other income of \$10.6 million compared to \$4.9 million reported and \$12.2 million on a pro forma basis for the prior year. Other income for the quarter was adversely impacted versus the pro forma as a result of the standardization and net extension of expiry dates on the Partnership’s gift certificate and discount ticket programs and modifications to the structuring of game supplier relationships. Revenues from our media business, which accounted for 58% of our other income in the first quarter of 2006 increased 10.7% over the pro forma results for the prior year.

Adjusted EBITDA for the first quarter increased to \$18.3 million from a reported Adjusted EBITDA of \$10.8 million and a pro forma Adjusted EBITDA of \$6.5 million for the prior year. The Adjusted EBITDA margin of 11.2% increased significantly from the 4.1% on a pro forma basis for the prior year.

EBITDA is not an earnings measure recognized by generally accepted accounting principles and does not have a standardized meaning in accordance with such principles. Therefore, EBITDA 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, loss on extinguishment of debt, impairment of long-lived assets, gains or losses on disposal of theatre assets and income from discontinued operations.

Distributable Income

For the traditionally weak first quarter, distributable income per unit increased 6.7% to \$0.1823 as compared to \$0.1709 reported in the prior year. The declared distributions per unit for this period were \$0.2874..

Divestiture and Synergy Update

During the first quarter, the Partnership announced the sale of seven theatres in the province of Quebec completing the required divestitures of 34 theatres in the regions of Quebec, Ontario and Western Canada pursuant to a consent agreement with Canada's Commissioner of Competition. The total proceeds of approximately \$85 million from the divestiture of the 34 theatres were in line with our expectations.

In addition, the Partnership currently expects to achieve approximately \$30 million in annual recurring synergies resulting from the acquisition of Famous Players. The \$30 million in annualized synergies are expected to be implemented as of the end of the second quarter of 2006.

About Cineplex Entertainment

The Partnership owns, leases or has a joint-venture interest in 129 theatres with 1,269 screens and is the largest motion picture exhibitor in Canada. The Partnership operates theatres with the following six top-tier brands: Cineplex Odeon, Galaxy and Famous Players including: Coliseum, Colossus and SilverCity. Proudly Canadian, the units of Cineplex Galaxy Income Fund, which owns approximately 50.6% of Cineplex Entertainment LP, is traded on the Toronto Stock Exchange under the symbol CGX.UN. More information can be found at 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.

This news release contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning synergies and divestitures and similar 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; risks associated with integrating Famous Players; the risks associated with world events, including war, terrorism, international conflicts, natural disasters, extreme weather conditions and infectious diseases; 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.

You are cordially invited to participate in a teleconference call with the management of Cineplex Entertainment LP (TSX: CGX.UN) to review the Company's first quarter. **Ellis Jacob, Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Thursday, May 4, 2006
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3414 or outside of Toronto dial 1-866-249-1964** at least five to ten minutes prior to 10:00 a.m. Eastern Time on Thursday, May 4, 2006.

- 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 21184656#. The replay will begin at 1:00 p.m. ET on Thursday, May 4, 2006 and end at 11:59 p.m. ET on Friday, May 13, 2006.
- 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:

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

or

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

Cineplex Entertainment Limited Partnership
Consolidated Supplemental Information
Consolidated Statements of Operations (including Pro Forma)
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2006	Pro Forma Three months ended March 31, 2005	Three months ended March 31, 2005
Revenue		(i)	
Box office	\$ 103,014	\$ 101,392	45,767
Concessions	49,032	44,001	19,396
Other	10,616	12,209	4,874
	<u>162,662</u>	<u>157,602</u>	<u>70,037</u>
Expenses			
Film cost	51,307	50,679	23,086
Cost of concessions	9,696	8,392	4,024
Occupancy	37,025	37,902	12,063
Other theatre operating expenses	38,269	43,744	15,004
General and administrative	8,083	14,150	4,893
Management fee	-	153	153
	<u>144,380</u>	<u>155,020</u>	<u>59,223</u>
Income before undernoted	18,282	2,582	10,814
Amortization	15,238	17,333	6,213
Loss (gain) on disposal of theatre assets	184	(33)	-
Interest on long-term debt and capital lease obligations	7,414	7,484	2,206
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	3,500
Interest income	(104)	(197)	(118)
Loss before income taxes, non-controlling interest & discontinued operations	(7,950)	(25,505)	(987)
Provision for current income taxes	55	55	55
Loss before non-controlling interest and discontinued operations	(8,005)	(25,560)	(1,042)
Non-controlling interest	(37)	(327)	-
Loss from continuing operations	(7,968)	(25,887)	(1,042)
(Loss) Income from discontinued operations	(958)	(875)	843
Net loss for the period	\$ (8,926)	\$ (26,762)	(199)

(i) as previously disclosed in a Short Form Prospectus dated July 11, 2005

Cineplex Entertainment Limited Partnership
Consolidated Supplemental Information
(Unaudited)

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

Reconciliation to Adjusted EBITDA

	Three months ended March 31,		
	2006	Pro Forma 2005	2005
Net income	(\$8,926)	(\$26,762)	(\$199)
Amortization	15,238	17,333	6,213
Interest on long-term debt	7,414	7,484	2,206
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	3,500
Interest income	(104)	(197)	(118)
Income tax expense	55	55	55
EBITDA	\$17,177	\$1,413	\$11,657
Non-controlling interest	(37)	327	-
(Loss) income from discontinued operations	958	875	(843)
Loss (gain) on disposal of theatre assets	184	(33)	-
Lease shutdown costs	-	3,900	-
Adjusted EBITDA	\$18,282	\$6,482	\$10,814

Cineplex Entertainment Limited Partnership

Consolidated Supplemental Information

(Unaudited)

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

Distributable Income

	For the three months ended	
	March 31,	
	<u>2006</u>	<u>2005</u>
Cash used in operating activities (i)	(\$24,119)	(\$1,566)
Less: Changes in operating assets and liabilities (ii)	32,458	8,116
Tenant Inducements (iii)	(974)	(1,291)
Capital lease payments	(327)	-
Maintenance capital expenditures (iv)	(849)	(630)
Add: Interest on loan from Cineplex Galaxy Trust (v)	3,500	3,500
Non cash components in operating assets and liabilities (vi)	320	-
Expenses funded through integration and restructuring reserve (vii)	44	-
Distributable cash	<u>\$10,053</u>	<u>\$8,129</u>
Number of LP Units outstanding	55,150,421	47,566,974
Distributable cash per LP Unit	\$0.1823	\$0.1709

- (i) Comparative amounts for tenant inducements have been reclassified from a financing activity to an operating activity in the consolidated statements of cash flows to conform to the current year's financial statement presentation.
- (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 flow.
- (iv) Maintenance capital expenditures are funded out of distributable income. Board approved projects are funded out of the Partnership's Development facility. Certain integration related capital expenditures are funded out of reserve funds established on November 26, 2003 and July 22, 2005.
- (v) Subject to "Catch-up Payment" provision and is considered part of distributable cash.
- (vi) Reflects non-cash expenses including accretion on Class C LP Units, amortization of deferred gain on RioCan sale-leaseback transaction and amortization of swap on extinguished debt.
- (vii) Amounts financed by the \$25 million reserve set up upon completion of the acquisition of Famous Players are not considered a use of distributable cash flow.

Cineplex Entertainment Limited Partnership

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	As at March 31 , 2006 (Unaudited)	As at December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	\$ 20,135	\$ 45,190
Accounts receivable	22,913	21,752
Inventories	3,945	4,162
Prepaid expenses and other current assets	7,768	3,803
Due from related parties	32	32
Assets held for sale - current	1,012	789
	<u>55,805</u>	<u>75,728</u>
Property, equipment and leaseholds	440,028	435,002
Goodwill	201,009	206,218
Intangible assets	62,085	63,464
Future income taxes	5,539	5,539
Deferred charges	8,954	9,319
Assets held for sale	<u>2,357</u>	<u>3,481</u>
	<u>\$ 775,777</u>	<u>\$ 798,751</u>

Cineplex Entertainment Limited Partnership

Consolidated Balance Sheets ... *continued*

As at December 31, 2005

(expressed in thousands of Canadian dollars)

	March 31, 2006 (Unaudited)	December 31, 2005
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 65,407	\$ 88,243
Distributions payable	4,117	4,117
Due to related parties	3,714	2,442
Income taxes payable	1,362	667
Deferred revenue	32,571	41,003
Current portion of capital lease obligations	1,393	1,383
Current portion of long-term debt	20,026	35
Liabilities related to property held for sale - current	468	843
	<u>129,058</u>	138,733
Capital lease obligations – long-term	37,508	38,078
Long-term debt	251,100	243,500
Due to Cineplex Galaxy Trust	100,000	100,000
Accrued pension liability	4,834	5,229
Other liabilities	124,703	123,950
Class C Limited Partnership units – liability component	98,174	97,555
Liabilities related to property held for sale – long-term	3,288	3,235
	<u>748,665</u>	750,280
Non-controlling interest	993	1,030
	<u>993</u>	1,030
Partners' Equity		
Partners' equity	26,119	47,441
	<u>26,119</u>	47,441
	<u>\$ 775,777</u>	\$ 798,751

Cineplex Entertainment Limited Partnership

Consolidated Statements of Operations

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenue		
Box office	\$ 103,014	\$ 45,767
Concessions	49,032	19,396
Other	10,616	4,874
	<u>162,662</u>	<u>70,037</u>
Expenses		
Film cost	51,307	23,086
Cost of concessions	9,696	4,024
Occupancy	37,025	12,063
Other theatre operating expenses	38,269	15,004
General and administrative	8,083	4,893
Management fee	-	153
	<u>144,380</u>	<u>59,223</u>
Income before undernoted	18,282	10,814
Amortization	15,238	6,213
Loss on disposal of theatre assets	184	-
Interest on long-term debt and capital lease obligations	7,414	2,206
Interest on loan from Cineplex Galaxy Trust	3,500	3,500
Interest income	(104)	(118)
Loss before income taxes, non-controlling interest & discontinued operations	(7,950)	(987)
Provision for current income taxes	55	55
Loss before non-controlling interest and discontinued operations	(8,005)	(1,042)
Non-controlling interest	(37)	-
Loss from continuing operations	(7,968)	(1,042)
(Loss) Income from discontinued operations	(958)	843
Net loss for the period	\$ (8,926)	\$ (199)

Cineplex Entertainment Limited Partnership
Consolidated Statements of Partners' Equity (Deficiency)
(Unaudited)

(expressed in thousands of Canadian dollars)

For the three months ended March 31, 2006

	Partners' capital (note 6)	Deficit	Accumulated earnings	Accumulated distributions	Total
Balance - January 1, 2006	\$ 232,975	\$ (147,795)	\$ 51,925	\$ (89,664)	\$ 47,441
Distributions declared	-	-	-	(12,350)	(12,350)
Issuance of Partnership units - costs	(72)	-	-	-	(72)
Investment in Cineplex Galaxy Income Fund units	142	-	-	-	142
LTIP compensation obligation	(116)	-	-	-	(116)
Net loss for the period	-	-	(8,926)	-	(8,926)
Balance – March 31, 2006	<u>\$ 232,929</u>	<u>\$ (147,795)</u>	<u>\$ 42,999</u>	<u>\$ (102,014)</u>	<u>\$ 26,119</u>

For the three months ended March 31, 2005

	Partners' capital (note 6)	Deficit	Accumulated earnings	Accumulated distributions	Total
Balance - January 1, 2005	\$ 110,203	\$ (147,795)	\$ 38,949	\$ (44,620)	\$ (43,263)
Distributions declared	-	-	-	(10,170)	(10,170)
Investment in Cineplex Galaxy Income Fund units	(282)	-	-	-	(282)
LTIP compensation obligation	133	-	-	-	133
loss for the period	-	-	(199)	-	(199)
Balance – March 31, 2005	<u>\$ 110,054</u>	<u>\$ (147,795)</u>	<u>\$ 38,750</u>	<u>\$ (54,790)</u>	<u>\$ (53,781)</u>

Cineplex Entertainment Limited Partnership

Consolidated Statements of Cash Flow

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Cash provided by (used in)		
Operating activities		
Net loss for the period	\$ (8,926)	\$ (199)
Adjustments to reconcile net income to net cash used in operating activities		
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	15,238	6,524
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract assets	(84)	(1,301)
Amortization of debt issuance costs	652	235
Loss on disposal of theatre assets	522	-
Non-controlling interest	(37)	-
Tenant inducements	974	1,291
Change in operating assets and liabilities	(32,458)	(8,116)
	<u>(24,119)</u>	<u>(1,566)</u>
Investing activities		
Proceeds from sale of theatre assets	70	6
Proceeds from sale of discontinued operations	502	-
Capital expenditures	(15,106)	(3,354)
Acquisition of Famous Magazine	(1,100)	-
Cash transferred to segregated account for future distributions		(691)
Cash received from segregated account for distribution		8,297
	<u>(15,634)</u>	<u>4,258</u>
Financing activities		
Borrowings under credit facility	30,600	1,000
Repayment of credit facility	(3,009)	(13)
Payments under capital leases	(327)	-
Distributions paid	(12,350)	(17,776)
Investment in Cineplex Galaxy Income Fund units	-	(423)
	<u>14,914</u>	<u>(17,212)</u>
Decrease in cash and cash equivalents during the year	(24,839)	(14,520)
Cash and cash equivalents - Beginning of year	45,795	38,663
Cash and cash equivalents - End of period	\$ 20,956	\$ 24,143
Supplemental information		
Cash paid for interest	\$ 8,676	\$ 5,394
Cash paid for income taxes - net	\$ 52	\$ 64