CINEPLEX GALAXY INCOME FUND
2004 FIRST QUARTER REPORT

CINEPLEX GALAXY LP IS A LEADING EXHIBITOR OF MOTION PICTURES IN THE ENTERTAINMENT INDUSTRY. HEADQUARTERED IN TORONTO, CANADA, CINEPLEX GALAXY LP CURRENTLY OPERATES 83 THEATRES WITH A TOTAL OF 752 SCREENS IN 6 PROVINCES ACROSS CANADA. CINEPLEX ODEON CINEMAS, GALAXY CINEMAS AND THE ASSOCIATED BRANDS ARE OWNED AND OPERATED BY CINEPLEX GALAXY LP.

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Letter to Shareholders

It is my pleasure to present to you our first quarter report. I am pleased with the results given the first quarter is traditionally a slower period for movie exhibition. The success of this quarter is largely attributable to the box office generated by *The Passion of the Christ*, *Lord of the Rings – Return of the King* and *50 First Dates*.

In January, we opened a new 10-screen Galaxy Cinema in Guelph, Ontario to great community fanfare. We are very pleased with the success of this theatre as it is performing ahead of our expectations. After the opening of the Guelph theatre, we operate 752 screens in 83 theatres. We plan to open an additional 20 screens during the balance of this year as we continue to provide Canadians with state-of-the-art complexes and a superior entertainment experience.

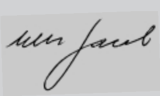
The two entities, Cineplex Odeon and Galaxy Entertainment have now been successfully integrated and the focus of our management team is directed towards controlling costs while continuing to grow the business, expand the number of screens and locations and all with the objective of maximizing unitholder value.

Total revenue for the three months ended March 31, 2004 was $78,551,000 as compared to $74,855,000 for the three months ended March 31, 2003, representing an increase of 4.9%. Box office revenue, which represents the single largest component of total revenues, was $53,835,000 for the three months ended March 31, 2004 as compared to $50,917,000 for the same period in the prior year, representing a 5.7% increase.

For the period from November 26, 2003 to March 31, 2004 distributable cash flow per unit was $0.4898 while the declared distribution per unit for this period was $0.3992. For the three months ended March 31, 2004 distributable cash flow per unit was $0.2478 and the declared distribution per unit for this period was $0.2874, in line with expectations as the first quarter is traditionally the weakest quarter from a cash flow perspective.

We anticipate an exciting line up of summer film product with a number of family movies that will likely improve our box office and concession sales for the second quarter including *Shrek 2, Harry Potter and the Prisoner of Azkaban*, and *Garfield*.

On behalf of the Board of Directors,



Ellis Jacob
President & Chief Executive Officer

Cineplex Galaxy Income Fund indirectly owns an approximate 40.8% interest in Cineplex Galaxy Limited Partnership. Cineplex Galaxy Income Fund does not consolidate the results and operations of Cineplex Galaxy Limited Partnership. For this reason we present unaudited interim financial statements with accompanying notes therein for both Cineplex Galaxy Income Fund and Cineplex Galaxy Limited Partnership. The following management's discussion and analysis of the Cineplex Galaxy Limited Partnership financial condition and results of operations should be read together with the financial statements and related notes. This discussion contains forward-looking statements. Forward looking statements are subject by their nature to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in this discussion. The forward-looking information contained herein is current only as at the date of this document. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

OVERVIEW

Cineplex Galaxy Limited Partnership (the "Partnership") is Canada's second largest film exhibition company with theatres in six provinces. The Partnership's theatre circuit is concentrated in major metropolitan and mid-sized markets with principal geographic areas being Toronto, Montreal, Vancouver, Calgary, Edmonton, Ottawa and Quebec City. As of March 31, 2004, the Partnership owned, operated or had an interest in 750 screens in 83 theatres including 57 screens in seven theatres held in joint ventures.

The Partnership was formed on November 26, 2003 to acquire substantially all of the business assets of Cineplex Odeon Corporation ("COC") and all of the shares of Galaxy Entertainment Inc. ("GEI"). The Partnership's investors include Cineplex Galaxy Trust (the "Trust"), Cineplex Galaxy General Partnership Corporation (the "General Partner"), certain Canadian subsidiaries of Loews Cineplex Theatres, Inc. ("LCT") and former investors in GEI. The Trust is wholly owned by Cineplex Galaxy Income Fund (the "Fund").

The Fund is an unincorporated, open-ended, limited purpose trust created on October 2, 2003 for the express purpose of indirectly acquiring an interest in the Partnership. On November 26, 2003 the Fund issued 17.5 million units at $10.00 per unit and on December 24, 2003, the underwriters exercised their over-allotment option to purchase an additional 1.9 million units at $10.00 per unit. After giving effect to the over-allotment the Fund indirectly owns an approximate 40.8% interest in the Partnership.

Revenues

The Partnership generates revenues primarily from box office and concession sales. These revenues are affected primarily by attendance levels and by changes in the average per patron admission and average concession revenue per patron. The commercial appeal of the films released during the period and the success of marketing and promotion for those films by film studios and distributors drives attendance. Average admissions per patron are affected by the mix of film genres (e.g., its appeal to certain audiences, such as children, teens or young adults) and established ticket prices. Average concession revenue per patron is affected by concession product mix, concession prices and type of film. In addition, the Partnership generates other revenues from screen advertising sales, promotional activities, game rooms, screenings, private parties, corporate events and theatre management fees.

Expenses

Film cost represents the film rental fees paid on films exhibited in the Partnership theatres. Film costs are calculated as a percentage of box office revenue and vary directly with changes in box office revenue. Film costs are accrued on the related box office receipts at either mutually agreed-upon (or "firm") terms, established prior to the opening of the film, or on a mutually agreed settlement upon conclusion of the film's run, depending upon the film licensing arrangement.

Cost of concessions represent the costs of concession items sold and vary directly with changes in concession revenue.

Occupancy costs include lease related expenses, property and business related taxes and insurance. Lease expenses are primarily a fixed cost at the theatre level because the Partnership's theatre leases generally require a fixed monthly minimum rent payment. However, a number of the Partnership's theatre leases also include a percentage rent clause whereby the landlord is paid an additional amount of rent based primarily upon revenues over a specified threshold.

Other theatre operating expenses consist of fixed and variable expenses, including marketing and advertising, salaries and wages, utilities, and maintenance. Certain operating costs, such as salaries and wages, will vary directly with changes in revenues and attendance levels. Although theatre salaries and wages include a fixed cost component, these expenses vary in relation to revenues as theatre staffing levels are adjusted to handle fluctuations in attendance.

General and administrative expenses are primarily costs associated with executive and corporate management and the overhead of the Partnership's business, which includes functions such as film buying, marketing and promotions, operations and concession management, accounting and financial reporting, legal, treasury, construction and design, real estate development and administration and information systems. The Partnership's general and administrative costs primarily consist of payroll, occupancy costs related to its corporate office in Toronto, Ontario, professional fees (such as public accountant and legal fees) and travel and related costs. The Partnership's general and administrative staffing and associated costs are maintained at a level that it deems appropriate to manage and support the size and nature of its theatre portfolio and its business activities.

Accounting for Joint Ventures

These unaudited interim financial statements incorporate the operating results of joint ventures in which the Partnership has an interest using the proportionate consolidation method as required by generally accepted accounting principles in Canada ("GAAP").

RESULTS OF OPERATIONS

The following table presents certain of the Partnership's financial data as a percentage of total revenues. The comparative amounts for the period ended March 31, 2003 represent the unaudited interim consolidated Partnership results accounted for under the continuity of interests approach as the formation of the Partnership did not result in a substantive change in the ultimate ownership interest of the Partnership. Accordingly, these unaudited interim consolidated financial statements reflect the financial position, results of operations and cash flows as if the Partnership has always carried on businesses formerly carried on by COC and GEI. The comparative results include certain COC properties that were not transferred into the Partnership.

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Revenues:		
Box office	**68.5%**	68.1%
Concessions	**26.9%**	26.1%
Other	**4.6%**	5.8%
Total operating revenues	**100.0%**	100.0%
Expenses:		
Film cost	**33.9%**	34.0%
Cost of concessions	**4.8%**	4.6%
Occupancy	**16.9%**	16.8%
Other theatre operating expenses	**20.8%**	20.6%
General and administrative	**4.2%**	4.4%
Management fee	**0.2%**	3.5%
Total expenses	**80.8%**	83.9%
Operating income	**19.2%**	16.1%

THREE MONTHS ENDED MARCH 31, 2004 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2003

Total revenues. Total revenues for the three months ended March 31, 2004 increased $3.7 million, or 4.9%, to $78.6 million from $74.9 million for the three months ended March 31, 2003. A discussion of the factors affecting the changes in box office, concession and other revenues for this period in comparison to the same period in 2003 is provided below.

Box office revenues. Box office revenues for the three months ended March 31, 2004 increased $2.9 million, or 5.7%, to $53.8 million. The average ticket price increased $0.39 or 5.4% from $7.12 for the three months ended March 31, 2003 to $7.51 for the three months ended March 31, 2004. This increase in box office revenues was due to additional revenue from the operation of new theatres ($4.2 million) and an improvement in average admission revenues per patron ($2.0 million) which was offset by lower attendance levels ($2.4 million) at existing theatres due to movie releases that were not as strong as in the prior year and the impact of disposed theatres including theatres not transferred into the Partnership ($0.9 million).

Concession revenues. Concession revenues for the three months ended March 31, 2004 increased $1.6 million, or 8.0%, to $21.1 million. The average concession revenue per patron increased $0.21 or 7.7% from $2.74 for the three months ended March 31, 2003 to $2.95 for the three months ended March 31, 2004. The increase in concession revenues was due to additional revenues from the operation of new theatres ($1.7 million) and an improvement in average concession revenues per patron ($1.1 million) offset by lower attendance levels ($0.9 million) at existing theatres and the impact of disposed theatres including theatres not transferred into the Partnership ($0.3 million).

Other revenues. Other revenues for the three months ended March 31, 2004 decreased $0.8 million, or 17.9%, to $3.6 million. This reduction was due primarily to lower advertising revenues as a result of a lack of major films in Q1 2004 of the type that attract traditional advertisers.

Film cost. Film cost for the three months ended March 31, 2004 increased $1.2 million, or 4.6%, to $26.6 million. As a percentage of box office revenue, film cost decreased to 49.5% for the three months ended March 31, 2004 from 50.0% for the three months ended March 31, 2003. This decline was primarily due to higher film rental terms paid in the three months ended March 31, 2003 on specific strong releases.

Cost of concessions. Cost of concessions for the three months ended March 31, 2004 increased $0.3 million, or 9.8%, to $3.8 million. This increase in cost of concessions was due primarily to the incremental costs associated with new theatres that were opened ($0.4 million) partially offset by the impact of disposed theatres including theatres not transferred into the Partnership ($0.1 million). As a percentage of concession revenues, cost of concessions increased from 17.6% in the three months ended March 31, 2003, to 17.9% in the three months ended March 31, 2004.

Occupancy. Occupancy expense for the three months ended March 31, 2004 increased $0.7 million, or 5.6%, to $13.2 million. The overall increase in occupancy expense was due to the incremental costs associated with new theatres that were opened ($0.8 million), general increases over the prior year related to inflationary and lease specific increases ($0.2 million) which was offset by the incremental impact of disposed theatres ($0.3 million).

Other theatre operating expenses. Other theatre operating expenses for the three months ended March 31, 2004 increased $1.0 million, or 6.3%, to $16.4 million. The overall increase in other theatre operating expenses was due to the incremental impact of costs associated with new theatres that were opened ($1.1 million) and the impact of inflationary increases ($0.2 million), which were offset by disposed theatres including theatres not transferred into the Partnership ($0.3 million). As a percentage of total revenues, other theatre operating expenses increased to 20.8% in the three months ended March 31, 2004 from 20.6% for the three months ended March 31, 2003.

General and administrative costs. General and administrative costs for the three months ended March 31, 2004 decreased 1.1% to $3.3 million. As a percentage of total revenues, general and administrative expenses declined to 4.2% for the three months ended March 31, 2004 from 4.4% for the three months ended March 31, 2003.

Management fee. The management fee, which was payable to LCT decreased to $0.2 million for the three months ended March 31, 2004 from $2.6 million for the three months ended March 31, 2003 primarily due to the reduction in services covered under the management fee agreement. Effective November 26, 2003 the Partnership has entered into a services agreement with COC under which MIS support will be provided to the Partnership at a cost of US$ 500,000 per annum. Other than payments under this services agreement there is no longer a management fee payable to COC or LCT.

Income before undernoted. The Partnership reported income before undernoted for the three months ended March 31, 2004 of $15.1 million as compared to income before undernoted of $12.1 million for the three months ended March 31, 2003. This change was due to the aggregate effect of the factors described above.

Amortization costs. Amortization costs for the three months ended March 31, 2004 increased $1.2 million, or 29.5%, to $5.6 million. This increase was due primarily to the incremental impact of new theatres.

Gain on disposal of theatre assets. The gain on disposal of theatre assets represents the gains on theatre assets that were sold or otherwise disposed of. For the three months ended March 31, 2004 the Partnership reported a nominal gain as compared to a nominal loss on disposal of theatre assets for the three months ended March 31, 2003.

Interest on long-term debt. Interest on long-term debt for the three months ended March 31, 2004 increased to $1.9 million from $0.9 million for the three months ended March 31, 2003. The increase was due primarily to a higher average outstanding debt balance during 2004 versus 2003 as a result of the new capital structure of the Partnership.

Interest on loan from Cineplex Galaxy Trust. Interest on the loan from the Trust represents the interest on the $100 million loan from the Trust which was drawn on November 26, 2003.

Interest income. Interest income represents interest earned on cash and cash equivalents. Interest income for the three months ended March 31, 2004 was $0.2 million as compared to $0.3 million for the three months ended March 31, 2003. The decrease in interest income is primarily due to the decrease in cash and cash equivalents.

Exchange gain. The Partnership reported an exchange gain of nil for the three months ended March 31, 2004 as compared to an exchange gain of $2.2 million for the three months ended March 31, 2003. The Partnership has minimal foreign exchange exposure as the Partnership's debt is no longer denominated in US dollars.

Net income. Net income for the three months ended March 31, 2004 decreased to $4.2 million from $8.7 million for the three months ended March 31, 2003, primarily due to the net effect of all of the other factors described above.

EBITDA

EBITDA is defined as income before interest expense, income taxes and amortization expense. Adjusted EBITDA excludes from EBITDA the loss (gain) on disposal of theatre assets. Partnership management uses adjusted EBITDA 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. EBITDA adjusted for various unusual items is also used to define certain financial covenants in the Partnership's credit facilities. EBITDA and adjusted EBITDA are not presentations made in accordance with GAAP in Canada and are not measures of financial condition or profitability.

While the Partnership's management uses these measures to remove non-cash items and non-operating charges in order to evaluate the performance of the business, they are not necessarily comparable to other similarly titled captions of other companies due to differences in methods of calculation. For the period ended March 31, 2003, the calculations of EBITDA and adjusted EBITDA are based on the combined financial statements and include the results of certain COC properties that were not transferred into the Partnership and are shown below (expressed in thousands of Canadian dollars):

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Net income	**$ 4,201**	$ 8,711
Non-controlling interest	**-**	148
Amortization	**5,639**	4,356
Interest on long-term debt	**1,873**	853
Interest on loan from Cineplex Galaxy Trust	**3,500**	-
Interest income	**(170)**	(331)
Income tax expense	**36**	505
EBITDA	**15,079**	14,242
(Gain)/loss on disposal of theatre assets	**(6)**	13
Foreign exchange gain	-	(2,195)
Non-recurring management fee (i)	-	2,623
Adjusted EBITDA	**$ 15,073**	$ 14,683

(i) Effective November 26, 2003 the existing arrangement between COC and LCT was terminated. The Partnership has entered into a services agreement with COC under which MIS support will be provided to the Partnership at a cost of US$500,000 per annum. The cost of this service has been included as an expense in the calculation of EBITDA for the three months ended March 31, 2004.

SEASONALITY OF REVENUES

Historically, the Partnership's revenues have been seasonal, coinciding with the timing of major film releases by the major distributors. The most marketable motion pictures are generally released during the summer and the late-November through December holiday season. This may cause changes, from quarter to quarter, in attendance levels, theatre staffing levels and reported results. More recently, the seasonality of film exhibition has become less pronounced as film studios have expanded the historical summer and holiday release windows and increased the number of heavily marketed films released during traditionally weaker periods.

LIQUIDITY AND CAPITAL RESOURCES

Distributions

Partnership distributions are made on a monthly basis to holders of record of Class A LP Units and Class B LP Units on the last business day of each month. For the period from January 1, 2004 to March 31, 2004, Partnership distributable cash flow per unit was $0.2478. The declared distribution per unit and interest on the GEI note per unit for this period totaled $0.2874. From November 26, 2003 to March 31, 2004, Partnership distributable cash flow was $0.4898 and the declared distribution per unit was $0.3992. Distributable cash is a non-GAAP measure generally used by 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. The Partnership's distributable cash may differ from similar calculations as reported by other similar entities and accordingly may not be comparable to distributable cash as reported by such entities.

The Partnership has reconciled distributable cash beginning with cash provided by operations as suggested by Canadian Securities Administrators. Distributable cash flow per unit is calculated as follows:

Cash provided by (used in) operating activities	$ (6,295)
Less: Changes in operating assets and liabilities (i)	14,933
Capital expenditures	(2,072)
Add: Interest on loan from Cineplex Galaxy Trust (ii)	3,500
New theatre capital expenditures (iii)	1,720
Distributable	$ 11,786
Number of units outstanding	47,566,974
Distributable cash per unit	$ 0.2478

(i) changes in operating assets and liabilities are not considered a source of distributable cash
(ii) subject to "Catch-up Payment" provision and is considered part of distributable cash
(iii) the capital expenditures total includes new theatre and maintenance capital expenditures of which the new theatre capital expenditures are to be funded out of the Partnership development loan facility.

As part of the support arrangements with certain limited partners, distributions for certain Class B Series 2 Partnership units are dependent on the annual cash flows from certain new theatres and will be determined upon the completion of the fiscal year. Amounts totaling $1,383 are considered in the distribution amounts above and are being held in segregated accounts pending the finalization of these support arrangements at the end of the fiscal year.

For the three months ended March 31, 2004, the Fund declared distributions totaling $0.2874. The Fund is entirely dependent on distributions from the Partnership and interest payments from GEI to make its own distributions.

As of March 31, 2004, the Partnership was holding approximately $5.5 million in cash which is to be used for certain expenditures (point-of-sale upgrades and rebranding).

Assets

Assets decreased $12.8 million to $306.4 million as at March 31, 2004 from $319.2 million as at December 31, 2003. This decrease is due primarily to a decrease in cash and cash equivalents of $14.8 million.

Deferred Revenue

Deferred revenues decreased $4.2 million to $7.0 million as at March 31, 2004 due primarily to the redemption of gift certificates that were sold during the holiday season in December and a traditional slow period in new gift certificate sales.

Operating Activities

Cash flow is generated primarily from the sale of admission tickets, concession sales and other revenues. Generally, this provides the Partnership with positive working capital, since cash revenues are generally collected in advance of the payment of certain expenses. Operating revenue levels are directly related to the success and appeal of the film product produced and distributed by the studios.

Cash used in operating activities of $6.3 million for the three months ended March 31, 2004 was primarily due to changes in operating assets offset by theatre cash flow.

Investing Activities

Cash used in investing activities for the three months ended March 31, 2004 and March 31, 2003 was primarily related to capital expenditures on new theatre builds.

The Partnership funds maintenance capital expenditures through internally generated cash flow and cash on hand. The Partnership will fund new theatre capital expenditures through the development loan facility discussed below.

In addition, for the three months ended March 31, 2004, the Partnership transferred $1.4 million to a segregated account representing distributions on certain Class B Series 2 Partnership units the payment of which is dependant on the annual cash flow from certain new theatres. These amounts will be held in a segregated account pending finalization of these amounts at the end of the fiscal year.

Financing Activities

Cash provided by financing activities for the three months ended March 31, 2004 was due primarily to borrowings of $4.0 million under new credit facilities offset by distribution payments of $9.3 million. In the three months ended March 31, 2003, cash provided by financing activities included additional borrowings under GEI's credit facility of $1.5 million.

The Partnership believes that it will be able to meet its future cash obligations with its cash and cash equivalents, cash flows from operations and funds available under existing credit agreements.

Credit Facilities

Revolving Facilities. On November 26, 2003, the Partnership entered into two senior secured revolving credit facilities, one in the principal amount of $20 million (the "Working Capital Facility") and the other in the principal amount of $40 million (the "Development Facility"). The Working Capital Facility is for general corporate purposes, including up to $10 million to stabilize monthly cash distributions to be paid by the Partnership throughout the year. The Development Facility is to be used for the development or acquisition of theatre projects approved by the Trustees of the Fund. Both facilities have a term of three years and are repayable in full at maturity. These revolving credit facilities bear interest at a floating rate based on the Canadian dollar prime rate or on the bankers acceptance rates plus, in each case, an applicable margin to those rates. In March 2004 the Partnership borrowed $4.0 million under the Development Facility. No amounts were drawn under the Working Capital Facility as at March 31, 2004.

Term Facility. On November 26, 2003, the Partnership entered into a senior secured term facility in the amount of $110 million (the "Term Facility"). The Term Facility matures in three years with no scheduled repayments of principal required prior to maturity. The Term Facility bears interest at a floating rate based on the Canadian dollar prime rate or on the bankers acceptance rates plus, in each case, an applicable margin to those rates. The Term Facility was fully drawn as at March 31, 2004.

The above credit facilities are secured by all of the Partnership's assets and are guaranteed by the Trust.

Due to Cineplex Galaxy Trust. On November 26, 2003, the Trust entered into an agreement with GEI, a wholly-owned subsidiary of the Partnership, whereby it loaned to GEI $100 million (the "Galaxy Notes"). The Galaxy Notes bear interest at a rate of 14% per annum and have no scheduled repayments prior to maturity. The Galaxy Notes mature on November 26, 2028 at which time they are payable in full. The Galaxy Notes are subordinated to the bank credit facilities discussed above.

Future Obligations

The Partnership conducts a significant part of its operations in leased premises. The Partnership's leases generally provide for minimum rentals and a number of the leases also include percentage rentals based primarily upon sales volume. The Partnership's leases may also include escalation clauses, guarantees and certain other restrictions, and generally require it to pay a portion of the real estate taxes and other property operating expenses. Initial lease terms generally range from 15 to 20 years and contain various renewal options, generally in intervals of five to ten years.

Future minimum rental commitments for the next five years under the above-mentioned operating leases are set forth as follows (millions of dollars):

2004 (nine months)	$	26.1
2005		35.8
2006		35.1
2007		34.3
2008		32.0
Thereafter		260.2
		423.5

Related Party Transactions

The Fund has entered into transactions with parties to which it is related. During the period ended March 31, 2004, distributions in the amount of $2.1 million were received from the Partnership and the Fund had distributions receivable from the Partnership at March 31, 2004 in the amount of $0.7 million.

The Fund earned interest income in the amount of $3.5 million for the period ended March 31, 2004 with respect to its $100 million loan to GEI.

The Partnership has entered into transactions with certain parties to which it is related. A summary of significant transactions follows.

COC provides the Partnership management information systems support. For the three months ended March 31, 2004, the partnership was charged $165 thousand for these services. COC also charged the Partnership $130 thousand for rent for the head office during this period. The Partnership charged COC $20 thousand for certain management services during the three months ended March 31, 2004.

LCT provided certain services to COC in 2003 relating to the following activities: finance, administration and management information systems support. The net amount charged for these services for the three months ended March 31, 2003 was $2.6 million.

For the periods ended March 31, 2004 and 2003 the Partnership incurred expenses for film rental totaling $8.3 million and $10.5 million respectively, to Alliance Atlantis Communications Inc. ("Alliance"). Alliance is a former shareholder of GEI and Ellis Jacob, Chief Executive Officer of the Partnership, is a member of the Board of Directors and Audit Committee of Alliance.

A trustee of the Fund is the President and Chief Executive Officer of Riocan Real Estate Investment Trust ("Riocan"). The Partnership incurred rental costs for theatres under lease commitments with Riocan in the amount of $1.8 million and $1.5 million for the periods ended March 31, 2004 and 2003 respectively.

Transactions noted above are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

MARKET RISK

The Partnership is exposed to financial market risks, including changes in interest rates and other relevant market prices. As of December 31, 2003, the Partnership had an interest rate swap agreement in place whereby the Partnership pays an interest rate of 4.29% and receives a floating rate. The swap is for a term of three years, expiring November 26, 2006 and the initial principal outstanding is $44 million. The principal outstanding under the swap increases to $77 million on August 26, 2004 and to $110 million on May 26, 2005. The estimated fair market value of the swap is an unrealized loss of $3.3 million that is not recognized on the balance sheet in accordance with GAAP.

INTEREST RATE RISK

As of March 31, 2004, the Partnership had long-term debt or other obligations (including current maturities) of $214.1 million. Approximately $114.1 million of this debt is variable rate debt. An increase or decrease in interest rates would affect interest costs relating to this debt. For comparative purposes, for every change of 0.125% in interest rates, the Partnership's interest costs would change by approximately $143 thousand per year. Offsetting this risk is the impact of the interest rate swap referred to above.

CRITICAL ACCOUNTING POLICIES

The Partnership prepares its financial statements in conformity with GAAP, which requires management to make estimates, judgments and assumptions that the Partnership believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The policies which the Partnership believes are the most critical to aid in fully understanding and evaluating its reported financial results include the following:

Revenues

Box office and concession revenues are recognized, net of applicable taxes, when admission and concession sales are collected at the theatre. Amounts collected on advance ticket sales and long-term screen advertising agreements are deferred and recognized in the period earned. Amounts collected on the sale of gift certificates are deferred and recognized when redeemed by the patron.

Film Rental Costs

Film rental costs are recorded based upon the terms of the respective film license agreements. In some cases the final film cost is dependent upon the ultimate duration of the film play and until this is known, management uses its best estimate of the ultimate settlement of these film costs. Film costs and the related film costs payable are adjusted to the final film settlement in the period the Partnership settles with the distributors. Actual settlement of these film costs could differ from those estimates.

Leases

Tenant inducements received are amortized into occupancy expenses over the term of the related lease agreement. Lease payments are recorded in occupancy expenses on a straight-line basis over the term of the related lease. The unamortized portion of tenant inducements and the difference between the straight-line rent expense and the payments, as stipulated under the lease agreement, are included in other liabilities.

Income Taxes

The Partnership is not subject to income or capital taxes, as the income, if any, is taxed in the hands of the individual partners.

Income taxes for the Partnership's subsidiary, GEI, are accounted for under the asset and liability method, whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base. Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Future income tax assets are recorded in the financial statements to the extent that realization of such benefits is more likely than not.

Long-Lived Assets

The Partnership continuously assesses the recoverability of its long-lived assets by determining whether the carrying value of these balances over the remaining life can be recovered through undiscounted projected cash flows associated with these assets. Generally this is determined on a theatre-by-theatre basis for theatre related assets. In making its assessment, the Partnership also considers the useful lives of its assets, the competitive landscape in which those assets operate, the introduction of new technologies within the industry and other factors affecting the sustainability of asset cash flows.

RECENT ACCOUNTING DEVELOPMENTS

In 2002, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 3110, "Asset Retirement Obligations", which will be effective for annual and interim periods beginning on or after January 1, 2004. This standard requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The impact of adopting this standard has been determined by management to be immaterial.

In June 2003, the CICA issued Accounting Guideline 15, "Consolidation of variable interest entities" (the "Guideline"). In September 2003 the CICA amended the Guideline to make it effective for annual and interim periods beginning on or after November 1, 2004. The Guideline addresses the application of consolidation principles to entities that are subject to control on a basis other than ownership of voting interests. Management has determined that there is currently no impact of this Guideline on the Fund or the Partnership.

Effective January 1, 2004, the Partnership adopted CICA Accounting Guideline 13 ("AcG 13"). "Hedging Relationships" AcG 13 addresses the identification, designation, documentation and effectiveness of hedging transactions for the purpose of applying hedge accounting. It also establishes conditions for applying, and the discontinuance of, hedge accounting and hedge effectiveness testing requirements. Under the new guideline, the Partnership is required to document its hedging transactions and explicitly demonstrate that hedges are effective in order to continue hedge accounting for positions hedged with derivatives. Any derivative financial instruments that fail to meet the hedging criteria will be accounted for in accordance with EIC-128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments". These instruments will be recorded on the balance sheet at fair value, and changes in fair value will be recognized in income in the period in which the change occurs.

In connection with the implementation of AcG 13, the Partnership considered its hedging relationships as at January 1, 2004 and for the remainder of the quarter ending March 31, 2004, and determined that its interest rate swap agreement on its Term Facility qualified for hedge accounting for Canadian GAAP purposes and, therefore, the estimated fair value of the swap is not recognized in the balance sheet.

RISKS AND UNCERTAINTIES

Investment in the units is subject to a number of risk factors. Cash distributions to unitholders are dependent upon the ability of the Partnership to generate income. The ability to generate income is susceptible to a number of risk factors which include, (i) the reliance on film production and film performance, (ii) alternative film delivery methods and other forms of entertainment, (iii) increased capital expenditures resulting from the development of digital technologies for film exhibition, (iv) reliance on key personnel, (v) the acquisition and development of new theatre sites, (vi) impact of new theatres, (vii) unauthorized copying of films, (viii) rising insurance and labour costs and (ix) the ability to generate additional ancillary revenue. See "Risk Factors" detailed in the Fund's annual information form dated April 5, 2004 for a more detailed description of risks facing the Partnership.

OUTLOOK

The Partnership believes that its credit facilities and ongoing cash flow from operations will be sufficient to allow it to meet ongoing requirements for capital expenditures, investments in working capital and distributions. However, the Partnership's needs may change and in such event the Partnership's ability to satisfy its obligations will be dependent upon future financial performance, which in turn will be subject to financial, tax, business and other factors, including elements beyond the Partnership's control.

On March 12, 2004 Onex Corporation ("Onex"), which controls LCT, announced it had decided to explore strategic alternatives for LCT, including, but not necessarily limited to, a sale or other corporate transaction. The Partnership has a services agreement with COC, a subsidiary of LCT, under which COC provides the Partnership management information systems support. Management does not believe that any transaction involving Onex's ownership of LCT will have a material impact on the Partnership.

Cineplex Galaxy Income Fund
Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	March 31, 2004 (Unaudited)	December 31, 2003
Assets		
Current assets		
Cash and cash equivalents	$ 445	$ 460
Interest receivable from Galaxy Entertainment Inc.	1,122	1,381
Distributions receivable	669	788
	2,236	2,629
Due from Galaxy Entertainment Inc.	100,000	100,000
Investment in Cineplex Galaxy Limited Partnership	93,261	95,875
Investment in Cineplex Galaxy General Partner Corporation	2	2
	$ 195,499	$ 198,506
Liabilities		
Current liabilities		
Distributions payable (note 3)	$ 1,859	$ 2,169
Due to Cineplex Galaxy Limited Partnership	445	460
	2,304	2,629
Unitholders' Equity	193,195	195,877
	$ 195,499	$ 198,506

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Trustees

BRUCE BIRMINGHAM
Trustee

EDWARD SONSHINE
Trustee

Cineplex Galaxy Income Fund

Consolidated Statement of Earnings (Unaudited)

For the three months ended March 31, 2004 (expressed in thousands of Canadian dollars, except per unit amounts)

Share of loss of Cineplex Galaxy Limited Partnership (note 2)	$	(606)
Interest income		3,500
Net earnings	$	2,894
Basic earnings per unit	$	0.15
Weighted average number of units outstanding used in computing earnings per unit		19,400,000
Diluted earnings per unit	$	0.15
Weighted average number of units outstanding used in computing diluted earnings per unit		47,566,974

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Galaxy Income Fund

Consolidated Statement of Unitholders' Equity (Unaudited)

For the three months ended March 31, 2004 (expressed in thousands of Canadian dollars)

	Unitholders' capital (note 4)	Accumulated earnings	Accumulated distributions	Total
Balance - January 1, 2004	$ 194,000	$ 4,046	$ (2,169)	$ 195,877
Distributions declared (note 3)	-	-	(5,576)	(5,576)
Net earnings for the period	-	2,894	-	2,894
Balance - March 31, 2004	$ 194,000	$ 6,940	$ (7,745)	$ 193,195

The accompanying notes are an integral part of these consolidated financial statements.

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

For the three months ended March 31, 2004 (expressed in thousands of Canadian dollars)

Cash provided by (used in)		
Operating activities		
Net earnings for the period	$	2,894
Item not affecting cash and cash equivalents		
Share of loss from equity investee (note 2)		606
Interest receivable from Galaxy Entertainment Inc.		259
		3,759
Investing activities		
Distributions received from Cineplex Galaxy Limited Partnership		2,127
Financing activities		
Distributions paid		(5,886)
Due to Cineplex Galaxy Limited Partnership		(15)
		(5,901)
Decrease in cash and cash equivalents during the period		(15)
Cash and cash equivalents - Beginning of period		460
Cash and cash equivalents - End of period	$	445
Supplemental information		
Cash received for interest	$	3,759

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF THE FUND

Cineplex Galaxy Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario on October 2, 2003 pursuant to the Fund Declaration of Trust. The Fund was established to invest, through Cineplex Galaxy Trust (the "Trust"), a newly constituted wholly owned trust, in partnership units of Cineplex Galaxy Limited Partnership (the "Partnership") and shares of Cineplex Galaxy General Partner Corporation (the "General Partner"), the general partner of the Partnership. The Partnership is Canada's second largest film exhibition organization with theatres in six provinces and commenced operations on November 26, 2003.

The Fund prepares its unaudited interim consolidated financial statements in accordance with Canadian generally accepted accounting principles. The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the period from October 2, 2003 to December 31, 2003.

Due to the limited amount of information that these unaudited interim consolidated financial statements provide on the underlying operations of the Partnership, these unaudited interim consolidated financial statements should be read in conjunction with the unaudited interim consolidated financial statements of the Partnership for the three months ended March 31, 2004.

The unaudited interim consolidated financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the period from October 2, 2003 to December 31, 2003.

Results for the three months ended March 31, 2004 are not necessarily indicative of results expected for the full fiscal year or any other future period due to business seasonality of the Partnership. As the Fund has significant influence over the Partnership, its investment is accounted for using the equity method.

March 31, 2004 (expressed in thousands of Canadian dollars, except per unit amounts)

2. SHARE OF PARTNERSHIP LOSS

The Fund's share of the Partnership's loss has been calculated as follows:

Consolidated Partnership net income for the period from January 1, 2004 to March 31, 2004	$ 4,201
Adjustment for Catch-up Payment from Partnership to Class B LP unitholders	(5,082)
Remaining loss to be distributed pro rata to Class A LP and Class B LP unitholders	(881)
Fund's proportionate 40.8% share	(359)
Adjustments for excess of purchase price over net assets acquired	(247)
Share of Partnership's loss	$ (606)

3. DISTRIBUTIONS PAYABLE

The Fund has declared the following distributions during the period ended March 31, 2004:

Record date	Amount	Amount per unit
January 30, 2004	$ 1,858.5	$ 0.0958
February 27, 2004	$ 1,858.5	$ 0.0958
March 31, 2004	$ 1,858.5	$ 0.0958

4. UNITHOLDERS' CAPITAL

There have been no Fund units issued or purchased and cancelled during the three months ended March 31, 2004. There are 19,400,000 Fund units issued as at March 31, 2004 for $194,000.

Cineplex Galaxy Limited Partnership

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	March 31, 2004 (Unaudited)	December 31, 2003
Assets		
Current assets		
Cash and cash equivalents	$ 28,783	$ 43,527
Restricted cash (note 2)	1,383	-
Accounts receivable	9,356	7,801
Inventories	1,633	1,987
Prepaid expenses and other current assets	3,876	3,901
Due from related parties	1,601	1,860
	46,632	59,076
Property, equipment and leaseholds	232,071	232,184
Goodwill	22,942	22,942
Future income taxes	62	62
Deferred charges and other intangibles	4,659	4,919
	$ 306,366	$ 319,183
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 25,413	$ 34,110
Distributions payable	4,751	3,937
Due to related parties	3,963	5,108
Income taxes payable	205	234
Deferred revenue	6,954	11,215
Current portion of long-term debt	63	46
	41,349	54,650
Long-term debt (note 3)	114,040	110,067
Due to Cineplex Galaxy Trust	100,000	100,000
Accrued pension liability	540	465
Other liabilities	88,843	86,504
	344,772	351,686
Partners' Deficiency		
Partners' deficit	(38,406)	(32,503)
	$ 306,366	$ 319,183

Basis of presentation (note 2)

Commitments and contingencies (note 5)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

ELLIS JACOB
Director

ANTHONY MUNK
Director

Cineplex Galaxy Limited Partnership
Consolidated Statements of Income (Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2004	Three months ended March 31,2003
Revenue		
Box office	$ 53,835	$ 50,917
Concessions	21,131	19,570
Other	3,585	4,368
	78,551	74,855
Expenses		
Film cost	26,640	25,475
Cost of concessions	3,792	3,453
Occupancy	13,237	12,537
Other theatre operating expenses	16,377	15,403
General and administrative	3,267	3,304
Management fee	165	2,623
	63,478	62,795
Income before undernoted	15,073	12,060
Amortization	5,639	4,356
(Gain) loss on disposal of theatre assets	(6)	13
Interest on long-term debt	1,873	853
Interest on loan from Cineplex Galaxy Trust	3,500	-
Interest income	(170)	(331)
Foreign exchange gain	-	(2,195)
Income before income taxes and non-controlling interests	4,237	9,364
Provision for income taxes		
Current	36	419
Future	-	86
	36	505
Income before non-controlling interests	4,201	8,859
Non-controlling interests	-	148
Net income	$ 4,201	$ 8,711

Basis of presentation (note 2)

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Galaxy Limited Partnership

Consolidated Statements of Partners' Equity (Deficiency) (Unaudited)

(expressed in thousands of Canadian dollars)

For the three months ended March 31, 2004

	Partners' capital (note 6)	Deficit	Accumulated earnings	Accumulated distributions	Total
Balance - January 1, 2004	$ 110,425	$ (147,698)	$ 8,707	$ (3,937)	$ (32,503)
Distributions	-	-	-	(10,104)	(10,104)
Net income for the period	-	-	4,201	-	4,201
Balance - March 31, 2004	$ 110,425	$ (147,698)	$ 12,908	$ (14,041)	$ (38,406)

For the three months ended March 31, 2003

	Capital stock	Contributed surplus	Equity (deficit)	Total
Balance - January 1, 2003	$ 480,300	$ 120,590	$ (509,362)	$ 91,528
Net income for the period	-	-	8,711	8,711
Balance - March 31, 2003	$ 480,300	$ 120,590	$ (500,651)	$ 100,239

Basis of presentation (note 2)

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Galaxy Limited Partnership
Consolidated Statements of Cash Flows (Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31, 2004	Three months ended March 31, 2003
Cash provided by (used in)		
Operating activities		
Net income	$ 4,201	$ 8,711
Adjustments to reconcile net income to net cash used in operating activities		
Amortization of property, equipment and leaseholds	5,639	4,356
Amortization of tenant inducements and rent averaging liabilities	(1,196)	(1,084)
Future income taxes	-	86
(Gain) loss on disposal of theatre assets	(6)	13
Unrealized foreign exchange gain	-	(2,195)
Non-controlling interests	-	148
Restructuring charges paid during the period	-	(4,915)
Reorganization costs paid during the period	-	(16)
Changes in operating assets and liabilities (note 4)	(14,933)	(8,112)
	(6,295)	(3,008)
Investing activities		
Proceeds from sale of theatre assets	6	-
Capital expenditures	(2,072)	(6,759)
Cash transferred to segregated account for future distributions (note 2)	(1,383)	-
	(3,449)	(6,759)
Financing activities		
Borrowings under credit facility - net of fees paid (note 3)	4,000	1,500
Repayment of Priority Secured Credit Agreement	-	(76)
Distributions paid	(9,290)	-
Tenant inducements	300	-
Repayment of long-term debt	(10)	(217)
	(5,000)	1,207
Decrease in cash and cash equivalents during the period	(14,744)	(8,560)
Cash and cash equivalents - Beginning of period	43,527	60,979
Cash and cash equivalents - End of period	$ 28,783	$ 52,419
Supplemental information		
Cash paid for interest	$ 4,902	$ 936
Cash paid for income taxes - net	$ 60	$ 153

Basis of presentation (note 2)

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Cineplex Galaxy Limited Partnership (the "Partnership") commenced operations on November 26, 2003 and was formed to acquire substantially all of the theatre business assets and liabilities of Cineplex Odeon Corporation ("COC") and all of the shares of Galaxy Entertainment Inc. ("GEI").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Basis of presentation

The Partnership prepares its unaudited interim consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2003.

The formation of the Partnership has been accounted for under the continuity of interests approach, as there was no substantive change in the ultimate ownership interests of the Partnership. Accordingly, these unaudited interim consolidated financial statements reflect the financial position, results of operations and cash flows as if the Partnership has always carried on the businesses formerly carried on by COC and GEI. The unaudited interim comparative consolidated financial statements of the Partnership prior to the legal formation of the Partnership on November 26, 2003 are not necessarily indicative of the results that would have been attained if COC and GEI had operated as a single legal entity during the periods presented and, therefore, are not necessarily indicative of future operating results. No adjustments have been made to the Partnership financial statements prior to November 26, 2003 to reflect incremental changes to the cost structure as a result of the legal formation of the Partnership on November 26, 2003.

The unaudited interim consolidated financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2003, except as disclosed herein.

Financial instruments - hedging transactions

Effective January 1, 2004, the Partnership prospectively adopted The Canadian Institute of Chartered Accountants' ("CICA") Accounting Guideline 13 ("AcG 13"), "Hedging Relationships". AcG 13 addresses the identification, designation, documentation and effectiveness of hedging transactions for the purpose of applying hedge accounting. It also establishes conditions for applying, and the discontinuance of, hedge accounting and hedge effectiveness testing requirements. Under the new guideline, the Partnership is required to document its hedging transactions and explicitly demonstrate that hedges are effective in order to continue hedge accounting for positions hedged with derivatives. Any derivative financial instruments that fail to meet the hedging criteria will be accounted for in accordance with EIC-128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments". These instruments will be recorded on the balance sheet at fair value, and changes in fair value will be recognized in income in the period in which the change occurs.

March 31, 2004 (expressed in thousands of Canadian dollars, except per unit amounts)

The Partnership enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. In connection with the implementation of AcG 13, the Partnership considered its hedging relationships as at January 1, 2004 and for the remainder of the quarter ending March 31, 2004, and determined that its interest rate swap agreement on its Term Facility qualified for hedge accounting for Canadian GAAP purposes and, therefore, the estimated fair value of the swap is not recognized on the balance sheet. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

Realized and unrealized gains or losses associated with derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred on the balance sheet and recognized in income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income.

Restricted cash

Restricted cash represents year to date distributions paid and maintained in a segregated Partnership bank account for Class B, Series 2 Limited Partnership units (the "Support Units"). The actual distributable amount to the Support Units is dependent on the performance of seven new theatres that, as at November 26, 2003, had either not yet been opened or had been open for less than one year. For periods commencing January 2004, distributions on the Support Units will be held in a segregated account until the end of the fiscal year when a determination is made regarding the actual cash flows of the new theatres. A shortfall in the performance of the new theatres will result in a reduction in the distributions to the holders of the Support Units. At the end of each year, any remaining segregated cash amount not distributed to the holders of the Support Units due to the shortfall in performance of the seven new theatres will be returned to the Partnership to be paid as distributions to the other unitholders of the Partnership. The Support Arrangements may continue in effect until December 31, 2006 or may terminate as early as December 31, 2004 dependent on the performance of the new theatres.

3. LONG-TERM DEBT

In March 2004, the Partnership drew $4,000 under its $40,000 Development Facility. These funds are being used to finance the ongoing development of theatre projects (note 5).

4. CASH FLOW STATEMENT

The following summarizes the change in operating assets and liabilities:

	Three months ended March 31, 2004	Three months ended March 31, 2003
Accounts receivable	$ (1,555)	$ (298)
Inventories	354	(205)
Prepaid expenses and other current assets	25	(2,067)

March 31, 2004 (expressed in thousands of Canadian dollars, except per unit amounts)

Due from related parties	259	-
Deferred charges and intangibles	(16)	(44)
Accounts payable and accrued expenses	(8,697)	(4,818)
Due to related parties	(1,145)	3,027
Income taxes payable	(29)	287
Deferred revenue	(4,261)	(4,089)
Accrued pension liability	75	32
Other liabilities	57	63
	$ (14,933)	$ (8,112)

5. COMMITMENTS AND CONTINGENCIES

Commitments

As of March 31, 2004, the Partnership has aggregate capital commitments of $21,156 primarily related to the completion of construction of five theatre properties (comprising 37 screens). The Partnership expects to complete construction and to open these theatres during 2004 and 2005.

Other

The Partnership is a defendant in various claims and lawsuits arising in the ordinary course of business and is involved in certain environmental matters. From time to time, the Partnership is involved in disputes with landlords, contractors and other third parties. It is the opinion of management that any liability to the Partnership, which may arise as a result of these matters, will not have a material adverse effect on the Partnership's operating results, financial position or cash flows.

6. PARTNERS' CAPITAL

There have been no Partnership units issued or repurchased and cancelled during the three months ended March 31, 2004. Partnership units issued at March 31, 2004 are as follows:

	Units	Amount
Class A Partnership units	19,400,000	$ 79,480
Class B, Series 1 Partnership units	20,949,582	16,860
Class B, Series 2-C Partnership units	2,086,957	-
Class B, Series 2-G Partnership units	5,130,435	14,085
Outstanding at March 31, 2004	47,566,974	$ 110,425

7. SEGMENT INFORMATION

The Partnership has determined that the theatre exhibition industry qualifies as a single business segment with all of its revenue and assets generated and held within Canada.

8. SEASONAL FLUCTUATIONS

The Partnership's business is seasonal. Consequently, the results of operations and cash flows for the three-month periods ended March 31, 2004 and 2003 are not necessarily indicative of the results to be expected for the full year, although film studios have expanded the historical summer and holiday release windows and increased the number of heavily marketed films released during traditionally weaker periods.

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