



FOR IMMEDIATE RELEASE

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

TORONTO, CANADA, August 12, 2010 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released its financial results for the second quarter of 2010.

Second Quarter Results

	Q2 2010	Q2 2009	Period over Period Change
Total Revenues	\$243.7 million	\$248.6 million	-2.0%
Attendance	16.7 million	18.2 million	-8.2%
Other Revenue	\$26.6 million	\$23.0 million	+15.6%
Net Income	\$17.4 million	\$19.9 million	-12.5%
Adjusted EBITDA	\$41.6 million	\$44.7 million	-6.8%
Adjusted EBITDA Margin	17.1%	18.0%	-0.9%
Distributable Cash Per Unit	\$0.549	\$0.628	-12.6%

Period over period change calculated based on thousands of dollars except percentage and per unit values.

Year to Date June 30 Results

	Six months ended June 30, 2010	Six months ended June 30, 2009	Period over Period Change
Total Revenues	\$501.0 million	\$459.6 million	+9.0%
Attendance	34.7 million	34.1 million	+1.7%
Other Revenue	\$48.6 million	\$40.6 million	+19.6%
Net Income	\$26.9 million	\$23.6 million	+14.2%
Adjusted EBITDA	\$77.0 million	\$74.6 million	+3.2%
Adjusted EBITDA Margin	15.4%	16.2%	-0.8%
Distributable Cash Per Unit	\$0.996	\$1.009	-1.3%

Period over period change calculated based on thousands of dollars except percentage and per unit values.

“Cineplex’s second quarter revenues were impacted by the lack of success of certain highly anticipated movie titles, however more controllable areas of our business including merchandising and media, both delivered strong results,” said Ellis Jacob, President and CEO, Cineplex Entertainment. “Concession revenue per patron (CPP) of \$4.36 was the highest in the history of the Fund, 6.6% ahead of last year. Cineplex Media revenues increased 18.6% year over year, primarily due to increased full motion advertising. On a year-to-date basis, Cineplex’s total revenues are up 9.0%, and all other key revenue sources are also ahead resulting in a 14.2% increase in net income.”

“We continued to install digital and 3D projection equipment in our theatres during the quarter, adding 42 digital projectors and 37 3D systems. Our circuit now has 21% of our screens equipped with digital projectors and 17% of screens also have 3D systems. During the quarter we opened a new seven screen theatre with an XSCAPE Entertainment Centre at CrossIron Mills in Calgary. We also premiered UltraAVX™, a new enhanced audio visual entertainment experience, in two locations with seven more scheduled for installation by year end. Subsequent to the quarter-end we completed the acquisition of Digital Display & Communications Inc., which we believe will be highly complementary to our existing digital signage and media businesses,” said Jacob.

EBITDA and distributable cash are not measures recognized by generally accepted accounting principles (“GAAP”) and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and distributable cash may not be comparable to similar measures presented by other issuers. EBITDA is calculated by adding back to net income, income tax expense, amortization and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for non-controlling interests, extraordinary gains and gains or losses on disposal of assets.

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

Second Quarter Results

The results of the Fund for the three months ended June 30, 2010 as compared to the three months ended June 30, 2009 are presented below.

Total revenues

Total revenues for the three months ended June 30, 2010 decreased \$4.9 million (2.0%) to \$243.7 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 dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
Box office revenues	\$ 144,542	\$ 151,383	-4.5%	\$ 304,869	\$ 281,660	8.2%
Attendance	16,667	18,156	-8.2%	34,712	34,122	1.7%
Box office revenue per patron	\$ 8.67	\$ 8.34	4.0%	\$ 8.78	\$ 8.25	6.4%
Canadian industry revenues (1)			-3.2%			6.3%
Same store box office revenues	\$ 141,179	\$ 149,848	-5.8%	\$ 299,008	\$ 279,001	7.2%
Same store attendance	16,260	17,938	-9.4%	34,025	33,717	0.9%
% Total box from IMAX & 3D	25.8%	13.6%	89.7%	30.1%	10.5%	186.7%

(1) The Motion Picture Theatre Associations of Canada ("MPTAC") reported that the Canadian exhibition industry reported a box office decrease of 4.8% for the period from April 2, 2010 to July 1, 2010 as compared to the period from April 3, 2009 to July 2, 2009. On a basis consistent with the Fund's calendar reporting period (April 1 to June 30), the Canadian industry box office decrease is estimated to be 3.2%. The MPTAC reported a box office increase of 6.6% for the period from January 1, 2010 to July 1, 2010 as compared to the period from January 2, 2009 to July 2, 2009. On a basis consistent with the Fund's calendar reporting period (January 1 to June 30), the Canadian industry box office increase is estimated to be 6.3%.

Box office continuity In thousands	Second Quarter Box Office Attendance		Year to Date June 30 Box Office Attendance	
	2009 as reported	\$ 151,383	18,156	\$ 281,660
Same store attendance change	(14,013)	(1,677)	2,549	308
Impact of same store BPP change	5,344	-	17,458	-
New and acquired theatres	2,347	273	4,845	553
Disposed and closed theatres	(519)	(85)	(1,643)	(271)
2010 as reported	\$ 144,542	16,667	\$ 304,869	34,712

Top Cineplex Films – Second Quarter 2010 compared to Second Quarter 2009					
Q2 2010 Top Cineplex Films		% Total Box	Q2 2009 Top Cineplex Films		% Total Box
1	Iron Man 2	11.0%	1	Star Trek	9.5%
2	Shrek Forever After	8.9%	2	Up	8.9%
3	How to Train your Dragon	6.7%	3	Transformers: Revenge of the Fallen	7.2%
4	Clash of the Titans	6.6%	4	X-Men Origins: Wolverine	6.8%
5	Toy Story 3	6.6%	5	Angels & Demons	6.3%

Box office revenues decreased \$6.8 million, or 4.5%, to \$144.5 million during the second quarter of 2010, compared to \$151.4 million recorded in the same period in 2009. This decrease was primarily due to lower attendance period over period (8.2% decrease). The decrease in attendance was primarily due to certain films released during the quarter

performing below expectations. The second quarter of 2009 featured strong performing films throughout the quarter, highlighted by the May blockbuster releases such as 'Up' and 'Star Trek' whereas in 2010 certain expected May blockbuster releases did not perform as strongly as anticipated.

BPP increased \$0.33, or 4.0%, from \$8.34 in the second quarter of 2009 to \$8.67 in the same period in 2010. The top five films during the quarter were all shown in IMAX, and four of the top five (*Shrek Forever After*, *How to Train your Dragon*, *Clash of the Titans* and *Toy Story 3*) were screened in 3D. The percentage of box office revenues earned from the 3D and IMAX titles represented 25.8% of the Fund's total box office results for the quarter, up from 13.6% from the same period in the prior year. These premium priced offerings contributed to the increase in the BPP amount, as well as select ticket price increases introduced at the end of March 2010. The Fund's second quarter performance relative to the industry was impacted by certain independent non-traditional large-format locations.

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 dollars, except attendance and same store attendance reported in thousands of patrons, and per patron amounts):

Concession revenues	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
Concession revenues	\$ 72,613	\$ 74,225	-2.2%	\$ 147,511	\$ 137,351	7.4%
Attendance	16,667	18,156	-8.2%	34,712	34,122	1.7%
Concession revenue per patron	\$ 4.36	\$ 4.09	6.6%	\$ 4.25	\$ 4.03	5.5%
Same store concession revenues	\$ 70,883	\$ 73,298	-3.3%	\$ 144,588	\$ 135,809	6.5%
Same store attendance	16,260	17,938	-9.4%	34,025	33,717	0.9%

Concession revenue continuity In thousands	Second Quarter		Year to Date June 30	
	Concession	Attendance	Concession	Attendance
2009 as reported	\$ 74,225	18,156	\$ 137,351	34,122
Same store attendance change	(6,855)	(1,677)	1,241	308
Impact of same store CPP change	4,439	-	7,538	-
New and acquired theatres	1,094	273	2,287	553
Disposed and closed theatres	(290)	(85)	(906)	(271)
2010 as reported	\$ 72,613	16,667	\$ 147,511	34,712

Concession revenues decreased 2.2% as compared to the prior year quarter, due to the 8.2% decrease in attendance, partially offset by a 6.6% increase in CPP, which increased from \$4.09 in the second quarter of 2009 to \$4.36 in the second quarter of 2010. The Fund believes that revised concession offerings, as well as process improvements designed to increase speed of service contributed to this period-over-period increase. The \$4.36 CPP amount represents a quarterly record for the Fund. The higher proportion of film product catering to family audiences also contributed to this increased CPP, as three of the top five films during the quarter were marketed to family audiences, compared to only one in the same period in 2009. Nominal concession price increases introduced in May 2010 also contributed to this CPP increase. The 2010 results include the impact of the Fund's 'Telus Tuesdays' program, which features a reduced price movie and concession offering. The Fund believes the program drives incremental attendance and concession purchase incidence on Tuesdays.

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 dollars):

Other revenues	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
Media	\$ 19,361	\$ 16,318	18.6%	\$ 33,593	\$ 26,941	24.7%
Games	1,067	1,168	-8.6%	2,248	2,336	-3.8%
Other	6,160	5,523	11.5%	12,747	11,350	12.3%
Total	\$ 26,588	\$ 23,009	15.6%	\$ 48,588	\$ 40,627	19.6%

Other revenues increased 15.6% from \$23.0 million in the second quarter of 2009 to \$26.6 million in the second quarter of 2010. Media revenues for the second quarter of 2010 were \$19.4 million, up \$3.0 million from the prior year period. The increase continues the trend seen in the first quarter of 2010 with advertisers returning to the screens after the reduction in full motion and digital pre-show advertising during 2009 due to the challenging economic environment. Spending from the automotive sector increased period over period as the first half of 2009 saw reduced spending by this sector in response to the difficult economic climate at that time. Telecommunications spending was also up in the quarter over the prior period due to increased spending from existing companies and new market entrants. The increase in Other 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 dollars, except film cost percentage):

Film cost	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
Film cost	\$ 78,408	\$ 81,372	-3.6%	\$ 165,784	\$ 147,312	12.5%
Film cost percentage	54.2%	53.8%	0.7%	54.4%	52.3%	4.0%

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 quarterly decrease was due to the 4.5% decrease in box office revenue, partially offset by the 0.7% increase in the film cost percentage as compared to the prior year period. The increase in film cost percentage is primarily due to the settlement rate on certain strong performing titles during the quarter being higher than the average film 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 dollars, except concession cost percentage and concession margin per patron):

Cost of concessions	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
Concession cost	\$ 15,066	\$ 15,172	-0.7%	\$ 31,984	\$ 28,096	13.8%
Concession cost percentage	20.7%	20.4%	1.5%	21.7%	20.5%	5.9%
Concession margin per patron	\$ 3.45	\$ 3.25	6.2%	\$ 3.33	\$ 3.20	4.1%

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The decrease in concession cost as compared to the prior year period was due to the 2.2% decrease in concession revenues, partially offset by the 1.5% higher concession cost percentage.

The continued growth of the SCENE loyalty program and the associated 10% discount on concession products also contributed to the higher concession cost percentage. The 'Telus Tuesdays' program is designed to increase concession purchase incidence on Tuesdays, however the discounted price of the concession offering negatively impacts the Fund's concession cost percentage and concession margin per patron. Despite the increase in concession cost percentage, the concession margin per patron increased from \$3.25 in the second quarter of 2009 to \$3.45 in the same period in 2010.

Occupancy expenses

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

Occupancy expense	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
Rent	\$ 27,503	\$ 26,368	4.3%	\$ 54,837	\$ 53,216	3.0%
Other occupancy	13,558	13,216	2.6%	27,266	26,744	2.0%
Non-recurring legal contingency	164	687	-76.0%	297	687	-56.8%
One-time items	(587)	\$ (1,403)	-58.2%	(969)	\$ (1,629)	-40.5%
Total	\$ 40,638	\$ 38,868	4.6%	\$ 81,431	\$ 79,018	3.1%

Occupancy continuity In thousands	Second Quarter Occupancy	Year to Date June 30 Occupancy
2009 as reported	\$ 38,868	\$ 79,018
Impact of new theatres	1,585	2,125
Impact of disposed theatres	(245)	(398)
Same store rent change	331	633
Non-recurring items	293	271
Other	(194)	(218)
2010 as reported	\$ 40,638	\$ 81,431

Occupancy expense increased \$1.8 million during the three months ended June 30, 2010 compared to the prior year period. Since June 30, 2009, the Fund has acquired five theatres (including the other venturer's interest in one joint venture theatre) and opened one. During the same timeframe, the Fund has closed three theatres. This increased theatre count resulted in the net impact of new and acquired theatres less disposed and closed theatres increasing occupancy expense by \$1.3 million during the second quarter of 2010 compared to the prior year period. The non-recurring legal contingency costs represent the final provision for Famous Players pre-acquisition legal expenditures.

Other operating expenses

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

Other operating expenses	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
Other operating expenses	\$ 56,518	\$ 55,795	1.3%	\$ 116,028	\$ 106,516	8.9%

Other operating continuity In thousands	Second Quarter Other Operating	Year to Date June 30 Other Operating
2009 as reported	\$ 55,795	\$ 106,516
Impact of new theatres	964	1,819
Impact of disposed theatres	(301)	(858)
Same store payroll change	(482)	2,102
Marketing change	(428)	862
New business initiatives	402	1,218
Other	568	4,369
2010 as reported	\$ 56,518	\$ 116,028

Other operating expenses increased \$0.7 million during the second quarter of 2010 compared to the prior year period primarily as a result of new theatre activity. Theatre payroll for same store locations decreased \$0.5 million due to decreased theatre staffing in response to the lower theatre attendance during the second quarter of 2010, partially offset by minimum wage increases. Total theatre payroll accounted for 46.7% of the total expenses in other operating expenses during the second quarter of 2010, as compared to 47.6% for the same period in 2009. Marketing costs decreased \$0.4 million, of which \$0.2 million relates to non-cash barter agreements. Rather than settling cash-based

transactions, since 2008 the Fund has entered into a number of cross-promotional non-cash barter agreements with certain promotional partners to provide radio and television promotions for the Fund's business initiatives. New business initiatives include costs for the Cineplex Store, the Cineplex.com website and costs relating to Cineplex Digital Media ("CDM"), which was acquired in the second quarter of 2009.

The \$0.6 million increase in Other includes technology enhancements and expanded service offerings including the cost of online ticketing and 3D technology licensing payments (\$0.4 million) as well as costs relating to the increased media activity during the period (\$0.7 million), offset by decreased costs relating to the lower business volume during the period (\$0.5 million).

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 the LTIP and Option Plan costs, and G&A net of these costs (in thousands of dollars):

G&A expenses	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
G&A excluding LTIP and Option Plan expense	\$ 9,763	\$ 9,999	-2.4%	\$ 19,671	\$ 18,654	5.5%
LTIP	2,161	2,297	-5.9%	5,663	4,977	13.8%
Option Plan	(432)	441	NM	3,455	478	622.8%
G&A expenses as reported	\$ 11,492	\$ 12,737	-9.8%	\$ 28,789	\$ 24,109	19.4%

General and administrative costs decreased \$1.2 million primarily as a result of decreased costs under the Option Plan (\$0.9 million). The Option Plan has outstanding options with exercise prices of \$17.03 and \$14.00. The Fund's closing unit price at June 30, 2010 was \$19.50, as compared to \$20.30 at March 31, 2010. This decreased unit price resulted in the \$0.4 million credit to the Option Plan expense during the period.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA")

The following table represents the Fund's EBITDA and adjusted EBITDA for the three and six months ended June 30, 2010 as compared to the three and six months ended June 30, 2009 (expressed in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Second Quarter			Year to Date June 30		
	2010	2009	Change	2010	2009	Change
EBITDA	\$ 41,285	\$ 45,676	-9.6%	\$ 76,422	\$ 75,438	1.3%
Adjusted EBITDA	\$ 41,621	\$ 44,673	-6.8%	\$ 76,952	\$ 74,587	3.2%
Adjusted EBITDA margin	17.1%	18.0%	-0.9%	15.4%	16.2%	-0.8%

Adjusted EBITDA for the second quarter of 2010 decreased \$3.1 million, or 6.8%, as compared to the second quarter of 2009. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 17.1%, down from 18.0% in the prior year period. The decreases are primarily due to the lower exhibition and merchandising revenues due to lower attendance during the period, partially offset by the higher media revenues as a result of increased advertising spending due to the improved economic climate in the second quarter of 2010 compared to the prior year period.

Distributable Cash

For the three months ended June 30, 2010, distributable cash per Fund unit was \$0.549 as compared to \$0.628 for the three months ended June 30, 2009. The declared distributions per Fund unit were \$0.315 for both the three months ended June 30, 2010 and 2009. The payout ratios were approximately 57% and 50%, respectively, for each of these periods. During the twelve months ended June 30, 2010 and 2009, the Fund generated distributable cash of \$2.128 and \$2.133, respectively, as compared to declared distributions of \$1.260 for each of these periods. The payout ratios for each of these periods was approximately 59%.

Presentation

Prior to 2009, Cineplex presented and discussed the results of Cineplex Entertainment Limited Partnership (the "Partnership") as the Fund equity accounted for its investment in the Partnership prior to Q2 2007 and, as such, the consolidated financial statements of the Fund did not provide comparative results on a line-by-line basis. As a result of the Fund's step acquisitions in the Partnership, there are differences in the valuation bases of certain assets and liabilities between the Fund and the Partnership. These valuation differences give rise to differences in certain non-cash expenses (primarily included in the occupancy category) which result in differences in reported results between the Fund and the Partnership. In its filed Management's Discussion and Analysis, the Fund provides a reconciliation of the Fund and the Partnership reported results. For the second quarter of 2010, the Fund reported Adjusted EBITDA of \$41.6 million, and the Partnership reported Adjusted EBITDA of \$42.7 million.

This news release contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events (including the proposed conversion of the Fund to a corporate form and the ability to maintain the current level of cash distributions to equity holders following conversion), results, circumstances, performance or expectations that are not historical facts. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in our Annual Information Form and in this news release. Those risks and uncertainties include adverse factors generally encountered in the film exhibition industry such as poor film product and unauthorized copying; the risks associated with national and world events, including war, terrorism, international conflicts, natural disasters, extreme weather conditions and infectious diseases; changes in income tax legislation; and general economic conditions. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. All forward-looking statements in this news release are qualified by these cautionary statements. These statements are made as of the date of this news release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex Entertainment, its financial or operating results or its securities.

About Cineplex Entertainment LP

As the largest motion picture exhibitor in Canada, Cineplex Entertainment LP owns, leases or has a joint-venture interest in 129 theatres with 1,342 screens serving approximately 70 million guests annually. Headquartered in Toronto, Canada, Cineplex Entertainment 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. The units of Cineplex Galaxy Income Fund, which owns approximately 99.7% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange (symbol CGX.UN). For more information, visit 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.

You are cordially invited to participate in a teleconference call with the management of the Partnership (TSX: CGX.UN) 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 12, 2010
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial 416-644-3415 or outside of Toronto dial 1-877-974-0445** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 4329031 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 4329031#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, August 12, 2010 and end at 11:59 p.m. Eastern Time on Thursday, August 19, 2010. 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:

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Cineplex Galaxy Income Fund
Consolidated Supplemental Information
(Unaudited)
(expressed in thousands of Canadian dollars)

Reconciliation to Adjusted EBITDA

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net income	\$ 17,401	\$ 19,892	\$ 26,944	\$ 23,595
Amortization	19,432	19,733	38,801	40,597
Interest and accretion expense on convertible debentures	1,848	1,848	3,700	3,684
Interest on long-term debt and capital lease obligations	3,784	3,829	7,533	8,043
Interest income	(90)	(76)	(174)	(201)
Provision for (recovery of) income taxes	(1,090)	450	(382)	(280)
EBITDA	41,285	45,676	76,422	75,438
Non-controlling interests	50	163	79	320
Extraordinary gain	-	(992)	-	(992)
Loss (gain) on disposal of assets	286	(174)	451	(179)
Adjusted EBITDA	\$ 41,621	\$ 44,673	\$ 76,952	\$ 74,587

Cineplex Galaxy Income Fund
Consolidated Supplemental Information
(Unaudited)

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

Distributable Cash

	For the three months ended June 30,		For the six months ended June 30,	
	2010	2009	2010	2009
Cash provided by operating activities	\$ 25,362	\$ 42,989	\$ 46,963	\$ 61,546
Less: Total capital expenditures	(13,167)	(10,581)	(23,578)	(23,138)
Standardized distributable cash	12,195	32,408	23,385	38,408
Less:				
Changes in operating assets and liabilities (i)	10,786	(1,114)	18,995	9,267
Tenant inducements (ii)	(598)	(2,492)	(1,007)	(7,052)
Principal component of capital lease obligations	(495)	(422)	(980)	(835)
Add:				
New build capital expenditures and other (iii)	9,759	7,697	17,054	18,239
Non-cash components in operating assets and liabilities (iv)	(234)	(172)	(469)	(339)
Distributable cash	\$ 31,413	\$ 35,905	\$ 56,978	\$ 57,688
Less: Non-controlling interests share of distributable cash	(128)	(381)	(240)	(1,454)
Distributable cash available to Fund unitholders	\$ 31,285	\$ 35,524	\$ 56,738	\$ 56,234
Average number of Fund units outstanding	56,974,020	56,544,125	56,937,983	55,710,361
Distributable cash per Fund unit	\$ 0.549	\$ 0.628	\$ 0.996	\$ 1.009

- (i) Changes in operating assets and liabilities are not considered a source or use of distributable cash.
- (ii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of distributable cash.
- (iii) New build capital expenditures and other represent expenditures on Board approved projects as well as any expenditures for digital equipment anticipated to be incorporated into a third-party digital integrator financing structure, and exclude maintenance capital expenditures. The Partnership's revolving credit facility is available to the Fund for use to fund Board approved projects.
- (iv) Certain non-cash components of other assets and liabilities are indirectly excluded from distributable cash to the extent they reflect permanent, not timing differences. Such items include the amortization of deferred gains on sale-leaseback transactions and non-cash pension adjustments relating to the Fund's acquisition of the Partnership.

Cineplex Galaxy Income Fund
Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	June 30, 2010 (unaudited)	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 68,913	\$ 95,791
Accounts receivable	33,454	54,892
Inventories	3,790	4,260
Prepaid expenses and other current assets	<u>13,646</u>	<u>4,310</u>
	119,803	159,253
Property, equipment and leaseholds	419,138	428,253
Future income taxes	21,387	20,221
Deferred charges	754	820
Intangible assets	97,477	103,674
Goodwill	601,040	600,564
	<u>1,259,599</u>	<u>1,312,785</u>
	\$	\$

Cineplex Galaxy Income Fund
Consolidated Balance Sheets ... *continued*

(expressed in thousands of Canadian dollars)

	June 30, 2010 (unaudited)	December 31, 2009
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 86,175	\$ 109,900
Distributions payable	6,009	6,001
Income taxes payable	33	34
Deferred revenue	67,345	85,501
Capital lease obligations - current portion	2,125	2,004
Fair value of interest rate swap agreements	6,163	6,881
	<hr/> 167,850	210,321
Long-term debt	233,756	233,459
Fair value of interest rate swap agreements	5,224	5,382
Capital lease obligations – long-term portion	30,026	31,127
Accrued pension benefit liability	2,226	2,012
Other liabilities	114,062	114,941
Convertible debentures - liability component	100,097	100,982
	<hr/> 653,241	698,224
Non-controlling interests	1,793	2,669
Unitholders' equity	604,565	611,892
	<hr/> \$ 1,259,599	\$ 1,312,785

Cineplex Galaxy Income Fund
Consolidated Statements of Operations
(Unaudited)
(expressed in thousands of Canadian dollars)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Revenues				
Box office	\$ 144,542	\$ 151,383	\$ 304,869	\$ 281,660
Concessions	72,613	74,225	147,511	137,351
Other	26,588	23,009	48,588	40,627
	<u>243,743</u>	<u>248,617</u>	<u>500,968</u>	<u>459,638</u>
Expenses				
Film cost	78,408	81,372	165,784	147,312
Cost of concessions	15,066	15,172	31,984	28,096
Occupancy	40,638	38,868	81,431	79,018
Other operating	56,518	55,795	116,028	106,516
General and administrative	11,492	12,737	28,789	24,109
	<u>202,122</u>	<u>203,944</u>	<u>424,016</u>	<u>385,051</u>
Income before undernoted	41,621	44,673	76,952	74,587
Amortization	19,432	19,733	38,801	40,597
Loss (gain) on disposal of assets	286	(174)	451	(179)
Interest and accretion expense on convertible debentures	1,848	1,848	3,700	3,684
Interest on long-term debt and capital lease obligations	3,784	3,829	7,533	8,043
Interest income	(90)	(76)	(174)	(201)
	<u>16,361</u>	<u>19,513</u>	<u>26,641</u>	<u>22,643</u>
Income before income taxes, extraordinary gain and non-controlling interests				
Provision for (recovery of) income taxes				
Current	8	2	12	9
Future	(1,098)	448	(394)	(289)
	<u>(1,090)</u>	<u>450</u>	<u>(382)</u>	<u>(280)</u>
Income before extraordinary gain and non-controlling interests	17,451	19,063	27,023	22,923
Extraordinary gain	-	992	-	992
	<u>17,451</u>	<u>20,055</u>	<u>27,023</u>	<u>23,915</u>
Income before non-controlling interests	17,451	20,055	27,023	23,915
Non-controlling interests	50	163	79	320
	<u>17,401</u>	<u>19,892</u>	<u>26,944</u>	<u>23,595</u>
Net income	\$ 17,401	\$ 19,892	\$ 26,944	\$ 23,595

Cineplex Galaxy Income Fund
Consolidated Statements of Unitholders' Equity and Comprehensive Income
(Unaudited)

(expressed in thousands of Canadian dollars)

For the six months ended June 30, 2010

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total unitholders' equity	Comprehensive income
Balance - December 31, 2009	\$ 155,981	\$ (262,094)	\$ (106,113)	\$ (4,852)	\$ 722,857	\$ 611,892	\$ -
Issuance of Fund units under Exchange Agreement	-	-	-	-	833	833	-
Issuance of Fund units on conversion of debentures	-	-	-	-	1,450	1,450	-
LTIP compensation obligation	-	-	-	-	(740)	(740)	-
LTIP Fund units	-	-	-	-	(1,063)	(1,063)	-
Distributions declared	-	(35,880)	(35,880)	-	-	(35,880)	-
Net income	26,944	-	26,944	-	-	26,944	26,944
Other comprehensive income - interest rate swap agreements, net of \$745 of future income tax recovery	-	-	-	1,129	-	1,129	1,129
Comprehensive income for the period	-	-	-	-	-	-	\$ 28,073
Balance - June 30, 2010	\$ 182,925	\$ (297,974)	\$ (115,049)	\$ (3,723)	\$ 723,337	\$ 604,565	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at June 30, 2010 is \$118,772.

For the six months ended June 30, 2009

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total unitholders' equity	Comprehensive income
Balance - December 31, 2008	\$ 102,535	\$ (190,881)	\$ (88,346)	\$ (13,683)	\$ 571,401	\$ 469,372	\$ -
Issuance of Fund units under exchange agreement	-	-	-	-	150,519	150,519	-
LTIP compensation obligation	-	-	-	-	1,930	1,930	-
LTIP Fund units	-	-	-	-	(2,912)	(2,912)	-
Distributions declared	-	(35,364)	(35,364)	-	-	(35,364)	-
Net income	23,595	-	23,595	-	-	23,595	23,595
Other comprehensive income - interest rate swap agreements, net of \$1,161 future income tax provision	-	-	-	4,876	-	4,876	4,876
Comprehensive income for the period	-	-	-	-	-	-	\$ 28,471
Balance - June 30, 2009	\$ 126,130	\$ (226,245)	\$ (100,115)	\$ (8,807)	\$ 720,938	\$ 612,016	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at June 30, 2009 is \$108,922.

Cineplex Galaxy Income Fund
Consolidated Statements of Cash Flows
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Cash provided by (used in)				
Operating activities				
Net income	\$ 17,401	\$ 19,892	\$ 26,944	\$ 23,595
operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	19,432	19,733	38,801	40,597
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(790)	(141)	(1,401)	(169)
Amortization of debt issuance costs	150	148	297	297
Loss (gain) on disposal of assets	286	(174)	451	(179)
Future income taxes	(1,098)	448	(394)	(289)
Cash flow hedges - non-cash interest	(166)	38	(392)	48
Extraordinary gain	-	(992)	-	(992)
Non-controlling interests	50	163	79	320
Accretion of convertible debentures	285	268	566	533
Tenant inducements	598	2,492	1,007	7,052
Changes in operating assets and liabilities	(10,786)	1,114	(18,995)	(9,267)
	25,362	42,989	46,963	61,546
Investing activities				
Proceeds from sale of assets	-	396	1,350	396
Purchases of property, equipment and leaseholds	(13,167)	(10,581)	(23,578)	(23,138)
Cash acquired in exchanges of LP units	-	-	-	639
Deposits for business acquisitions	(3,970)	-	(3,970)	-
Acquisition of businesses, net of cash acquired	(1,022)	(1,660)	(1,022)	(1,891)
	(18,159)	(11,845)	(27,220)	(23,994)
Financing activities				
Distributions paid	(17,940)	(17,758)	(35,864)	(33,951)
Distributions paid by the Partnership to non-controlling interests	(78)	(244)	(157)	(2,054)
Borrowings under credit facility	10,000	9,000	15,000	27,000
Repayment of credit facility	(10,000)	(9,000)	(15,000)	(27,000)
Payments under capital leases	(495)	(422)	(980)	(835)
Acquisition of long-term incentive plan Fund units	-	-	(9,620)	(9,163)
	(18,513)	(18,424)	(46,621)	(46,003)
(Decrease) increase in cash and cash equivalents during the period	(11,310)	12,720	(26,878)	(8,451)
Cash and cash equivalents - Beginning of period	80,223	23,414	95,791	44,585
Cash and cash equivalents - End of period	\$ 68,913	\$ 36,134	\$ 68,913	\$ 36,134
Supplemental Information				
Cash paid for interest	\$ 6,945	\$ 6,352	\$ 10,711	\$ 9,129
Cash paid for income taxes - net	\$ 5	\$ 6	\$ 13	\$ 11
Cash received for interest	\$ 81	\$ 75	\$ 164	\$ 194