



FOR IMMEDIATE RELEASE

## **CINEPLEX GALAXY INCOME FUND Reports First Quarter Results and Announces Distribution Increase**

**TORONTO, CANADA**, May 1, 2007 (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 2007.

### **First Quarter Results**

- **Total revenues for the quarter were \$178.6 million compared to \$162.7 million reported for 2006, an increase of 9.8%.**
- **Other revenue for the quarter was \$13.4 million compared to \$10.6 million reported for 2006, an increase of 26.1%.**
- **Adjusted EBITDA was \$24.7 million for the quarter compared to \$18.3 million reported for 2006, an increase of 34.9%.**
- **Adjusted EBITDA margin for the quarter was 13.8% compared to 11.2% for 2006.**
- **Distributable cash per unit for the quarter of \$0.2794 compared to \$0.1823 reported for 2006, an increase of 53.3%.**

“We are pleased with our first quarter results and in particular the strength of our box office revenues which are up 9.6% compared to the prior year. Box office revenues exceeded our expectations due to a combination of films performing ahead of projections and the success of our *Metropolitan Opera -- Live in High Definition* series this quarter,” said Ellis Jacob, President and CEO. “In addition, Cineplex Media generated a revenue increase of 23.7% this quarter versus the same period last year and we continue to focus on growing this business as we bring all of our media vehicles together.”

Additionally, the Board of Trustees approved an increase in cash distributions per unit to an annual rate of \$1.20 from the current annual rate of \$1.1496. This change will be effective for the month of May 2007 to be paid on June 29, 2007 to unitholders of record on May 31, 2007. The monthly cash distribution rate will be \$0.10 per unit, up from \$0.0958 per unit.

### **First Quarter Results**

Total revenues for the first quarter increased 9.8% to \$178.6 million for the quarter from \$162.7 million for the prior year. The Partnership’s box office revenues increased 9.6% to \$112.9 million from \$103.0 million in the prior year. The Partnership exceeded the Canadian industry box office increase of 2-3% due in part to the success of its alternate programming strategies which included such presentations as the Met Opera and NHL hockey series.

The continued focus on other revenue sources led to the other revenue growth of 26.1% compared to the prior year principally on the strength of the Media business.

Adjusted EBITDA for the first quarter increased 34.9% to a first quarter record of \$24.7 million and the Adjusted EBITDA margin of 13.8% increased from 11.2% reported 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, gains or losses on disposal of theatre assets and income from discontinued operations.

### **Distributable Cash**

Distributable cash per unit for the seasonally weak first quarter was a first quarter record of \$0.2794 as compared to \$0.1823 reported in the prior year, an increase of 53.3%. The declared distributions per unit for this period were \$0.2874. For the last twelve months, distributable cash per unit amounted to \$1.5247 as compared to declared distributions of \$1.1496.

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 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 the Fund or the Partnership, 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 128 theatres with 1,290 screens serving approximately 60 million guests annually. Cineplex Entertainment LP is the largest motion picture exhibitor in Canada operating theatres with the following brands: Cineplex Odeon, Galaxy, Famous Players (including Coliseum, Colossus and SilverCity) and Scotiabank Theatre Toronto. The units of Cineplex Galaxy Income Fund, which owns approximately 75.7% (excluding conversion of Class C units) 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 first quarter results. **Ellis Jacob, Chief Executive Officer** and **Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Tuesday, May 1, 2007  
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3417 or outside of Toronto dial 1-800-732-0232** at least five to ten minutes prior to 10:00 a.m. Eastern Time on Tuesday, May 1, 2007.

- 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 21226426#. The replay will begin at 12:00 p.m. ET on Tuesday, May 1, 2007 and end at 11:59 p.m. ET on Tuesday, May 8, 2007.
- Note that media will be participating in the call in listen-only mode.

Thank you in advance for your interest and participation.

**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, except number of units and per unit data)

### Reconciliation to Adjusted EBITDA

	Three months ended March 31,	
	2007	2006
<b>Net loss</b>	\$ (3,775)	\$ (8,926)
Amortization	16,274	15,238
Interest on long-term debt	7,506	7,414
Interest on loan from Cineplex Galaxy Trust	3,500	3,500
Interest income	(252)	(104)
Income tax (recovery) expense	(465)	55
<b>EBITDA</b>	22,788	17,177
Non-controlling interest Loss from discontinued operations	-	(37)
Loss on disposal of theatre assets	-	958
	1,867	184
<b>Adjusted EBITDA</b>	\$ 24,655	\$ 18,282

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

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

**Distributable Cash**

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
Cash used in operating activities	\$ (14,091)	\$ (24,119)
Less: Changes in operating assets and liabilities (i)	28,591	32,458
Tenant inducements (ii)	(617)	(974)
Capital lease payments	(357)	(327)
Maintenance capital expenditures (iii)	(1,495)	(849)
Add: Interest on loan from Cineplex Galaxy Trust (iv)	3,500	3,500
Non-cash components in operating assets and liabilities (v)	421	320
Expenses funded through integration and restructuring reserve (vi)	16	44
	<b>15,968</b>	<b>10,053</b>
Distributable cash	<b>\$ 15,968</b>	<b>\$ 10,053</b>
Number of LP Units outstanding (vii)	57,150,421	55,150,421
Distributable cash per LP Unit (vii)	\$ 0.2794	\$ 0.1823

- (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) Maintenance capital expenditures are funded out of distributable cash. 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. Maintenance capital expenditures for the three months ended March 31, 2006 and 2007 are not representative of the expected run-rate due to seasonality fluctuations and timing of commitments.
- (iv) Subject to "Catch-up Payment" provision and is considered part of distributable cash.
- (v) Reflects non-cash expenses including accretion on Class C LP Units, amortization of deferred gain on a RioCan Real Estate Investment Trust sale-leaseback transaction. 2006 also includes non-cash amortization of swap on extinguished debt.
- (vi) 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.
- (vii) Excluding Class C LP Units

# Cineplex Entertainment Limited Partnership

## Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	<b>As at March 31, 2007 (Unaudited)</b>	<b>As at December 31, 2006</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 27,504	\$ 56,383
Accounts receivable	19,908	35,500
Inventories	2,749	3,193
Prepaid expenses and other current assets	7,501	4,297
Income taxes receivable	15	34
Due from related parties	11	11
	<hr/>	
	<b>57,688</b>	<b>99,418</b>
<b>Property, equipment and leaseholds</b>	<b>438,387</b>	<b>447,932</b>
<b>Goodwill</b>	<b>196,911</b>	<b>200,910</b>
<b>Fair value of interest rate swap agreements</b>	<b>2,121</b>	<b>-</b>
<b>Intangible assets</b>	<b>56,567</b>	<b>57,946</b>
<b>Future income taxes</b>	<b>6,627</b>	<b>6,156</b>
<b>Deferred charges</b>	<b>1,185</b>	<b>7,329</b>
	<hr/>	
	<b>\$ 759,486</b>	<b>\$ 819,691</b>
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# Cineplex Entertainment Limited Partnership

## Consolidated Balance Sheets ... *continued*

(expressed in thousands of Canadian dollars)

	As at March 31, 2007 (Unaudited)	As at December 31, 2006
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 53,176	\$ 90,596
Distributions payable	4,308	4,308
Due to related parties	4,548	3,143
Deferred revenue	38,325	50,184
Current portion of capital lease obligations	1,497	1,470
Bank indebtedness	5,000	-
	106,854	149,701
<b>Long-term debt</b>	<b>250,280</b>	<b>248,000</b>
<b>Capital lease obligations – long-term</b>	<b>36,042</b>	<b>36,426</b>
<b>Due to Cineplex Galaxy Trust</b>	<b>100,000</b>	<b>100,000</b>
<b>Accrued pension benefit liability</b>	<b>3,401</b>	<b>3,840</b>
<b>Other liabilities</b>	<b>144,439</b>	<b>146,791</b>
<b>Class C Limited Partnership Units – liability component</b>	<b>100,317</b>	<b>100,037</b>
	<b>741,333</b>	<b>784,795</b>
<b>Non-controlling interest</b>	<b>561</b>	<b>561</b>
<b>Partners' Equity</b>	<b>17,592</b>	<b>34,335</b>
	<b>\$ 759,486</b>	<b>\$ 819,691</b>

# Cineplex Entertainment Limited Partnership

## Consolidated Statements of Operations

### (Unaudited)

(expressed in thousands of Canadian dollars)

	For the three months ended March 31, 2007	For the three months ended March 31, 2006
<b>Revenue</b>		
Box office	\$ 112,887	\$ 103,014
Concessions	52,324	49,032
Other	13,385	10,616
	<u>178,596</u>	<u>162,662</u>
<b>Expenses</b>		
Film cost	56,877	51,307
Cost of concessions	10,423	9,696
Occupancy	36,632	37,025
Other theatre operating expenses	41,654	38,269
General and administrative	8,355	8,083
	<u>153,941</u>	<u>144,380</u>
<b>Income before undernoted</b>	<b>24,655</b>	<b>18,282</b>
<b>Amortization</b>	<b>16,274</b>	<b>15,238</b>
<b>Loss on disposal of theatre assets-net</b>	<b>1,867</b>	<b>184</b>
<b>Interest on long-term debt and capital lease obligations</b>	<b>7,506</b>	<b>7,414</b>
<b>Interest on loan from Cineplex Galaxy Trust</b>	<b>3,500</b>	<b>3,500</b>
<b>Interest income</b>	<b>(252)</b>	<b>(104)</b>
	<u>(4,240)</u>	<u>(7,950)</u>
<b>Loss before income taxes, non-controlling interest and discontinued operations</b>	<b>(4,240)</b>	<b>(7,950)</b>
<b>Provision for (recovery of) income taxes</b>		
Current	6	55
Future	(471)	-
	<u>(465)</u>	<u>55</u>
<b>Loss before non-controlling interest and discontinued operations</b>	<b>(3,775)</b>	<b>(8,005)</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>(37)</b>
<b>Loss from continuing operations</b>	<b>(3,775)</b>	<b>(7,968)</b>
<b>Loss from discontinued operations</b>	<b>-</b>	<b>(958)</b>
<b>Net loss for the period</b>	<b>\$ (3,775)</b>	<b>\$ (8,926)</b>

# Cineplex Entertainment Limited Partnership

## Consolidated Statements of Partners' Equity and Comprehensive Loss

### (Unaudited)

(expressed in thousands of Canadian dollars)

#### For the three months ended March 31, 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 loss
<b>Balance - December 31, 2006</b>	\$ 59,761	\$ (140,405)	\$ (80,644)	-	\$ 262,774	\$ (147,795)	\$ 34,335	\$ -
Adoption of new accounting standards	(1,894)	-	(1,894)	2,427	-	-	533	-
<b>Balance - January 1, 2007</b>	57,867	(140,405)	(82,538)	2,427	262,774	(147,795)	34,868	-
Distributions declared	-	(12,925)	(12,925)	-	-	-	(12,925)	-
Investment in Cineplex Galaxy Income Fund units	-	-	-	-	(1,677)	-	(1,677)	-
LTIP compensation obligation	-	-	-	-	731	-	731	-
Net loss for the period	(3,775)	-	(3,775)	-	-	-	(3,775)	(3,775)
Other comprehensive income - interest rate swaps	-	-	-	370	-	-	370	370
<b>Comprehensive loss for the period</b>								\$ (3,405)
<b>Balance - March 31, 2007</b>	\$ 54,092	\$ (153,330)	\$ (99,238)	\$ 2,797	\$ 261,828	\$ (147,795)	\$ 17,592	

The sum of accumulated distributions in excess of accumulated earnings and accumulated other comprehensive income as at March 31, 2007 is \$(96,441).

#### For the three months ended March 31, 2006

	Accumulated earnings	Accumulated distributions	Accumulated distributions in excess of accumulated earnings	Partners' capital	Formation of Partnership deficit	Total Partners' equity
<b>Balance - January 1, 2006</b>	\$ 51,925	\$ (89,664)	\$ (37,739)	\$ 232,975	\$ (147,795)	\$ 47,441
Distributions declared	-	(12,350)	(12,350)	-	-	(12,350)
Issuance of Partnership units - cost	-	-	-	(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)	-	-	(8,926)
<b>Balance - March 31, 2006</b>	\$ 42,999	\$ (102,014)	\$ (59,015)	\$ 232,929	\$ (147,795)	\$ 26,119

# Cineplex Entertainment Limited Partnership

## Consolidated Statements of Cash Flows

### (Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2007	Three months ended March 31, 2006
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (3,775)	\$ (8,926)
Adjustments to reconcile net income to net cash used in operating activities		
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	16,274	15,238
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(447)	(84)
Amortization of debt issuance costs	186	652
Loss on disposal of theatre assets	1,867	522
Future income taxes	(471)	-
Cash flow hedges - interest rate swaps, ineffective portion	249	-
Non-controlling interest	-	(37)
Tenant inducements	617	974
Changes in operating assets and liabilities	(28,591)	(32,458)
	<u>(14,091)</u>	<u>(24,119)</u>
<b>Investing activities</b>		
Proceeds from sale of theatre assets	2,475	70
Proceeds from sale of discontinued operations	-	502
Purchases of property, equipment and leaseholds	(4,928)	(15,106)
Theatre shutdown payment	(1,445)	-
Acquisition of Famous branded magazines	(406)	(1,100)
Lease guarantee payment and acquisition of theatre assets	(4,500)	-
	<u>(8,804)</u>	<u>(15,634)</u>
<b>Financing activities</b>		
Borrowings under credit facility	21,000	30,600
Repayment of credit facility	(11,000)	(3,009)
Payments under capital leases	(357)	(327)
Distributions paid	(12,925)	(12,350)
Investment in Cineplex Galaxy Income Fund units	(2,702)	-
	<u>(5,984)</u>	<u>14,914</u>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(28,879)</b>	<b>(24,839)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>56,383</b>	<b>45,795</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 27,504</b>	<b>\$ 20,956</b>
<b>Supplemental Information</b>		
Cash paid for interest	\$ 8,377	\$ 8,676
Cash paid for income taxes - net	6	52