



FOR IMMEDIATE RELEASE

**CINEPLEX GALAXY INCOME FUND  
Reports Fourth Quarter and Year End Results**

**TORONTO, CANADA**, February 10, 2006 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released the financial results of Cineplex Entertainment Limited Partnership (the “Partnership”), for the fourth quarter and the full year of 2005.

**Fourth Quarter Results**

- **Distributable income per unit for the quarter was a record \$0.4600 compared to declared distributions of \$0.2874. This is 20% higher than any previous quarter since the inception of the Fund.**
- **Total revenues for the quarter were \$193.2 million compared to \$76.8 million for 2004.**
- **Adjusted EBITDA for the quarter was \$35.5 million compared to \$16.2 million for 2004.**
- **Adjusted EBITDA margin for the quarter was 18.4%.**

**Full Year Results**

- **Total revenues for the year were \$490.3 million compared to \$315.8 million for 2004.**
- **Adjusted EBITDA for the year was \$68.8 million compared to \$67.0 million for 2004. Adjusted EBITDA for 2005 includes approximately \$8.8 million in one-time charges.**
- **Distributable income per unit for the year was \$1.0273 compared to declared distributions of \$1.1496.**
- **Increasing synergies target to \$25 million in annual savings on a run-rate basis to be achieved at the beginning of Q2 2006.**

“Our goal is to be the best motion picture exhibitor in the business and we are well on our way to achieving that goal, said Ellis Jacob, President and CEO. “We focused our efforts during the fourth quarter on integrating the Cineplex and Famous Players organizations, implementing programs to realize synergies and identifying other revenue growth and cost reduction opportunities.” Mr. Jacob went on to say that “while the fourth quarter industry box office volumes were up modestly over the prior year, we showed record results in our concession revenue per patron statistics and in our other income sources that resulted in an Adjusted EBITDA margin of 18.4% for the combined circuit during the traditionally strong fourth quarter and a pay-out ratio of 62% for the fourth quarter. Furthermore, we set a new quarterly record for distributable income that is 20% higher than our previous record.”

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.

## **Fourth Quarter Results**

The fourth quarter results include a full quarter of results for Famous Players which was acquired on July 22, 2005. The fourth quarter of 2005 was characterized by marginal growth in box office revenues but significant growth in concession revenue per patron and other income. The Canadian industry box office revenues for the quarter were up approximately 0.8% over the prior year.

Total revenues for the fourth quarter increased \$116.3 million to \$193.2 million for the quarter. The contribution from Famous Players to total revenues for the quarter was \$109.0 million. Same store box office revenues increased 1.5% and same store average ticket price increased \$0.07 to \$7.47. With the inclusion of the Famous Players locations, our combined average ticket price was \$7.97 for the quarter.

Our combined average concession revenue per patron amount of \$3.68 consisted of a new record of \$3.45 for the retained Cineplex Galaxy locations and \$3.89 for Famous Players. Other income increased \$14.4 million to \$20.6 million of which Famous Players contributed \$12.2 million. Same store total revenue increased 7.0% over the prior year as a result of the box office increase and strong performance in the concession and other income areas.

Adjusted EBITDA for the fourth quarter increased \$19.3 million to \$35.5 million with an Adjusted EBDITA margin of 18.4%

## **Full Year Results**

The full year results for 2005 were characterized by a reduction in industry box office revenues coupled with certain one-time and transaction related charges. The Canadian industry box office revenues were down 8.6% versus the prior year. Total revenues for the Partnership for the year increased \$174.5 million to \$490.3 million. Famous Players contribution to total revenues for the year was \$182.5 million. Our same store box office revenue declined 8.7% over the prior year and our same store average ticket price declined \$0.03 to \$7.42. Our combined concession revenue per patron amount of \$3.44 consisted of a new annual record of \$3.25 for Cineplex Galaxy locations and \$3.80 for Famous Players locations. Other income increased \$23.4 million to \$44.3 million of which Famous Players contributed \$19.0 million. Same store total revenue decreased 5.1% over the prior year principally due to the reduced business volumes.

Adjusted EBITDA for the full year increased \$1.8 million to \$68.8 million. This increase would have been \$10.6 million if the \$8.8 million in one-time and transaction related charges reflected in the third quarter results were excluded.

## **Distributable Income**

For the fourth quarter of 2005 distributable income per unit was \$0.46 and the declared distributions per unit for this period were \$0.29. For the full year, distributable income per unit was \$1.03 versus declared distributions per unit of \$1.15 and on an inception to date basis, distributable income per unit was \$2.50 versus declared distributions of \$2.41.

## **Divestiture and Synergy Update**

On July 22, 2005, the Partnership completed the acquisition of the Famous Players theatre exhibition business from Viacom Inc.

The divestiture process mandated by the Competition Bureau is proceeding and in the third quarter we completed the sale of 27 locations in Ontario and Western Canada for gross proceeds of \$83 million. We expect to announce the sale of the 7 Quebec locations before the end of the first quarter. The net proceeds of these sales will be used to repay a portion of the debt incurred in connection with the acquisition of Famous Players.

With respect to synergies, we have reduced approximately 35% of the headcount of the combined administrative team and the former Famous Players head office location has been closed and returned to the landlord. We are increasing our target to \$25 million in annual savings to be achieved on a run-rate basis at the beginning of the second quarter of 2006.

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.

### **About Cineplex Entertainment**

The Partnership owns, operates or has an interest in 130 theatres with 1,275 screens (after giving effect to the 7 theatres in Quebec to be divested pursuant to a consent agreement with the Canadian Commissioner of Competition) and is the largest film exhibition company in Canada. The Partnership operates theatres with the following six top-tier brands: Cineplex Odeon, Coliseum, Colossus, Famous Players, Galaxy 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](http://www.cineplex.com) and [www.famousplayers.com](http://www.famousplayers.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).

### **Analyst Conference Call:**

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 fourth quarter and year end results. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Friday, February 10, 2006  
10:30 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3422 or outside of Toronto dial 1-800-814-4941** at least ten minutes prior to 10:30 a.m. Eastern Time on Friday, February 10, 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 21173116#. The replay will begin at 12:30 p.m. on Friday, February 10, 2006 and end at 11:59 p.m. ET on Friday, February 17, 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  
VP Communications & Investor Relations  
416-323-6648**

# Cineplex Entertainment Limited Partnership

## Consolidated Supplemental Information

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

### Reconciliation to Adjusted EBITDA

	Three months ended December 31, 2005	Three months ended December 31, 2004	Year ended December 31, 2005	Year ended December 31, 2004
<b>Net income</b>	\$7,261	\$6,828	\$12,976	\$30,248
Amortization	16,235	6,227	42,948	22,530
Interest on long-term debt	7,691	2,307	18,401	8,280
Interest on loan from Cineplex Galaxy Trust	3,500	3,500	14,000	14,000
Interest income	(91)	(118)	(378)	(473)
Income tax expense	(925)	(1,320)	(1,463)	(1,149)
<b>EBITDA</b>	<b>\$33,671</b>	<b>\$17,424</b>	<b>\$86,484</b>	<b>\$73,436</b>
Impairment of long-lived assets	-	-	4,296	-
Non-controlling interest	1,214	-	1,828	-
Loss on extinguishment of debt	-	-	4,156	-
Loss (income) from discontinued operations	620	(1,274)	(28,116)	(6,357)
Loss (gain) on disposal of theatre assets	(54)	3	122	(111)
<b>Adjusted EBITDA</b>	<b>\$35,451</b>	<b>\$16,153</b>	<b>\$68,770</b>	<b>\$66,968</b>

# Cineplex Entertainment Limited Partnership

## Consolidated Supplemental Information

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

### Distributable Income

	Three months ended December 31, 2005	Three months ended December 31, 2004	Year ended December 31, 2005	Year ended December 31, 2004
Cash provided by operating activities (i)	\$59,857	\$27,091	\$66,208	\$43,818
Less: Changes in operating assets and liabilities (ii)	(30,580)	(13,728)	(14,806)	7,808
Tenant Inducements (iii)	(5,497)	(2,730)	(7,662)	(3,708)
Capital lease payments	(322)	-	(532)	-
Dividends paid to minority shareholders net of earnings	(490)	-	(1,862)	-
Total Capital expenditures	(13,556)	(8,586)	(31,419)	(22,803)
Add: Interest on loan from Cineplex Galaxy Trust (iv)	3,500	3,500	14,000	14,000
New theatre and Project capital expenditures (v)	11,639	5,958	24,464	17,653
POS/Rebranding capital expenditures (vi)	435	1,281	2,949	1,659
Non Cash components in operating assets and liabilities (vii)	319	-	602	-
Expenses funded through integration and restructuring reserve (viii)	65	-	849	-
<b>Distributable Income</b>	<b>\$25,370</b>	<b>\$12,786</b>	<b>\$52,791</b>	<b>\$58,427</b>
Average Number of Units outstanding (ix)	55,150,421	47,566,974	51,389,862	47,566,974
<b>Distributable Income per Unit</b>	<b>\$0.4600</b>	<b>\$0.2688</b>	<b>\$1.0273</b>	<b>\$1.2283</b>

- (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) Subject to "Catch-up Payment" provision and is considered part of distributable cash.
- (v) The total capital expenditures noted above includes new theatre and maintenance capital expenditures of which the new theatre capital expenditures and Board approved projects are funded out of the Partnership's Development Facility and therefore are added back to calculate distributable cash.
- (vi) Point-of-Sale ("POS") and rebranding capital expenditures are funded out of a \$5.5 million reserve fund established on November 26, 2003.
- (vii) 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.
- (viii) Amounts financed by the reserve set up upon completion of the acquisition of Famous Players are not considered a use of distributable cash flow
- (ix) Units outstanding for three and nine months ended December 31, 2005 reflect the issuance on July 22, 2005 of 6,835,000 Class A LP Units and Class D LP Units to fund the acquisition of Famous Players.

# Cineplex Entertainment Limited Partnership

## Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	As at December 31, 2005	As at December 31, 2004
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 45,190	\$ 38,427
Restricted cash	-	7,637
Accounts receivable	21,752	10,931
Inventories	4,162	1,899
Prepaid expenses and other current assets	3,803	2,665
Due from related parties	32	4
Assets held for sale - current	789	481
	<u>75,728</u>	62,044
<b>Property, equipment and leaseholds</b>	<b>435,002</b>	225,905
<b>Goodwill</b>	<b>206,218</b>	22,942
<b>Intangible assets</b>	<b>63,464</b>	1,877
<b>Future income taxes</b>	<b>5,539</b>	1,615
<b>Deferred charges</b>	<b>9,319</b>	2,098
<b>Assets held for sale - long-term</b>	<b>3,481</b>	8,949
	<u>\$ 798,751</u>	<u>\$ 325,430</u>

# Cineplex Entertainment Limited Partnership

## Consolidated Balance Sheets ... *continued*

As at December 31, 2005

(expressed in thousands of Canadian dollars)

	As at December 31, 2005	As at December 31, 2004
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 88,243	\$ 26,280
Distributions payable	4,117	10,996
Due to related parties	2,442	1,655
Income taxes payable	667	153
Deferred revenue	41,003	13,580
Current portion of capital lease obligations	1,383	-
Current portion of long-term debt	35	52
Liabilities related to property held for sale - current	843	92
	<u>138,733</u>	52,808
<b>Capital lease obligations - long-term</b>	<b>38,078</b>	-
<b>Long-term debt</b>	<b>243,500</b>	125,512
<b>Due to Cineplex Galaxy Trust</b>	<b>100,000</b>	100,000
<b>Accrued pension liability</b>	<b>5,229</b>	589
<b>Other liabilities</b>	<b>123,950</b>	83,067
<b>Class C Limited Partnership units - liability component</b>	<b>97,555</b>	-
<b>Liabilities related to property held for sale – long-term</b>	<u>3,235</u>	<u>6,717</u>
	<u>750,280</u>	368,693
<b>Non-controlling interest</b>	<u>1,030</u>	-
<b>Partners' Equity (Deficiency)</b>		
<b>Partners' equity (deficit)</b>	<u>47,441</u>	(43,263)
	<u>\$ 798,751</u>	<u>\$ 325,430</u>

# Cineplex Entertainment Limited Partnership

## Consolidated Statements of Income

(expressed in thousands of Canadian dollars)

	Three months ended December 31, 2005	Three months ended December 31, 2004	Year ended December 31, 2005	Year ended December 31, 2004
<b>Revenue</b>				
Box office	\$ 118,041	\$ 49,788	\$ 308,673	\$ 209,440
Concessions	54,578	20,863	137,323	85,423
Other	20,567	6,196	44,303	20,923
	<u>193,186</u>	<u>76,847</u>	<u>490,299</u>	<u>315,786</u>
<b>Expenses</b>				
Film cost	61,438	25,396	159,518	108,013
Cost of concessions	10,236	3,917	26,986	17,158
Occupancy	37,254	11,079	93,283	45,990
Other theatre operating expenses	39,527	16,624	106,308	63,028
General and administrative	9,280	3,528	35,210	13,979
Management fee	-	150	224	650
	<u>157,735</u>	<u>60,694</u>	<u>421,529</u>	<u>248,818</u>
<b>Income before undernoted</b>	<b>35,451</b>	<b>16,153</b>	<b>68,770</b>	<b>66,968</b>
<b>Amortization</b>	<b>16,235</b>	<b>6,227</b>	<b>42,948</b>	<b>22,530</b>
<b>Loss (gain) on disposal of theatre assets</b>	<b>(54)</b>	<b>3</b>	<b>122</b>	<b>(111)</b>
<b>Loss on extinguishment of debt</b>	<b>-</b>	<b>-</b>	<b>4,156</b>	<b>-</b>
<b>Impairment of long-lived assets</b>	<b>-</b>	<b>-</b>	<b>4,296</b>	<b>-</b>
<b>Interest on long-term debt and capital lease obligations</b>	<b>7,691</b>	<b>2,307</b>	<b>18,401</b>	<b>8,280</b>
<b>Interest on loan from Cineplex Galaxy Trust</b>	<b>3,500</b>	<b>3,500</b>	<b>14,000</b>	<b>14,000</b>
<b>Interest income</b>	<b>(91)</b>	<b>(118)</b>	<b>(378)</b>	<b>(473)</b>
<b>(Loss) income before income taxes, non-controlling interest &amp; discontinued operations</b>	<b>8,170</b>	<b>4,234</b>	<b>(14,775)</b>	<b>22,742</b>
<b>Provision for (recovery of) income taxes</b>				
Current	1,433	233	2,461	404
Future	(2,358)	(1,553)	(3,924)	(1,553)
	<u>(925)</u>	<u>(1,320)</u>	<u>(1,463)</u>	<u>(1,149)</u>
<b>(Loss) income before non-controlling interest and discontinued operations</b>	<b>9,095</b>	<b>5,554</b>	<b>(13,312)</b>	<b>23,891</b>
<b>Non-controlling interest</b>	<b>1,214</b>	<b>-</b>	<b>1,828</b>	<b>-</b>
<b>(Loss) income from continuing operations</b>	<b>7,881</b>	<b>5,554</b>	<b>(15,140)</b>	<b>23,891</b>
<b>Income from discontinued operations</b>	<b>(620)</b>	<b>1,274</b>	<b>28,116</b>	<b>6,357</b>
<b>Net income</b>	<b>\$ 7,261</b>	<b>\$ 6,828</b>	<b>\$ 12,976</b>	<b>\$ 30,248</b>

# Cineplex Entertainment Limited Partnership

## Consolidated Statements of Partners' Equity (Deficiency)

(expressed in thousands of Canadian dollars)

	Partners' capital	Deficit	Accumulated earnings	Accumulated distributions	Total
<b>Balance - January 1, 2005</b>	\$ 110,203	\$ (147,795)	\$ 38,949	\$ (44,620)	\$ (43,263)
Distributions declared	-	-	-	(45,044)	(45,044)
Issuance of Limited Partnership units - net of costs	114,290	-	-	-	114,290
Issuance of Class C Limited Partnership units - equity component	8,546	-	-	-	8,546
Investment in Cineplex Galaxy Income Fund units	(267)	-	-	-	(267)
LTIP compensation obligation	203	-	-	-	203
Net income	-	-	12,976	-	12,976
<b>Balance - December 31, 2005</b>	<u>\$ 232,975</u>	<u>\$ (147,795)</u>	<u>\$ 51,925</u>	<u>\$ (89,664)</u>	<u>\$ 47,441</u>

	Partners' capital	Deficit	Accumulated earnings	Accumulated distributions	Total
<b>Balance - January 1, 2004, as restated</b>	\$ 110,425	\$ (147,819)	\$ 8,701	\$ (3,937)	\$ (32,630)
Distributions declared	-	-	-	(40,683)	(40,683)
Formation of Partnership issuance costs	(222)	-	-	-	(222)
Contribution of capital on acquisition of theatres	-	24	-	-	24
Net income	-	-	30,248	-	30,248
<b>Balance - December 31, 2004</b>	<u>\$ 110,203</u>	<u>\$ (147,795)</u>	<u>\$ 38,949</u>	<u>\$ (44,620)</u>	<u>\$ (43,263)</u>

# Cineplex Entertainment Limited Partnership

## Consolidated Statements of Cash Flow

(expressed in thousands of Canadian dollars)

	For the Year ended December 31, 2005	For the Year ended December 31, 2004
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income	\$ 12,976	\$ 30,248
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of property, equipment and leaseholds, deferred charges and intangibles	43,686	23,736
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract assets	(3,201)	(5,352)
Amortization of debt issuance costs	1,586	950
Future income taxes	(3,924)	(1,553)
Loss on extinguishment of debt	4,156	-
Impairment of long-lived assets	4,296	-
Issuance of Class D Limited Partnership units	8,050	-
Gain on disposal of theatre assets	(25,713)	(111)
Non-controlling interest	1,828	-
Tenant inducements	7,662	3,708
Changes in operating assets and liabilities	14,806	(7,808)
	<u>66,208</u>	<u>43,818</u>
<b>Investing activities</b>		
Proceeds from sale of theatre assets	67,097	122
Proceeds from sale of discontinued operations	85,690	-
Capital expenditures	(31,419)	(22,803)
Acquisition of Famous Players Limited Partnership and Famous Players Co. - net of cash acquired	(448,688)	-
Cash received from segregated account for distribution	8,297	-
Cash transferred to segregated account for future distributions	(691)	(7,606)
	<u>(319,714)</u>	<u>(30,287)</u>
<b>Financing activities</b>		
Borrowings under credit facility	296,000	15,500
Repayment of credit facility	(178,029)	(49)
Payments under capital leases	(532)	-
Issuance of Limited Partnership units - net of issuance costs	207,240	-
Formation of Partnership issuance costs paid	-	(222)
Dividends paid to non-controlling interest	(1,862)	-
Distributions paid	(51,923)	(33,624)
Investment in Cineplex Galaxy Income Fund units	(423)	-
Deferred financing fees	(9,833)	-
	<u>260,638</u>	<u>(18,395)</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>7,132</b>	<b>(4,864)</b>
<b>Cash and cash equivalents - Beginning of year</b>	<b>38,663</b>	<b>43,527</b>
<b>Cash and cash equivalents - End of year</b>	<b>\$ 45,795</b>	<b>\$ 38,663</b>
<b>Supplemental information</b>		
Cash paid for interest	\$ 27,482	\$ 21,140
Cash paid for income taxes - net	\$ 1,385	\$ 218