



FOR IMMEDIATE RELEASE

CINEPLEX GALAXY INCOME FUND Reports Fourth Quarter and Year End Results

TORONTO, CANADA, February 7, 2007 (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 full year of 2006.

Fourth Quarter Results

- **Achieved total revenues for the quarter of \$195.0 million compared to \$193.2 million reported for 2005.**
- **Achieved record other revenue for the quarter of \$24.8 million, an increase of 20.4% compared to \$20.6 million reported for 2005.**
- **Achieved record adjusted EBITDA of \$36.4 million for the quarter compared to \$35.5 million reported for 2005.**
- **Adjusted EBITDA margin for the quarter was 18.7% compared to 18.4% for 2005.**
- **Achieved distributable cash per unit for the quarter of \$0.4421.**

Full Year Results

- **Achieved total revenues for the year of \$740.2 million compared to \$490.3 million reported for 2005 or \$704.6 million on a pro forma basis.**
- **Achieved adjusted EBITDA of \$117.6 million for the year compared to \$68.8 million reported for 2005 or \$66.6 million on a pro forma basis.**
- **Adjusted EBITDA margin for the year was 15.9% compared to 14.0% reported for 2005 or 9.4% on a pro forma basis.**
- **Achieved distributable cash per unit for the year of \$1.4330 compared to \$1.0273 reported in the prior year.**

“This has been a year full of achievements for Cineplex Entertainment,” said Ellis Jacob, President and CEO. “In 2006, our strategy was to integrate the businesses, the systems and the people following our acquisition of Famous Players. This focus resulted in our realizing synergies which surpassed our initial expectations. Strategically, we created new partnerships that will enable us to continue to develop the business. We have also installed new systems which provide the infrastructure necessary to launch new programs such as *SCENE*, our new loyalty marketing program. These initiatives will enable us to capitalize on new opportunities while we continue to provide our guests with the best entertainment experience possible,” said Jacob.

Fourth Quarter Results

Total revenues for the fourth quarter increased 0.9% to \$195.0 million for the quarter from \$193.2 million reported for the prior year. The Partnership's box office revenues decreased 0.5% to \$117.4 million from \$118.0 million in the prior year. The fourth quarter of 2006 was up against a strong fourth quarter in 2005 which included such films as *Harry Potter and the Goblet of Fire*, *The Chronicles of Narnia* and *King Kong*. Various sources report that Canadian industry box office was down approximately 5-7% for the fourth quarter. The Partnership's same store box office revenues decreased 3.5%.

Concession revenue per patron was \$3.67 for the quarter, which was down from the \$3.68 reported in the prior year primarily as a result of the strong concession friendly film product which played during the fourth quarter of 2005. The ongoing focus on other revenue sources allowed the Partnership to achieve a new record for other revenue of \$24.8 million as compared to \$20.6 million reported in the prior year.

Adjusted EBITDA for the fourth quarter established a new record of \$36.4 million compared to an Adjusted EBITDA of \$35.5 million reported for the prior year. The Adjusted EBITDA margin of 18.7% increased from the 18.4% reported for the prior year.

Full Year Results

Total revenues for the full year increased to \$740.2 for the year from \$490.3 million reported for the prior year or \$704.6 million on a pro forma basis. Various sources report that Canadian industry box office was either relatively flat or increased 2% for the year. The Partnership's box office revenues increased 3.2% to \$458.8 million from \$444.7 million on a pro forma basis.

Concession revenue per patron was \$3.72 for the year, which was up from \$3.44 reported in the prior year or \$3.50 on a pro forma basis. This increase reflects the results of new program initiatives implemented throughout the year as well as product offering, sizing and pricing changes made on the integration of the businesses. Other revenue increased to \$67.9 million from \$44.3 million reported in 2005 or \$61.7 million on a pro forma basis. This 10% increase over pro forma reflects the Partnership's ongoing focus on alternative revenue sources.

Adjusted EBITDA for the year was \$117.6 million, up 71% from the \$68.8 million reported in the prior year and up 77% from the \$66.6 million reported on a pro forma basis for 2005. The Adjusted EBITDA margin of 15.9% increased from the 14.0% reported in the prior year or 9.4% on a pro forma basis.

EBITDA is not an earnings measure recognized by generally accepted accounting principles and does not have a standardized meaning in accordance with such principles. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. EBITDA is calculated by adding back to net income, income tax expense, amortization and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for non-controlling interests, loss on extinguishment of debt, impairment of long-lived assets, gains or losses on disposal of theatre assets and income from discontinued operations.

Distributable Cash

For the fourth quarter, distributable cash per unit was \$0.4421 as compared to \$0.4600 reported in the prior year. The declared distributions per unit for this period were \$0.2874. For the year ended December 31, 2006, distributable cash per unit amounted to \$1.4330 compared to \$1.0273 in the prior year. Declared distributions per unit were \$1.1496 for 2006.

This news release contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning synergies 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 of film and development of alternative distribution methods; the risks associated with world events, including war, terrorism, international conflicts, natural disasters, extreme weather conditions and infectious diseases; risks associated with the impact of changes to 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

Headquartered in Toronto, Canada, Cineplex Entertainment LP owns, leases or has a joint venture in 129 theatres with 1,296 screens serving 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 59.7% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange (symbol CGX.UN). For more information, visit us at www.cineplex.com.

Further information can be found in the disclosure documents filed by the Fund with the Canadian securities regulatory authorities, available at www.sedar.com.

You are cordially invited to participate in a teleconference call with the management of the Partnership (TSX: CGX.UN) to review our fourth quarter and year end results. **Ellis Jacob, Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Wednesday, February 7th, 2007
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3414 or outside of Toronto dial 1-800-733-7571** at least five to ten minutes prior to 10:00 a.m. Eastern Time on Wednesday, February 7, 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 21214476#. The replay will begin at 1:00 p.m. ET on Wednesday, February 14, 2007 and end at 11:59 p.m. ET on Wednesday, February 14, 2007.
- 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 Entertainment Limited Partnership
Consolidated Supplemental Information
Consolidated Statements of Income (including Pro Forma)
(Unaudited)

(expressed in thousands of Canadian dollars)

| | Three months ended December 31, 2006 | Three months ended December 31, 2005 | For the year ended December 31, 2006 | Pro Forma for the year ended December 31, 2005 | For the year ended December 31, 2005 |
|--|--|--|---|--|---|
| Revenue | | | | | |
| Box office | 117,433 | 118,041 | 458,842 | 444,665 | 308,673 |
| Concessions | 52,695 | 54,578 | 213,542 | 198,198 | 137,323 |
| Other | 24,836 | 20,567 | 67,860 | 61,689 | 44,303 |
| | 194,964 | 193,186 | 740,244 | 704,552 | 490,299 |
| Expenses | | | | | |
| Film cost | 60,102 | 61,438 | 236,469 | 230,289 | 159,518 |
| Cost of concessions | 10,756 | 10,236 | 43,527 | 38,474 | 26,986 |
| Occupancy | 35,696 | 37,254 | 144,991 | 151,150 | 93,283 |
| Other theatre operating expenses | 43,683 | 39,527 | 164,518 | 165,767 | 106,308 |
| General and administrative | 8,302 | 9,280 | 33,117 | 52,078 | 35,210 |
| Management fee | - | - | - | 224 | 224 |
| | 158,539 | 157,735 | 622,622 | 637,982 | 421,529 |
| Income before undernoted | 36,425 | 35,451 | 117,622 | 66,570 | 68,770 |
| Amortization | 17,081 | 16,235 | 64,493 | 67,592 | 42,948 |
| Loss (gain) on disposal of theatre assets | 793 | (54) | 148 | 47 | 122 |
| Loss on extinguishment of debt | - | - | - | 4,156 | 4,156 |
| Impairment of long-lived assets | - | - | - | 4,296 | 4,296 |
| Interest on long-term debt and capital lease obligations | 7,912 | 7,691 | 31,354 | 30,312 | 18,401 |
| Interest on loan from Cineplex Galaxy Trust | 3,500 | 3,500 | 14,000 | 14,000 | 14,000 |
| Interest income | (248) | (91) | (745) | (524) | (378) |
| Income (loss) before income taxes, non-controlling interest and discontinued operations | 7,387 | 8,170 | 8,372 | (53,309) | (14,775) |
| Provision for (recovery of) income taxes | | | | | |
| Current | (363) | 1,433 | (647) | 2,728 | 2,461 |
| Future | 251 | (2,358) | (617) | (3,924) | (3,924) |
| | (112) | (925) | (1,264) | (1,196) | (1,463) |
| Income (loss) before non- controlling interest and discontinued operations | 7,499 | 9,095 | 9,636 | (52,113) | (13,312) |
| Non-controlling interest | 106 | 1,214 | (273) | 3,090 | 1,828 |
| Income (loss) from continuing operations | 7,393 | 7,881 | 9,909 | (55,203) | (15,140) |
| Income (loss) from discontinued operations | (2,830) | (620) | (2,073) | 28,164 | 28,116 |
| Net income (loss) for the period | 4,563 | 7,261 | 7,836 | (27,039) | 12,976 |

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 December 31, | | Year ended December 31, | | |
|---|---------------------------------|-----------|-------------------------|-------------------|-----------|
| | 2006 | 2005 | 2006 | Pro Forma 2005 | 2005 |
| Net income (loss) | \$ 4,563 | \$ 7,261 | \$ 7,836 | \$ (27,039) | \$ 12,976 |
| Amortization | 17,081 | 16,235 | 64,493 | 67,592 | 42,948 |
| Interest on long-term debt | 7,912 | 7,691 | 31,354 | 30,312 | 18,401 |
| Interest on loan from Cineplex Galaxy Trust | 3,500 | 3,500 | 14,000 | 14,000 | 14,000 |
| Interest income | (248) | (91) | (745) | (524) | (378) |
| Provision for (recovery of) income taxes | (112) | (925) | (1,264) | (1,196) | (1,463) |
| EBITDA | 32,696 | 33,671 | 115,674 | 83,145 | 86,484 |
| Non-controlling interest | 106 | 1,214 | (273) | 3,090 | 1,828 |
| Loss on extinguishment of debt | - | - | - | 4,156 | 4,156 |
| Loss on impairment of assets | - | - | - | 4,296 | 4,296 |
| Loss (income) from discontinued operations | 2,830 | 620 | 2,073 | (28,164) | (28,116) |
| Loss (gain) on disposal of theatre assets | 793 | (54) | 148 | 47 | 122 |
| Adjusted EBITDA | \$ 36,425 | \$ 35,451 | \$ 117,622 | \$ 66,570 | \$ 68,770 |

Cineplex Entertainment Limited Partnership
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 December 31, | | For the year ended December 31, | |
|--|--|------------------|------------------------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Cash used in operating activities | \$ 79,639 | \$ 57,141 | \$ 101,044 | \$ 62,612 |
| Less: Changes in operating assets and liabilities (i) | (46,995) | (27,864) | (5,023) | (11,210) |
| Tenant inducements (ii) | (6,829) | (5,497) | (21,314) | (7,662) |
| Capital lease payments | (347) | (322) | (1,358) | (532) |
| Dividends paid by subsidiary to non-controlling interest | - | (490) | (196) | (1,862) |
| Maintenance capital expenditures (iii) | (4,039) | (1,482) | (7,850) | (4,006) |
| Add: Interest on loan from Cineplex Galaxy Trust (iv) | 3,500 | 3,500 | 14,000 | 14,000 |
| Non cash components in operating assets and liabilities (v) | 320 | 319 | 1,285 | 602 |
| Expenses funded through integration and restructuring reserve (vi) | 20 | 65 | 123 | 849 |
| Distributable cash | <u>\$ 25,269</u> | <u>\$ 25,370</u> | <u>\$ 80,711</u> | <u>\$ 52,791</u> |
| Number of LP Units outstanding (vii) | 57,150,421 | 55,150,421 | 56,323,024 | 51,389,862 |
| Distributable cash per LP Unit | \$ 0.4421 | \$ 0.4600 | \$ 1.4330 | \$ 1.0273 |

- (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 year ended December 31, 2006 are not representative of the expected run-rate as the Partnership has focused on integrating the two circuits and evaluating capital requirements.
- (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 and 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) LP units outstanding reflect the issuance on June 20, 2006 of 2,000,000 Class A LP Units.

Cineplex Entertainment Limited Partnership

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

| | As at December 31, 2006 | As at December 31, 2005 |
|---|--|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 56,383 | \$ 45,190 |
| Accounts receivable | 35,500 | 21,752 |
| Inventories | 3,193 | 4,162 |
| Prepaid expenses and other current assets | 4,297 | 3,803 |
| Income taxes receivable | 34 | - |
| Due from related parties | 11 | 32 |
| Assets held for sale - current | - | 789 |
| | 99,418 | 75,728 |
| Property, equipment and leaseholds | 447,932 | 435,002 |
| Goodwill | 200,910 | 206,218 |
| Intangible assets | 57,946 | 63,464 |
| Future income taxes | 6,156 | 5,539 |
| Deferred charges | 7,329 | 9,319 |
| Assets held for sale – long term | - | 3,481 |
| | \$ 819,691 | \$ 798,751 |

Cineplex Entertainment Limited Partnership

Consolidated Balance Sheets ... *continued*

(expressed in thousands of Canadian dollars)

| | December 31, 2006 | December 31, 2005 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 90,596 | \$ 88,243 |
| Distributions payable | 4,308 | 4,117 |
| Due to related parties | 3,143 | 2,442 |
| Income taxes payable | - | 667 |
| Deferred revenue | 50,184 | 41,003 |
| Bank indebtedness | - | 35 |
| Current portion of capital lease obligations | 1,470 | 1,383 |
| Liabilities related to property held for sale - current | - | 843 |
| | 149,701 | 138,733 |
| Long-term debt | 248,000 | 243,500 |
| Capital lease obligations – long-term | 36,426 | 38,078 |
| Due to Cineplex Galaxy Trust | 100,000 | 100,000 |
| Accrued pension benefit liability | 3,840 | 5,229 |
| Other liabilities | 146,791 | 123,950 |
| Class C Limited Partnership units – liability component | 100,037 | 97,555 |
| Liabilities related to property held for sale – long-term | - | 3,235 |
| | 784,795 | 750,280 |
| Non-controlling interest | 561 | 1,030 |
| Partners' Equity | 34,335 | 47,441 |
| | \$ 819,691 | \$ 798,751 |

Cineplex Entertainment Limited Partnership

Consolidated Statements of Income

(expressed in thousands of Canadian dollars)

| | For the year ended December 31, 2006 | For the year ended December 31, 2005 |
|--|---|---|
| Revenue | | |
| Box office | \$ 458,842 | \$ 308,673 |
| Concessions | 213,542 | 137,323 |
| Other | 67,860 | 44,303 |
| | <u>740,244</u> | <u>490,299</u> |
| Expenses | | |
| Film cost | 236,469 | 159,518 |
| Cost of concessions | 43,527 | 26,986 |
| Occupancy | 144,991 | 93,283 |
| Other theatre operating expenses | 164,518 | 106,308 |
| General and administrative | 33,117 | 35,210 |
| Management fee | - | 224 |
| | <u>622,622</u> | <u>421,529</u> |
| Income before undernoted | 117,622 | 68,770 |
| Amortization | 64,493 | 42,948 |
| Loss on disposal of theatre assets | 148 | 122 |
| Loss on extinguishment of debt | - | 4,156 |
| Impairment of long-lived assets | - | 4,296 |
| Interest on long-term debt and capital lease obligations | 31,354 | 18,401 |
| Interest on loan from Cineplex Galaxy Trust | 14,000 | 14,000 |
| Interest income | (745) | (378) |
| Income (loss) before income taxes, non-controlling interest and discontinued operations | <u>8,372</u> | <u>(14,775)</u> |
| Provision for (recovery of) income taxes | | |
| Current | (647) | 2,461 |
| Future | (617) | (3,924) |
| | <u>(1,264)</u> | <u>(1,463)</u> |
| Income (loss) before non-controlling interest and discontinued operations | 9,636 | (13,312) |
| Non-controlling interest | (273) | 1,828 |
| Income (loss) from continuing operations | <u>9,909</u> | <u>(15,140)</u> |
| Income (loss) from discontinued operations | (2,073) | 28,116 |
| Net income for the period | <u>\$ 7,836</u> | <u>\$ 12,976</u> |

Cineplex Entertainment Limited Partnership

Consolidated Statements of Partners' Equity

(expressed in thousands of Canadian dollars)

For the year ended December 31, 2006

| | Partners' capital | Deficit | Accumulated earnings | Accumulated distributions | Total |
|--|----------------------|---------------------|-------------------------|------------------------------|------------------|
| Balance - January 1, 2006 | \$ 232,975 | \$ (147,795) | \$ 51,925 | \$ (89,664) | \$ 47,441 |
| Issuance of Limited Partnership units | 30,210 | - | - | - | 30,210 |
| Other issuance costs | (466) | - | - | - | (466) |
| Distributions declared | - | - | - | (50,741) | (50,741) |
| Vesting of Fund units | 142 | - | - | - | 142 |
| LTIP compensation obligation | (87) | - | - | - | (87) |
| Net income | - | - | 7,836 | - | 7,836 |
| Balance – December 31, 2006 | \$ 262,774 | \$ (147,795) | \$ 59,761 | \$ (140,405) | \$ 34,335 |

For the year ended December 31, 2005

| | Partners' capital | Deficit | Accumulated earnings | Accumulated distributions | Total |
|--|----------------------|---------------------|-------------------------|------------------------------|------------------|
| Balance - January 1, 2005 | \$ 110,203 | \$ (147,795) | \$ 38,949 | \$ (44,620) | \$ (43,263) |
| Issuance of Limited Partnership units | 116,591 | - | - | - | 116,591 |
| Other issuance costs | (2,301) | - | - | - | (2,301) |
| Issuance of Class C Limited Partnership units - equity component | 8,546 | - | - | - | 8,546 |
| Distributions declared | - | - | - | (45,044) | (45,044) |
| Investment in Cineplex Galaxy Income Fund units | (267) | - | - | - | (267) |
| LTIP compensation obligation | 203 | - | - | - | 203 |
| Net income | - | - | 12,976 | - | 12,976 |
| Balance – December 31, 2005 | \$ 232,975 | \$ (147,795) | \$ 51,925 | \$ (89,664) | \$ 47,441 |

Cineplex Entertainment Limited Partnership

Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

| | For year ended December 31, 2006 | For year ended December 31, 2005 |
|--|---|---|
| Cash provided by (used in) | | |
| Operating activities | | |
| Net income | \$ 7,836 | \$ 12,976 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Amortization of property, equipment and leaseholds, deferred charges and intangible assets | 64,493 | 43,686 |
| Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities | (1,130) | (3,201) |
| Amortization of debt issuance costs | 2,637 | 1,586 |
| Future income taxes | (617) | (3,924) |
| Loss on extinguishment of debt | - | 4,156 |
| Impairment of long-lived assets | - | 4,296 |
| Issuance of Class D LP Units - non cash compensation | - | 8,050 |
| Gain (loss) on disposal of theatre assets | 1,761 | (25,713) |
| Non-controlling interest | (273) | 1,828 |
| Tenant inducements | 21,314 | 7,662 |
| Changes in operating assets and liabilities | 5,023 | 11,210 |
| | 101,044 | 62,612 |
| Investing activities | | |
| Proceeds from sale of theatre assets | 572 | 67,097 |
| Proceeds from sale of discontinued operations | 350 | 85,690 |
| Capital expenditures | (71,290) | (27,823) |
| Theatre shutdown payment | (1,400) | - |
| Acquisition of Famaous Players Limited Partnership and Famous Players Co. - net of cash acquired | - | (448,688) |
| Acquisition of Famous Players branded magazines | (1,100) | - |
| Cash received from segregated account for distribution | - | 8,297 |
| Cash transferred to segregated account for future distributions | - | (691) |
| | (72,868) | (316,118) |
| Financing activities | | |
| Borrowings under credit facility | 95,000 | 296,000 |
| Repayment of credit facility | (90,535) | (178,029) |
| Payments under capital leases | (1,358) | (532) |
| Issuance of Limited Partnership units – net of issuance costs | 30,166 | 207,240 |
| Dividends paid to non-controlling interest | (196) | (1,862) |
| Distributions paid | (50,550) | (51,923) |
| Investment in Cineplex Galaxy Income Fund units | - | (423) |
| Deferred financing fees | (115) | (9,833) |
| | (17,588) | 260,638 |
| Increase in cash and cash equivalents during the year | 10,588 | 7,132 |
| Cash and cash equivalents - Beginning of year | 45,795 | 38,663 |
| Cash and cash equivalents - End of year | \$ 56,383 | \$ 45,795 |
| Supplemental Information | | |
| Cash paid for interest | \$ 34,998 | \$ 27,482 |
| Class C LP Unit distributions paid and classified as interest | 6,321 | 2,805 |
| Cash paid for income taxes - net | 68 | 1,358 |