



FOR IMMEDIATE RELEASE

**CINEPLEX INC.**  
**Reports Second Quarter Results**

**TORONTO, CANADA**, August 11, 2011 (TSX: CGX) – Cineplex Inc. (“Cineplex”) today released its financial results for the second quarter of 2011.

**Second Quarter Results**

	<b>Second quarter 2011</b>	<b>Second quarter 2010</b>	<b>Period over Period Change (i)</b>
<b>Total Revenues</b>	\$258.4 million	\$242.4 million	6.6%
<b>Attendance</b>	17.2 million	16.5 million	3.8%
<b>Other Revenues</b>	\$31.1 million	\$26.6 million	17.0%
<b>Net Income (ii)</b>	\$13.4 million	\$22.2 million	-39.4%
<b>Adjusted EBITDA</b>	\$44.4 million	\$41.4 million	7.2%
<b>Adjusted EBITDA Margin</b>	17.2%	17.1%	0.1%
<b>Adjusted Free Cash Flow per Share/Distributable Cash Per Unit</b>	\$0.503	\$0.544	-7.5%

**First Six Months Results**

	<b>Six months ended June 30, 2011</b>	<b>Six months ended June 30, 2010</b>	<b>Period over Period Change (i)</b>
<b>Total Revenues</b>	\$479.8 million	\$497.6 million	-3.6%
<b>Attendance</b>	32.4 million	34.4 million	-5.7%
<b>Other Revenues</b>	\$57.3 million	\$48.7 million	17.9%
<b>Net Income (ii)</b>	\$12.6 million	\$26.0 million	-51.5%
<b>Adjusted EBITDA</b>	\$75.6 million	\$76.1 million	-0.6%
<b>Adjusted EBITDA Margin</b>	15.8%	15.3%	0.5%
<b>Adjusted Free Cash Flow per Share/Distributable Cash Per Unit</b>	\$0.895	\$1.006	-11.0%

(i) Period over Period change calculated based on thousands of dollars except percentage and per share/unit values.

(ii) Cineplex’s results for the three and six months ended June 30, 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 and six months ended June 30, 2010 for items that are no longer fair valued in 2011.

“Cineplex delivered another quarter of solid results with total revenues up 6.6% and adjusted EBITDA up 7.2% versus the second quarter last year,” said Ellis Jacob, President and CEO, Cineplex Entertainment. “Excluding share-based compensation, adjusted EBITDA grew by 15.7% compared to the second quarter of last year. All three revenue areas generated growth during the quarter – box office revenues increased 5.2% to \$151.1 million; concession revenues increased 5.5% to \$76.2 million; and other revenues increased 17.0% to \$31.1 million. Net income decreased \$8.8 million to \$13.4 million primarily as a result of three items totalling \$15.9 million. These included a \$9.3 million increase in income tax expense and a \$4.4 million change in the fair value of financial instrument items related to the company’s conversion to a corporation on January 1, 2011, in addition to a \$2.2 million share of loss of joint ventures related to the start-up of the Canadian Digital Cinema Partnership (“CDCP”). On a YTD basis, adjusted EBITDA of \$75.6 million is on track with last year’s second quarter YTD of \$76.1 million, which included the tremendous success of *Avatar*.”

“Other achievements during the second quarter included the completion of financing for CDCP, enabling us to complete the deployment of digital projectors throughout the balance of our circuit by the end of 2012,” said Jacob. “Cineplex Media continued to grow during the quarter increasing revenue by 16.2%, primarily due to increased contributions from Cineplex Digital Solutions. SCENE, our entertainment loyalty program, reached the 3 million member milestone in early July, continuing to exceed our expectations. Our concession business continued to grow with CPP increasing from \$4.36 to \$4.44, representing a new quarterly record. We added five new UltraAVX auditoriums bringing our total UltraAVX locations to 22, and we also acquired New Way Sales Games Ltd., one of our games suppliers for \$3.3 million. We are very pleased with the results and continue to have strong growth from all of our business areas.”

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](http://www.sedar.com).

### **Adoption of International Financial Reporting Standards**

Cineplex has commenced reporting under International Financial Reporting Standards (“IFRS”) with the release of its first quarter 2011 results. Subject to certain transitional elections disclosed in our unaudited interim consolidated 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.

In addition to the disclosure in the notes to the unaudited interim consolidated financial statements, we have provided a summary of the quarterly results under IFRS in the tables following.

### **Second Quarter and Year to Date Results**

Cineplex’s results for the three and six months ended June 30, 2011 as compared to the Fund’s results for the three and six months ended June 30, 2010 are presented below.

#### **Total revenues**

Total revenues for the three months ended June 30, 2011 increased \$16.0 million (6.6%) to \$258.4 million as compared to the prior year period. Total revenues for the six months ended June 30, 2011 decreased \$17.8 million (3.6%) to \$479.8 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 year to date (in thousands of Canadian dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Box office revenues	\$ 151,135	\$ 143,608	5.2%	\$ 281,091	\$ 302,400	-7.0%
Attendance	17,175	16,549	3.8%	32,447	34,424	-5.7%
Box office revenue per patron	\$ 8.80	\$ 8.68	1.4%	\$ 8.66	\$ 8.78	-1.4%
Canadian industry revenues (1)			3.2%			-8.3%
Same store box office revenues	\$ 147,314	\$ 142,304	3.5%	\$ 270,611	\$ 297,532	-9.0%
Same store attendance	16,767	16,356	2.5%	31,281	33,787	-7.4%
% Total box from 3D, UltraAVX and IMAX	26.8%	25.9%	0.9%	24.9%	30.1%	-5.2%

(1) The Motion Picture Theatre Associations of Canada ("MPTAC") reported that the Canadian exhibition industry reported a box office increase of 1.7% for the period from April 1, 2011 to June 30, 2011 as compared to the period from April 2, 2010 to July 1, 2010. On a basis consistent with Cineplex's calendar reporting period (April 1 to June 30), the Canadian industry box office increase is estimated to be 3.2%. The Motion Picture Theatre Associations of Canada ("MPTAC") reported that the Canadian exhibition industry reported a box office decrease of 8.3% for the period from December 31, 2010 to June 30, 2011 as compared to the period from January 1, 2010 to July 1, 2010. On a basis consistent with Cineplex's calendar reporting period (January 1 to June 30), the Canadian industry box office decrease is estimated to be substantially the same amount.

Box office continuity In thousands	Second Quarter Box Office Attendance		Year to Date Box Office Attendance	
	2010 as reported	\$ 143,608	16,549	\$ 302,400
Same store attendance change	3,573	411	(22,070)	(2,506)
Impact of same store BPP change	1,437	-	(4,851)	-
New and acquired theatres	3,481	361	7,135	763
Disposed and closed theatres	(964)	(146)	(1,523)	(234)
2011 as reported	\$ 151,135	17,175	\$ 281,091	32,447

### Second quarter

Q2 2011 Top Cineplex Films		% Total Box	Q2 2010 Top Cineplex Films		% Total Box
1	Pirates of the Caribbean: On Stranger Tides (i)(ii)	8.9%	1	Iron Man 2 (ii)	11.0%
2	The Hangover 2	7.7%	2	Shrek Forever After (i)(ii)	8.9%
3	Fast Five (ii)	7.7%	3	How to Train your Dragon (i)(ii)	6.7%
4	Thor (i)(ii)	7.5%	4	Clash of the Titans (i)	6.6%
5	Bridesmaids	6.7%	5	Toy Story 3 (i)(ii)	6.6%

i = Film screened in 3D.

ii = Film screened in IMAX.

Box office revenues increased \$7.5 million, or 5.2%, to \$151.1 million during the second quarter of 2011, compared to \$143.6 million recorded in the same period in 2010. This increase was primarily due to a 3.8% increase in attendance, mainly due to the success of the latest installments in several strong film franchises. The top three films during the second quarter of 2011 are the latest sequels in successful franchises.

BPP increased \$0.12, from \$8.68 in the second quarter of 2010 to \$8.80 in the same period in 2011 due to premium-priced product (3D, UltraAVX and IMAX) accounting for 26.8% of box office revenues in the current quarter, up from 25.9% in the prior year period. Film product during the second quarter of 2011 catered to mature audiences more than the product in the prior year period, contributing to the BPP increase. The increase in the percentage of box office revenues from premium priced product was due to the 22 UltraAVX installations which began on June 30, 2010 and continued through the second quarter of 2011, partially offset by slightly lower 3D and IMAX revenues compared to the prior year period, due to two films in the top five during the second quarter of 2011 not being screened in either IMAX or 3D (*The Hangover 2* and *Bridesmaids*), whereas all of the top five films in the prior year period were screened in 3D with four of those films screened in IMAX.

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 the second quarter.

## Year to Date

Year to Date 2011 Top Cineplex Films		% Total Box	Year to Date 2010 Top Cineplex Films		% Total Box
1	Pirates of the Caribbean: On Stranger Tides (i)(ii)	4.8%	1	Avatar (i)(ii)	13.9%
2	The Hangover 2	4.2%	2	Alice in Wonderland (i)(ii)	7.6%
3	Fast Five (ii)	4.1%	3	Iron Man 2 (ii)	5.2%
4	Thor (i)(ii)	4.0%	4	Shrek Forever After (i)(ii)	4.2%
5	Bridesmaids	3.6%	5	How to Train your Dragon (i)(ii)	4.1%

i = Film screened in 3D.

ii = Film screened in IMAX.

Box office revenues for the first six months of 2011 were \$281.1 million or 7.0% lower than the prior year period. The 2010 period included *Avatar* which became the highest grossing film of all-time, and accounted for 13.9%, or \$42.0 million of Cineplex's box office revenue in the prior year period, compared to 4.8%, or \$13.5 million, for Cineplex's top grossing film during the current period, *Pirates of the Caribbean: On Stranger Tides*. The tough comparator to *Avatar* during the first quarter was partially offset by the higher box office revenues recorded in the second quarter of 2011 compared to the second quarter of 2010.

BPP for the first six months of 2011 decreased \$0.12, from \$8.78 in 2010 to \$8.66 in the same period in 2011. This decrease was primarily due to the decrease in revenues from premium-priced product. Premium-priced offerings accounted for 30.1% of the Fund's box office revenue in the 2010 period, compared to 24.9% in the current period. All five of the top five films in 2010 were screened in IMAX, and four of those were screened in 3D (2011 – three of the top five in IMAX and two in 3D).

### Concession revenues

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

Concession revenues	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Concession revenues	\$ 76,209	\$ 72,236	5.5%	\$ 141,363	\$ 146,565	-3.5%
Attendance	17,175	16,549	3.8%	32,447	34,424	-5.7%
Concession revenue per patron	\$ 4.44	\$ 4.36	1.8%	\$ 4.36	\$ 4.26	2.3%
Same store concession revenues	\$ 74,412	\$ 71,620	3.9%	\$ 136,667	\$ 144,427	-5.4%
Same store attendance	16,767	16,356	2.5%	31,281	33,787	-7.4%

Concession revenue continuity In thousands	Second Quarter		Year to Date	
	Concession	Attendance	Concession	Attendance
2010 as reported	\$ 72,236	16,549	\$ 146,565	34,424
Same store attendance change	1,798	411	(10,713)	(2,506)
Impact of same store CPP change	994	-	2,952	-
New and acquired theatres	1,639	361	3,318	763
Disposed and closed theatres	(458)	(146)	(759)	(234)
2011 as reported	\$ 76,209	17,175	\$ 141,363	32,447

### Second Quarter

Concession revenues increased 5.5% as compared to the prior year quarter, due to the 3.8% increase in attendance and the 1.8% increase in CPP. CPP increased from \$4.36 in the second quarter of 2010 to \$4.44 in the same period in 2011, and represents a quarterly record for Cineplex. Cineplex believes that revised concession offerings as well as process improvements designed to increase the speed of service that were implemented throughout 2010 contributed to this increased CPP period over period.

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

#### *Year to Date*

Concession revenues decreased 3.5% as compared to the prior year period, due to the 5.7% decrease in attendance, offset by the 2.3% increase in CPP. CPP increased from \$4.26 in the first six months of 2010 to \$4.36 in the same period in 2011. This represents the highest CPP Cineplex has recorded through the first six months of a given year.

#### **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 Canadian dollars):

Other revenues	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Media	\$ 22,446	\$ 19,324	16.2%	\$ 40,385	\$ 33,498	20.6%
Games	1,729	1,067	62.0%	2,964	2,248	31.9%
Other	6,888	6,168	11.7%	13,996	12,906	8.4%
Total	\$ 31,063	\$ 26,559	17.0%	\$ 57,345	\$ 48,652	17.9%

Other revenues increased 17.0% from \$26.6 million in the second quarter of 2010 to \$31.1 million in the same period in 2011. Media revenues for the second quarter of 2011 were \$22.4 million, up \$3.1 million, or 16.2%, from the prior year period. The increase is primarily due to higher CDM revenues (\$2.8 million). During the second quarter of 2011, CDM includes the results of CDS which was acquired during the third quarter of 2010 and is therefore not included in the prior period comparative.

The games revenue increase is primarily due to the acquisition of NWS in May 2011 (\$0.4 million) and therefore is not included in the prior year comparative. The addition of XSCAPE Entertainment Centres at SilverCity CrossIron Mills Cinemas in Calgary, Alberta, which opened on June 30, 2010, and SilverCity Oakville Cinemas in Oakville, Ontario, which opened in March 2011 also contributed to this increase. The increase in Other is primarily due to higher breakage revenues associated with increased sales of gift cards and coupons.

#### *Year to Date*

Other revenues increased 17.9% from \$48.7 million in the first six months of 2010 to \$57.3 million during the same period in 2011. Media revenues for the first six months of 2011 were up \$6.9 million, or 20.6%, from the prior year period. This increase was primarily due to higher CDM revenues (\$4.0 million) as well as higher full motion and digital pre-show revenues (\$3.8 million). The increase in games revenue was primarily due to the acquisition of NWS in May 2011 and the addition of the two new XSCAPE centres. 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 year to date (in thousands of Canadian dollars, except film cost percentage):

Film cost	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Film cost	\$ 79,783	\$ 77,909	2.4%	\$ 145,327	\$ 164,430	-11.6%
Film cost percentage	52.8%	54.3%		51.7%	54.4%	

#### *Second 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 increase in the second quarter of 2011 compared to the prior year period was

due to the increase in attendance, partially offset by the 1.5% decrease in film cost percentage. The decrease in film cost percentage is primarily due to the settlement rate on certain strong performing titles during the second quarter of 2011 being lower than the average film settlement rate.

#### *Year to Date*

The year to date decrease in film cost was due to the 7.0% decrease in box office revenues and the 2.7% 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 2010 period 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 year to date (in thousands of Canadian dollars, except concession cost percentage and concession margin per patron):

Cost of concessions	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Concession cost	\$ 16,257	\$ 14,985	8.5%	\$ 29,905	\$ 31,778	-5.9%
Concession cost percentage	21.3%	20.7%		21.2%	21.7%	
Concession margin per patron	\$ 3.49	\$ 3.46	0.9%	\$ 3.44	\$ 3.33	3.3%

#### *Second Quarter*

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The increase in concession cost as compared to the prior year period was due to the 5.5% increase in concession revenues and the 0.6% increase in concession cost percentage. The concession margin per patron increased from \$3.46 in the second quarter of 2010 to \$3.49 in the same period in 2011, reflecting the impact of the higher CPP during the period.

#### *Year to Date*

The decrease in concession cost during the period was due to the 3.5% decrease in concession revenues and the 0.5% 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 issuing SCENE points on concession combos which began in June 2011.

#### **Depreciation and amortization**

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

Amortization expenses	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Amortization of property, equipment and leaseholds	\$ 15,078	\$ 16,928	-10.9%	\$ 30,202	\$ 33,330	-9.4%
Amortization of intangible assets and other	2,240	2,788	-19.7%	4,488	6,263	-28.3%
Amortization expenses as reported	\$ 17,318	\$ 19,716	-12.2%	\$ 34,690	\$ 39,593	-12.4%

The decrease in amortization of property, equipment and leaseholds of \$1.9 million primarily relates to certain valuation adjustments that arose as part of Cineplex's acquisition of the Partnership becoming fully amortized subsequent the second quarter of 2010. The transfer of digital projection equipment to CDCP during June 2011 also contributed to the decrease in amortization of property, equipment and leaseholds. The \$0.5 million decrease in amortization of intangible assets and other was due to certain intangible assets becoming fully amortized during the second quarter of 2010. The year to date decreases of \$3.1 million for the amortization of property equipment and leaseholds and \$1.8 million decrease for intangible assets are primarily due to the fully amortized assets discussed above.

## (Gain) loss on disposal of assets

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

(Gain) loss on disposal of assets	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
(Gain) loss on disposal of assets	\$ (1,020)	\$ 745	NM	\$ (483)	\$ 1,509	NM

### Second Quarter

The gain on disposal of assets represents the gain recorded on the sale of a theatre during the three months ended June 30, 2011 (\$1.4 million) and a nominal gain recorded on the transfer of digital projection assets to CDCP. These gains were partially offset by the loss on assets that were sold or otherwise disposed of, including the loss recognized on the write off of the net book value of the portion or component of existing equipment that is replaced or improved, with the replacement or improved asset being recorded as a new asset. Disposal of assets resulted in a loss of \$0.7 million for the second quarter of 2010.

### Year to Date

For the six months ended June 30, 2011, disposal of assets resulted in a gain of \$0.5 million, comprised of the gain on the sale of the theatre and transfer of assets to CDCP described above, net of losses recorded on assets that were sold or otherwise disposed of. For the six months ended June 30, 2010, disposal of assets resulted in a loss of \$1.5 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 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 year to date (in thousands of Canadian dollars):

Other costs	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Theatre occupancy expenses	\$ 41,274	\$ 40,442	2.1%	\$ 82,815	\$ 81,060	2.2%
Other operating expenses	60,341	55,355	9.0%	116,573	113,776	2.5%
General and administrative expenses	15,688	11,488	36.6%	31,391	28,960	8.4%
Total other costs	\$ 117,303	\$ 107,285	9.3%	\$ 230,779	\$ 223,796	3.1%

## Theatre occupancy expenses

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

Theatre occupancy expenses	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Rent	\$ 27,964	\$ 27,330	2.3%	\$ 55,540	\$ 54,518	1.9%
Other occupancy	14,056	13,537	3.8%	28,455	27,222	4.5%
Non-recurring legal contingency	-	164	NM	-	297	NM
One-time items	(746)	(589)	26.7%	(1,180)	(977)	20.8%
Total	\$ 41,274	\$ 40,442	2.1%	\$ 82,815	\$ 81,060	2.2%

(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 net of these one-time, non-recurring items.

<b>Theatre occupancy continuity In thousands</b>	<b>Second Quarter Occupancy</b>	<b>Year to Date Occupancy</b>
2010 as reported	\$ 40,442	\$ 81,060
Impact of new theatres	981	2,066
Impact of disposed theatres	(458)	(817)
Same store rent change	399	370
Non-recurring items	(160)	(170)
Other	70	306
2011 as reported	\$ 41,274	\$ 82,815

### *Second Quarter*

Theatre occupancy expenses increased \$0.8 million during the second quarter of 2011 compared to the prior year period. This increase was primarily due to the net impact of new and disposed theatres (\$0.5 million) and higher same-store rent expense (\$0.4 million).

### *Year to Date*

The increase in theatre occupancy expenses of \$1.8 million for the first six months of 2011 compared to the prior year period was due to the net impact of new and disposed theatres (\$1.2 million) and higher same-store rent expenses (\$0.4 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 Canadian dollars):

<b>Other operating expenses</b>	<b>Second Quarter</b>			<b>Year to Date</b>		
	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Other operating expenses	\$ 60,341	\$ 55,355	9.0%	\$ 116,573	\$ 113,776	2.5%

<b>Other operating continuity In thousands</b>	<b>Second Quarter Other Operating</b>	<b>Year to Date Other Operating</b>
2010 as reported	\$ 55,355	\$ 113,776
Impact of new theatres	1,175	2,487
Impact of disposed theatres	(428)	(676)
Same store payroll change	1,230	(471)
Marketing change	319	(989)
Media	1,662	2,727
Other	1,028	(281)
2011 as reported	\$ 60,341	\$ 116,573

### *Second Quarter*

Other operating expenses increased \$5.0 million during the second quarter of 2011 compared to the prior year period primarily as a result of higher business volumes in the 2011 period. Media cost of sales increased \$1.7 million, primarily due to the acquisition of CDS during July 2010, as CDS expenses are included in the second quarter of 2011 and not included in the comparative period. Higher same store payroll costs of \$1.2 million also contributed to the increase, due to higher business volumes at the theatres as well as the impact of minimum wage increases implemented throughout 2010. Total theatre payroll accounted for 46.2% of total other operating expenses in the second quarter of 2011, compared to 47.3% in the prior year period. The net impact of new and disposed theatres contributed \$0.7 million to the overall increase. The \$1.0 million increase in Other includes \$0.4 million in costs associated with NWS, which was acquired during the second quarter of 2011 and not included in the prior year's comparative.

## Year to Date

For the six months ended June 30, 2011, other operating expenses are \$2.8 million higher than the prior year period, despite the lower business volumes in the 2011 period compared to the prior year. The increase is due to higher media cost of sales (\$2.7 million) as a result of CDS expenditures being included in 2011 but not 2010, as well as the net impact of new and disposed theatres (\$1.8 million). These increases were partially offset by lower same-store payroll of \$0.5 million due to the lower business volumes, as well as a \$1.0 million decrease in marketing expenses during the period. Total theatre payroll accounted for 45.4% of total other operating expenses in the first six months of 2011, compared to 45.9% 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 year to date, including share and unit based compensation costs, and G&A net of these costs (in thousands of Canadian dollars):

G&A expenses	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
G&A excluding LTIP and Option Plan expense	\$ 9,928	\$ 9,528	4.2%	\$ 20,464	\$ 19,854	3.1%
LTIP	1,835	2,002	-8.3%	4,413	6,577	-32.9%
Option plan	3,925	(42)	NM	6,514	2,529	157.6%
G&A expenses as reported	\$ 15,688	\$ 11,488	36.6%	\$ 31,391	\$ 28,960	8.4%

## Second Quarter

G&A expenses increased \$3.9 million during the second quarter of 2011 compared to the same period in the prior year. This increase was due to a \$4.0 million increase option expense during the period, offset by a \$0.2 million decrease in LTIP expense. Cineplex’s share price increased from \$23.16 at March 31, 2011 to \$26.72 at June 30, 2011, contributing to the increase in the option plan expense. During the second quarter of 2010, the share price decreased from \$20.30 at March 31, 2010 to \$19.50 at June 30, 2010, resulting in the small recovery recorded in that period.

## Year to Date

G&A expenses for the first six months of 2011 were \$2.4 million higher than the prior year period, primarily due to the \$4.0 million increase in the option plan expense during the period, partially offset by the \$2.2 million decrease in LTIP expense during the period. The option plan expense increased as Cineplex’s stock price increased from \$22.41 at December 31, 2010 to \$26.72 at June 30, 2011; whereas the Fund’s unit price increased a smaller percentage, from \$18.33 at December 31, 2009 to \$19.50 at June 30, 2010. 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. The 2011 LTIP plan vests 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 the first half of 2011 compared to the prior year period.

## Share of loss of joint ventures

Cineplex’s joint ventures in the second quarter and first six months of 2011 include its share of one theatre in Quebec, one IMAX screen in Ontario, its interest in SCENE LP and its interest in CDCP. The Fund’s joint ventures in the second quarter and first six months of 2010 include 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 year to date (in thousands of Canadian dollars):

Share of loss of joint ventures	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
Share of loss of joint ventures	\$ 2,867	\$ 892	221.4%	\$ 394	\$ 1,685	-76.6%

## Second Quarter

The increase in the loss over the prior year quarter is due to \$2.2 million of start-up costs relating to CDCP recognized during the second quarter of 2011. CDCP commenced operations at the end of June 2011, and will begin collecting revenues in the third quarter of 2011.

## Year to Date

The movement from a loss of \$1.7 million in the first six months of 2010 to a loss of \$0.4 million in the current period 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. The \$2.2 million of start-up costs relating to CDCP recognized during the second quarter of 2011 partially offset the impact of the gain recorded for SCENE during the period.

## Adjusted EBITDA

The following table represents EBITDA and adjusted EBITDA for the three and six months ended June 30, 2011 as compared to the three and six months ended June 30, 2010 (expressed in thousands of Canadian dollars, except adjusted EBITDA margin):

EBITDA	Second Quarter			Year to Date		
	2011	2010	Change	2011	2010	Change
EBITDA	\$ 43,260	\$ 45,105	-4.1%	\$ 73,961	\$ 75,094	-1.5%
Adjusted EBITDA	\$ 44,393	\$ 41,404	7.2%	\$ 75,631	\$ 76,066	-0.6%
Adjusted EBITDA margin	17.2%	17.1%	0.1%	15.8%	15.3%	0.5%

Adjusted EBITDA for the second quarter of 2011 increased \$3.0 million, or 7.2%, as compared to the prior year period. The increase is primarily due to the higher box office and concession revenues due to the higher theatre attendance during the period. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 17.2%, up from 17.1% in the prior year period.

Adjusted EBITDA for the six months ended June 30, 2011 decreased \$0.4 million, or 0.6%, as compared to the prior year period. The decrease is primarily due to the lower box office and concession revenues due to the lower theatre attendance during the first quarter more than offsetting the higher attendance in the second quarter as compared to the prior year. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 15.8%, up from 15.3% in the prior year period. The increase is due to the higher media revenues in the 2011 period, which generate higher margins than exhibition revenues.

## Adjusted Free Cash Flow

For the second quarter of 2011, adjusted free cash flow per share was \$0.503 as compared to distributable cash per unit of \$0.544 in the second quarter of 2010. The declared dividend per share and the declared distribution per unit were \$0.320 and \$0.315, respectively, during these periods. The payout ratios for these periods were 64% and 58%, respectively. For the first six months of 2011, adjusted free cash flow per share was \$0.895 as compared to distributable cash per unit of \$1.006 in the first six months of 2010. The declared dividend per share and the declared distribution per unit were \$0.635 and \$0.630, respectively, during these periods. The payout ratios for these periods were 71% and 63%, respectively.

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 1,351 screens serving approximately 70 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](http://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](http://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, August 11, 2011  
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial 416-644-3416 or outside of Toronto dial 1-800-814-4860** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 4458040 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 4458040#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, August 11, 2011 and end at 11:59 p.m. Eastern Time on Thursday, August 18, 2011.
- 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 Inc.**  
**Interim Consolidated Balance Sheets**  
**(Unaudited)**  
 (expressed in thousands of Canadian dollars)

	<b>June 30,</b>	December 31,
	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 49,167	\$ 85,343
Trade and other receivables	40,691	57,950
Inventories	4,384	3,767
Prepaid expenses and other current assets	10,487	3,848
	<b>104,729</b>	150,908
<b>Property, equipment and leaseholds</b>	<b>382,895</b>	413,657
<b>Deferred income taxes</b>	<b>14,925</b>	25,689
<b>Interests in joint ventures</b>	<b>29,220</b>	92
<b>Intangible assets</b>	<b>88,860</b>	93,397
<b>Goodwill</b>	<b>608,929</b>	608,929
	<b>\$ 1,229,558</b>	<b>\$ 1,292,672</b>

**Cineplex Inc.****Interim Consolidated Balance Sheets ... continued  
(Unaudited)**

(expressed in thousands of Canadian dollars)

**June 30,**      **December 31,**  
**2011**                      **2010****Liabilities****Current liabilities**

Accounts payable and accrued expenses	\$	<b>66,751</b>	\$	83,700
Share or unit-based compensation		<b>3,447</b>		14,307
Dividends or distributions payable		<b>6,252</b>		-
Income taxes payable		<b>6,059</b>		87
Deferred revenue		<b>56,176</b>		82,027
Capital lease obligations		<b>2,325</b>		2,242
Fair value of interest rate swap agreements		<b>5,750</b>		5,482
				<hr/>
		<b>146,760</b>		187,845

**Non-current liabilities**

Share or unit-based compensation		<b>6,530</b>		8,014
Long-term debt		<b>234,033</b>		233,588
Fair value of interest rate swap agreements		<b>1,280</b>		3,298
Capital lease obligations		<b>27,701</b>		28,885
Post-employment benefit obligations		<b>4,644</b>		4,534
Other liabilities		<b>99,028</b>		98,964
Deficiency interest in joint venture		<b>9,935</b>		12,338
Convertible debentures		<b>84,549</b>		116,481
Liability for exchangeable interests		-		3,851
				<hr/>
		<b>614,460</b>		697,798

**Equity**

Share capital		<b>756,527</b>		-
Unit capital		-		710,121
Deficit		<b>(137,177)</b>		(113,120)
Accumulated other comprehensive loss		<b>(4,252)</b>		(3,534)
Contributed surplus		-		1,407
				<hr/>
		<b>615,098</b>		594,874
				<hr/>
	\$	<b>1,229,558</b>	\$	1,292,672

**Cineplex Inc.**  
**Interim Consolidated Statements of Operations**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
<b>Revenues</b>				
Box office	\$ 151,135	\$ 143,608	\$ 281,091	\$ 302,400
Concessions	76,209	72,236	141,363	146,565
Other	31,063	26,559	57,345	48,652
	<u>258,407</u>	<u>242,403</u>	<u>479,799</u>	<u>497,617</u>
<b>Expenses</b>				
Film cost	79,783	77,909	145,327	164,430
Cost of concessions	16,257	14,985	29,905	31,778
Depreciation and amortization	17,318	19,716	34,690	39,593
(Gain) loss on disposal of assets	(1,020)	745	(483)	1,509
Other costs	117,303	107,285	230,779	223,796
	<u>229,641</u>	<u>220,640</u>	<u>440,218</u>	<u>461,106</u>
<b>Income before undernoted</b>	<b>28,766</b>	21,763	<b>39,581</b>	36,511
<b>Share of loss of joint ventures</b>	<b>2,867</b>	892	<b>394</b>	1,685
<b>Change in fair value of financial instruments</b>	<b>-</b>	(4,446)	<b>-</b>	(537)
<b>Interest expense</b>	<b>5,912</b>	5,793	<b>11,611</b>	11,472
<b>Interest income</b>	<b>(191)</b>	(89)	<b>(423)</b>	(173)
	<u>20,178</u>	<u>19,613</u>	<u>27,999</u>	<u>24,064</u>
<b>Provision for (recovery of) income taxes</b>				
Current	6,038	3	6,038	3
Deferred	700	(2,556)	9,369	(1,897)
	<u>6,738</u>	<u>(2,553)</u>	<u>15,407</u>	<u>(1,894)</u>
<b>Net income</b>	<b>\$ 13,440</b>	<b>\$ 22,166</b>	<b>\$ 12,592</b>	<b>\$ 25,958</b>

**Cineplex Inc.**  
**Interim Consolidated Statements of Comprehensive Income**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
<b>Net income</b>	<b>\$ 13,440</b>	<b>\$ 22,166</b>	<b>\$ 12,592</b>	<b>\$ 25,958</b>
<b>Other comprehensive income (loss)</b>				
Changes in fair value of interest rate contracts	604	(852)	1,523	382
Associated deferred income taxes (recovery)	168	(1,163)	2,241	(1,236)
<b>Other comprehensive income (loss)</b>	<b>436</b>	<b>311</b>	<b>(718)</b>	<b>1,618</b>
<b>Comprehensive income</b>	<b>\$ 13,876</b>	<b>\$ 22,477</b>	<b>\$ 11,874</b>	<b>\$ 27,576</b>

**Cineplex Inc.**  
**Interim Consolidated Statements of Changes in Equity**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

**For the six months ended June 30, 2011**

	Unit capital	Share capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total
<b>Balance - January 1, 2011</b>	\$ 710,121	\$ -	\$ 1,407	\$ (3,534)	\$ (113,120)	\$ 594,874
Effect of corporate conversion	(710,121)	744,760	(1,407)	-	-	33,232
Net income	-	-	-	-	12,592	12,592
Other comprehensive loss	-	-	-	(718)	-	(718)
Dividends declared	-	-	-	-	(36,649)	(36,649)
Long-term incentive plan obligation	-	(3,410)	-	-	-	(3,410)
Long-term incentive plan shares	-	1,888	-	-	-	1,888
Issuance of shares on conversion of debentures	-	13,289	-	-	-	13,289
<b>Balance - June 30, 2011</b>	\$ -	\$ 756,527	\$ -	\$ (4,252)	\$ (137,177)	\$ 615,098

**For the six months ended June 30, 2010**

	Unit capital	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
<b>Balance - January 1, 2010</b>	\$ 703,706	\$ -	\$ -	\$ (7,501)	\$ (91,396)	\$ 604,809
Net income	-	-	-	-	25,958	25,958
Other comprehensive income	-	-	-	1,618	-	1,618
Distributions declared	-	-	-	-	(35,880)	(35,880)
Long-term incentive plan units	(1,063)	-	1,407	-	-	344
Issuance of units on conversion of debentures	1,598	-	-	-	-	1,598
Issuance of units under the exchange agreement	1,599	-	-	-	-	1,599
<b>Balance - June 30, 2010</b>	\$ 705,840	\$ -	\$ 1,407	\$ (5,883)	\$ (101,318)	\$ 600,046

# Cineplex Inc.

## Interim Consolidated Statements of Cash Flows (Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 13,440	\$ 22,166	\$ 12,592	\$ 25,958
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	17,318	19,716	34,690	39,593
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(820)	(937)	(1,870)	(1,697)
Amortization of debt issuance costs	231	191	464	379
(Gain) loss on disposal of assets	(1,020)	745	(483)	1,509
Deferred income taxes	700	(2,556)	9,369	(1,897)
Interest rate swap agreements - non-cash interest	(40)	(166)	(136)	(392)
Non-cash share or unit-based compensation	38	(114)	256	1,297
Change in fair value of financial instruments	-	(4,446)	-	(537)
Accretion of convertible debentures	517	335	827	647
Net change in interests in joint ventures	(970)	1,582	(3,438)	1,913
Tenant inducements	1,195	598	4,050	1,007
Changes in operating assets and liabilities	(3,041)	(11,235)	(20,920)	(20,896)
<b>Net cash provided by operating activities</b>	<b>27,548</b>	<b>25,879</b>	<b>35,401</b>	<b>46,884</b>
<b>Investing activities</b>				
Proceeds from sale of assets	1,733	-	1,740	1,350
Purchases of property, equipment and leaseholds	(16,158)	(13,378)	(28,579)	(23,570)
Deposits for business acquisitions	-	(3,970)	-	(3,970)
Acquisition of businesses, net of cash acquired	(3,280)	(1,022)	(3,280)	(1,022)
Additional equity funding of CDCP	(168)	-	(168)	-
<b>Net cash used in investing activities</b>	<b>(17,873)</b>	<b>(18,370)</b>	<b>(30,287)</b>	<b>(27,212)</b>
<b>Financing activities</b>				
Dividends or distributions paid	(18,327)	(17,940)	(30,397)	(35,864)
Borrowings under credit facility	12,000	10,000	27,000	15,000
Repayment of credit facility	(12,000)	(10,000)	(27,000)	(15,000)
Payments under capital leases	(555)	(495)	(1,100)	(980)
Acquisition of long-term incentive plan shares or units	-	-	(9,793)	(9,620)
<b>Net cash used in financing activities</b>	<b>(18,882)</b>	<b>(18,435)</b>	<b>(41,290)</b>	<b>(46,464)</b>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(9,207)</b>	<b>(10,926)</b>	<b>(36,176)</b>	<b>(26,792)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>58,374</b>	<b>78,780</b>	<b>85,343</b>	<b>94,646</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 49,167</b>	<b>\$ 67,854</b>	<b>\$ 49,167</b>	<b>\$ 67,854</b>
<b>Supplemental Information</b>				
Cash paid for interest	\$ 6,324	\$ 6,945	\$ 10,088	\$ 10,711
Cash paid for income taxes - net	\$ 65	\$ 5	\$ 65	\$ 13

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

**Reconciliation to Adjusted EBITDA**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Net income</b>	<b>\$ 13,440</b>	<b>\$ 22,166</b>	<b>\$ 12,592</b>	<b>\$ 25,958</b>
Depreciation and amortization (i)	17,361	19,788	34,774	39,731
Interest expense	5,912	5,793	11,611	11,472
Interest income	(191)	(89)	(423)	(173)
Current income tax expense	6,038	3	6,038	3
Deferred income tax expense (recovery)	700	(2,556)	9,369	(1,897)
<b>EBITDA</b>	<b>43,260</b>	<b>45,105</b>	<b>73,961</b>	<b>75,094</b>
Change in fair value of financial instruments	-	(4,446)	-	(537)
(Gain) loss on disposal of assets	(1,020)	745	(483)	1,509
CDCP equity loss (ii)	2,153	-	2,153	-
<b>Adjusted EBITDA</b>	<b>\$ 44,393</b>	<b>\$ 41,404</b>	<b>\$ 75,631</b>	<b>\$ 76,066</b>

(i) Includes the depreciation and amortization incurred by the joint ventures (2011 - \$43 for three months and \$84 for six months, 2010 - \$72 for three months and \$138 for six months)

(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**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Theatre occupancy expenses	\$ 41,274	\$ 40,442	\$ 82,815	\$ 81,060
Other operating expenses	60,341	55,355	116,573	113,776
General and administrative expenses	15,688	11,488	31,391	28,960
<b>Total other costs</b>	<b>\$ 117,303</b>	<b>\$ 107,285</b>	<b>\$ 230,779</b>	<b>\$ 223,796</b>

**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		Six months ended	
	June 30, 2011	2010	June 30, 2011	2010
Cash provided by operating activities	\$ 27,548	\$ 25,879	\$ 35,401	\$ 46,884
Less: Total capital expenditures (i)	(14,425)	(13,378)	(26,839)	(23,570)
Standardized free cash flow/Standardized distributable cash	13,123	12,501	8,562	23,314
Add/(Less):				
Changes in operating assets and liabilities (ii)	3,041	11,235	20,920	20,896
Changes in operating assets and liabilities of joint ventures (ii)	3,837	(690)	3,832	(228)
Tenant inducements (iii)	(1,195)	(598)	(4,050)	(1,007)
Principal component of capital lease obligations	(555)	(495)	(1,100)	(980)
New build capital expenditures and other (iv)	11,675	9,970	21,765	17,046
Share of profit (loss) of joint ventures, net of non-cash depreciation (v)	(671)	(809)	1,843	(1,536)
Cash invested in CDCP (v)	(219)	-	(219)	-
Adjusted free cash flow/Distributable cash	\$ 29,036	\$ 31,114	\$ 51,553	\$ 57,505
Less: Exchangeable interests share of distributable cash	-	(126)	-	(242)
Adjusted free cash flow/Distributable cash available to shareholders/unitholders	\$ 29,036	\$ 30,988	\$ 51,553	\$ 57,263
Average number of shares/units outstanding	57,770,425	56,974,020	57,620,340	56,937,983
Adjusted free cash flow per share/Distributable cash per unit	\$ 0.503	\$ 0.544	\$ 0.895	\$ 1.006

(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.

**Cineplex Inc.**  
**2010 IFRS Quarterly Interim Consolidated Balance Sheets**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 78,780	\$ 67,854	\$ 75,033	\$ 85,343
Trade and other receivables	32,700	32,123	36,253	57,950
Inventories	3,588	3,774	3,726	3,767
Prepaid expenses and other current assets	9,066	13,611	10,619	3,848
	124,134	117,362	125,631	150,908
<b>Property, equipment and leaseholds</b>	418,747	417,498	411,751	413,657
<b>Deferred income taxes</b>	23,469	27,185	25,556	25,689
<b>Interests in joint ventures</b>	1,651	808	216	92
<b>Intangible assets</b>	101,054	98,256	95,990	93,397
<b>Goodwill</b>	600,564	601,040	603,263	608,929
	\$ 1,269,619	\$ 1,262,149	\$ 1,262,407	\$ 1,292,672
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 83,066	\$ 76,099	\$ 67,272	\$ 83,700
Share or unit-based compensation	9,030	9,444	12,128	14,307
Dividends and distributions payable	6,001	6,009	6,017	-
Income taxes payable	11	11	87	87
Deferred revenue	58,616	56,083	52,197	82,027
Capital lease obligations	2,064	2,125	2,186	2,242
Fair value of interest rate sw ap agreements	6,578	6,163	5,742	5,482
	165,366	155,934	145,629	187,845
<b>Non-current liabilities</b>				
Share or unit-based compensation	3,959	4,294	5,848	8,014
Long-term debt	233,308	233,489	233,672	233,588
Fair value of interest rate sw ap agreements	4,290	5,224	5,039	3,298
Capital lease obligations	30,582	30,026	29,461	28,885
Post-employment benefit obligation	3,441	3,501	4,000	4,534
Other liabilities	106,475	106,334	107,589	98,964
Deficiency interest in joint venture	9,035	9,774	10,716	12,338
Convertible debentures	115,729	110,176	112,371	116,481
Liability for exchangeable interests	5,068	3,351	3,571	3,851
	677,253	662,103	657,896	697,798
<b>Equity</b>				
Unit capital	702,681	705,840	707,405	710,121
Deficit	(105,528)	(101,318)	(99,229)	(113,120)
Accumulated other comprehensive loss	(6,194)	(5,883)	(5,072)	(3,534)
Contributed surplus	1,407	1,407	1,407	1,407
	592,366	600,046	604,511	594,874
	\$ 1,269,619	\$ 1,262,149	\$ 1,262,407	\$ 1,292,672

Please refer to the 2010 Canadian GAAP quarterly unaudited interim consolidated financial statements of the Fund filed on [www.sedar.com](http://www.sedar.com).

This table should be read in conjunction with the 2011 second quarter unaudited interim consolidated financial statements of Cineplex, in particular note 4 to those financial statements which describes Cineplex's transition to IFRS.

**Cineplex Inc.****2010 IFRS Quarterly Interim Consolidated Statements of Operations****(Unaudited)****(expressed in thousands of Canadian dollars)**

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b>Revenues</b>				
Box office	\$ 158,792	\$ 143,608	\$ 157,330	\$ 138,097
Concessions	74,329	72,236	79,870	68,292
Other	22,093	26,559	31,061	34,159
	<u>255,214</u>	<u>242,403</u>	<u>268,261</u>	<u>240,548</u>
<b>Expenses</b>				
Film cost	86,521	77,909	81,038	71,254
Cost of concessions	16,793	14,985	16,368	14,101
Depreciation and amortization	19,877	19,716	23,754	19,012
Loss (gain) on disposal of assets	764	745	(95)	990
Other costs	116,511	107,285	115,115	117,233
	<u>240,466</u>	<u>220,640</u>	<u>236,180</u>	<u>222,590</u>
<b>Income before undernoted</b>	14,748	21,763	32,081	17,958
<b>Share of loss of joint ventures</b>	793	892	700	1,271
<b>Change in fair value of financial instruments</b>	3,909	(4,446)	3,629	6,690
<b>Interest expense</b>	5,679	5,793	5,848	5,846
<b>Interest income</b>	(84)	(89)	(162)	(191)
	<u>4,451</u>	<u>19,613</u>	<u>22,066</u>	<u>4,342</u>
<b>Income before income taxes</b>	4,451	19,613	22,066	4,342
<b>Provision for (recovery of) income taxes</b>				
Current	-	3	-	27
Deferred	659	(2,556)	1,996	(80)
	<u>659</u>	<u>(2,553)</u>	<u>1,996</u>	<u>(53)</u>
<b>Net income</b>	<u>\$ 3,792</u>	<u>\$ 22,166</u>	<u>\$ 20,070</u>	<u>\$ 4,395</u>
<b>Adjusted EBITDA</b>	<u>\$ 34,662</u>	<u>\$ 41,404</u>	<u>\$ 55,070</u>	<u>\$ 36,718</u>

Please refer to the 2010 Canadian GAAP quarterly unaudited interim consolidated financial statements of the Fund filed on [www.SEDAR.com](http://www.SEDAR.com).

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