



Imax Corporation 1998 First Quarter Earning Results

May 6, 1998

HIGHLIGHTS

- Record first quarter earnings of \$0.14 per share reported, a 14% increase over \$0.12 per share in the prior year quarter.
- Established new first quarter records for the number and value of IMAX theatre system signings.
- Signed contracts for 13 IMAX theatre systems valued at \$31.6 million in the first quarter, a 24% increase over the value of the nine contracts signed in the prior year quarter.
- Sales backlog grew by \$10.5 million in the quarter to \$185.8 million representing the second largest increase in backlog in any quarter in the Company's history.
- IMAX theatres experiencing record attendance levels due to success of Everest film.

Toronto, Canada ☎ May 6, 1998 -- Imax Corporation (NASDAQ:IMAXF; TSE:IMX) today reported record earnings and IMAX™ theatre system signings for the first quarter ended March 31, 1998. The Company reported earnings of \$0.14 per share on a diluted basis for the first quarter, a 14% increase over \$0.12 per share in the first quarter of 1997.

During the first quarter, the Company signed contracts for 13 IMAX theatre systems valued at \$31.6 million, a 24% increase over the \$25.6 million dollar value of the nine contracts signed in the prior year quarter. The signings established a new Company record for the number and value of theatre system signings in the first quarter, beating last year's record. As a result, the Company's backlog grew by 6% or \$10.5 million in the quarter to \$185.8 million at March 31, 1998. The \$10.5 million increase is the second largest increase in backlog in any quarter in the Company's history.

Bradley J. Wechsler, Chairman and Co-CEO of Imax, stated, "We are very pleased with our excellent start to 1998. The momentum from 1997 has continued into 1998 as evidenced by our record theatre system signings and continued earnings growth. In the first quarter, we signed contracts with conventional cinema exhibitors Famous Players, United Cinemas International (a European theatre chain co-owned by Viacom Inc. and Universal Studios), and Gaumont of France. We also continued our geographic expansion by signing a contract for our first theatre in Thailand in the first quarter and for our first theatres in Israel and India (conditional) thus far in the second quarter."

Richard L. Gelfond, Vice Chairman and Co-CEO of Imax, added, "Imax has clearly been the beneficiary of the remarkable success of MacGillivray Freeman Films' Everest which has been among the top 20 grossing films in North America every week since its release in March. The film is bringing more people to IMAX theatres for the first time than ever before and is generating record box office results at theatres around the world. The film's performance is beginning to translate into increased business activity at Imax in terms of new theatre inquiries, broadening of existing relationships and new film prospects. We look forward to this trend accelerating as the film continues its rollout to more than 100 theatres in the next year."

In the first quarter, the Company's revenues increased 11% to \$36.1 million from \$32.5 million in the prior year as strong growth in systems revenue was offset by a decline in film production revenue. Systems revenue increased 47% to \$26.4 million from \$17.9 million in the prior year as the Company recognized revenues on eight theatre systems in the first quarter of 1998 versus four theatre systems in the first quarter of 1997. Film revenue from the production, distribution and post-production of films decreased 43% in the quarter to \$7.1 million from \$12.3 million in the prior year. The decline occurred primarily as a result of a \$5.7 million decline in film production revenue as the Company shifted its film production resources from third party films to its own film projects. Other revenues increased 15% to \$2.7 million from \$2.3 million. Gross margin increased 16% to \$20.8 million in the first quarter from \$17.9 million in the prior year due to the higher systems revenue.

The Company's sales backlog at March 31, 1998 represented contracts for 82 theatre systems including the upgrade of two existing theatres to IMAX 3D. The Company's sales backlog was \$185.8 million at March 31, 1998, a 6% increase from \$175.4 million at December 31, 1997. Most of the 36 IMAX 3D SR theatre systems in backlog represent theatre systems contracted for under multi-theatre exhibitor agreements and may be replaced in backlog by larger IMAX 3D theatre systems when specific theatre locations are determined in the future. There are 14 theatre systems in backlog which will be located at theatres in which the Company has an equity interest. The value of sales backlog does not include theatre systems which will be located at theatres in which the Company has an equity interest, letters of intent or IMAX Ridefilm(TM) contracts. As of March 31, 1998, there was a backlog of 17 IMAX Ridefilm systems including six upgrades.

Founded in 1967, Imax Corporation has consistently delivered the world's premiere cinematic experiences. In 1997, Imax was awarded the sole Oscar® for Scientific and Technical Achievement by the Academy of Motion Picture Arts and Sciences. The award recognized Imax's innovation in creating one of the world's best film capture and projection systems as well as Imax acceptance as part of the entertainment mainstream. As of March 31, 1998, there were more than 160 permanent IMAX theatres

in 22 countries, with a backlog of more than 80 theatre systems scheduled to open during the next few years. Imax has forged strategic alliances and relationships with some of the largest corporations in the world, including Sony Corporation, Caesars World (a Starwood Hotels and Resorts subsidiary), Circus Circus Enterprises, Ogden Corporation, Famous Players Inc. (a subsidiary of Viacom Inc.) and Regal Cinemas, Inc. Over 500 million people have seen an IMAX presentation since the medium premiered in 1970. In 1998, more than 65 million people worldwide are expected to attend an IMAX theatre.

This press release may contain forward looking statements that involve certain risks and uncertainties which could cause actual results to differ materially from future results expressed or implied by such forward looking statements. Comparative figures above relate to the entity formed as the result of an amalgamation of various predecessor companies on March 1, 1994. Important factors that could effect these statements include the timing of theatre system deliveries, the mix of theatre systems shipped, the timing of the recognition of revenues and expenses on film production and distribution agreements, and foreign currency fluctuations. These factors and other risks and uncertainties are discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and in the subsequent reports filed by the Company with the Securities and Exchange Commission.

IMAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 Amounts in Accordance with U.S. Generally Accepted Accounting Principles
(in thousands of U.S. dollars, except per share data)
(unaudited)

Three months ended
 March 31,

	<u>1998</u>	<u>1997</u>
Revenue		
Systems	\$ 26,364	\$ 17,918
Films	7,062	12,299
Other	<u>2,674</u>	<u>2,325</u>
	36,100	32,542
Costs and expenses	<u>15,323</u>	<u>14,665</u>
Gross margin	20,777	17,877
Selling, general and administrative expenses	9,434	7,340
Research and development	729	499
Amortization of intangibles	<u>629</u>	<u>661</u>

Earnings from operations	9,985	9,377
Interest income	1,262	1,494
Interest expense	(3,287)	(3,299)
Foreign exchange loss	<u>(73)</u>	<u>(76)</u>
Earnings before income taxes and minority interest	7,887	7,496
Provision for income taxes	<u>(3,468)</u>	<u>(3,544)</u>
Earnings before minority interest	4,419	3,952
Minority interest	<u>(220)</u>	<u>(254)</u>
Net earnings	<u>\$ 4,199</u>	<u>\$ 3,698</u>
Net earnings available to common shareholders	<u>\$ 4,112</u>	<u>\$ 3,618</u>
Per share data (note):		
Net earnings		
Basic	\$ 0.14	\$ 0.13
Diluted	\$ 0.14	\$ 0.12

Weighted average number of shares
outstanding (000's)

Basic	29,169	27,902
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Diluted	30,401	29,764
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Note: Earnings per share and weighted average number of shares outstanding in the current and prior year periods give retroactive effect to: (a) the 2-for-1 stock split which became effective by May 27, 1997, and (b) the adoption of Financial Accounting Standards No. 128 which became effective by December 15, 1997.

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