



## Imax Corporation Reports Second Quarter Results

August 14, 2001

TORONTO, Aug 14, 2001 /PRNewswire/ -- IMAX Corporation (Nasdaq: IMAX; TSE: IMX) today reported its results for the second quarter ended June 30, 2001. The Company reported a loss of \$0.37 per share for the second quarter on a fully diluted basis. For the six months ended June 30, 2001, the Company reported a loss of \$0.82 per share on a fully diluted basis including the impact of \$0.26 per share of restructuring charges. The Company reported cash and equivalents of \$25.3 million at June 30, 2001, approximately equal to its balance at March 31, 2001.

IMAX Co-Chief Executive Officers Richard L. Gelfond and Bradley J. Wechsler commented, "The Company's earnings for the quarter, while disappointing, are consistent with our expectations for the year as we reposition IMAX to return to profitability in 2002. We are making progress in advancing our restructuring plan of reducing corporate costs, attracting Hollywood film content and developing new digital markets and revenue streams for the Company."

The Company also announced today that it has been notified by its largest shareholder Wasserstein & Co. LP that the expiration of the term of certain investment partnerships under its control, which collectively own approximately 9.2 million shares of IMAX common stock, has been extended by one year to mid-August 2002. Such partnerships, which were initially sponsored and organized by Wasserstein Perella Group, a predecessor to Wasserstein & Co., were set to expire this month, and will now remain under the control of Wasserstein & Co. through August 2002. Accordingly, Wasserstein & Co. has advised the Company that it will continue to control such IMAX shares on behalf of such partnerships.

Messrs. Gelfond and Wechsler continued, "The recovery of the commercial exhibition market and an extremely promising film slate should increase our business momentum into 2002. We believe that the film line-up for IMAX theatres in 2002 is among the strongest in our history. On January 1, 2002, The Walt Disney Company will be releasing *Beauty and the Beast* to IMAX(R) theatres. Next Spring IMAX will be releasing *Space Station*, a 3D film documenting the construction of the international space station, featuring some of the most breathtaking 3D images ever seen in the medium. Last week the Anschutz Company's Walden Media and James Cameron's EarthShip Productions announced that Cameron will be returning to the *Titanic* to start production on a 3D film entitled *Ghosts of the Abyss* which will be a 3D exploration of the sinking of the ships *Titanic* and *Bismarck* scheduled for mid-2002 release. Finally, for the holidays IMAX will be releasing Steve Oedekerk's 3D holiday tale *Santa vs The Snowman*." Oedekerk has written and directed films that have grossed over \$1 billion in worldwide box office including: *The Nutty Professor*, *Ace Ventura: Pet Detective*, *Ace Ventura 2: When Nature Calls*, *Nothing to Lose* and *Patch Adams*.

Messrs. Gelfond and Wechsler further commented, "In addition there are a number of other projects under discussion to repurpose Hollywood films for IMAX theatres as well as a very strong slate of more traditional educational films for IMAX theatres. We believe that the extraordinary film slate in 2002 will re-ignite the growth of our systems business."

During the second quarter of 2001, the Company recorded a restructuring charge of \$1.2 million or \$0.04 per share after-tax related to a previously announced reduction in its workforce and the consolidation of its manufacturing facilities. The Company also recorded a bad debt expense of \$2.2 million or \$0.05 per share after-tax during the second quarter.

In the second quarter, the Company's revenues were \$38.6 million as compared to \$62.8 million in the prior year. Systems revenue was \$22.0 million versus \$36.5 million in the prior year as the Company recognized revenues on three theatre systems in the second quarter of 2001 versus seven theatre systems in the second quarter of 2000. These results reflect the change in accounting principles (SAB 101) effective January 1, 2000 as described below. Revenue from the Company's wholly-owned subsidiary Digital Projection International Limited (DPI) was \$5.8 million in the second quarter as compared to \$11.3 million in the prior year period primarily as a result of a shift of the staging and rental business from high-end to mid-market products and lower unit sales. Film revenue was \$7.6 million versus \$10.3 million due primarily to a reduction in post-production activity. Other revenue was \$3.1 million as compared to \$4.7 million. The Company reported a loss of \$0.37 per share for the second quarter on a fully diluted basis including the \$0.04 per share impact of a previously announced restructuring charge and a bad debt expense of \$0.05 per share as compared to earnings of \$0.15 per share in the second quarter of 2000. The Company signed contracts for five IMAX theatre systems in the second quarter including three contracts that are subject to certain conditions which are not included in backlog as of June 30. The Company's sales backlog was approximately \$185 million at June 30, 2001 representing contracts for 63 theatre systems.

For the six-month period ended June 30, 2001, the Company's revenues were \$73.7 million as compared to \$117.6 million in the prior-year period. Systems revenue was \$38.3 million versus \$61.8 million in the prior-year period as the Company recognized revenues on six theatre systems as compared to 12 theatre systems in the prior-year period. DPI revenue was \$12.2 million as compared to \$24.2 million primarily as a result of a shift of the staging and rental business from high-end to mid-market products and lower unit sales. Film revenue was \$16.9 million as compared to \$20.8 million due primarily to a reduction in post-production activity. Other revenue was \$6.3 million versus \$10.8 million in part due to the strong Company-owned theatre revenue in the first four months of 2000 as a result of the release of *Fantasia/2000: The IMAX Experience*. For the six months ended June 30, 2001, the Company reported a loss of \$0.82 per share on a fully diluted basis including the impact of \$0.26 per share of restructuring charges. The Company's comparative results for the first six months of 2000 were earnings of \$0.21 per share before the

cumulative effect of changes in accounting principles and a loss of \$1.78 per share after such changes.

The Company's results reflect the adoption of SEC Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" (SAB 101). In accordance with the interpretative guidance of SAB 101, effective January 1, 2000, the Company recognizes revenue on theatre systems at the time the installation of the theatre system is complete. Prior to the adoption of SAB 101, the Company recognized revenue from these theatre systems at the time of delivery. The Company's comparative results for fiscal 2000 reflect a restatement as if this change had occurred on January 1, 2000. The Company recognized a charge of \$1.98 per share in the comparative first quarter of 2000 for the cumulative effect of the changes in accounting principles SAB 101 for revenue recognition and SOP 00-2 for film assets effective January 1, 2000.

IMAX Corporation and its subsidiaries comprise one of the world's leading entertainment technology companies, with particular emphasis on film and digital imaging technologies, including giant-screen images, 3D presentations, digital post-production and digital projection. There were more than 225 IMAX(R) theatres operating in 30 countries around the world as of June 30, 2001. IMAX Corporation is a publicly-traded company listed on both the Toronto and Nasdaq stock exchanges. More information on the Company can be found at <http://www.imax.com>.

This press release contains forward-looking statements that are based on management assumptions and existing information and involve certain risks and uncertainties which could cause actual results to differ materially from future results expressed or implied by such forward looking statements. 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, the viability of new businesses and fluctuations in foreign currency and in the large format and general commercial exhibition market. 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, 2000 and in the subsequent reports filed by the Company with the Securities and Exchange Commission.

IMAX(R) is a registered trademark of IMAX Corporation.

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 June 30,		Six months ended June 30,	
	2001	2000	2001	2000
Revenue □				
IMAX systems	\$22,048	\$36,490	\$38,326	\$61,763
Digital projection systems	5,833	11,297	12,232	24,213
Films	7,608	10,336	16,864	20,795
Other	3,129	4,662	6,274	10,812
	38,618	62,785	73,696	117,583
Costs and expenses	27,192	34,373	51,981	68,156
Gross margin	11,426	28,412	21,715	49,427
Selling, general and administrative expenses	16,799	12,807	28,620	24,333
Restructuring costs	1,918	--	12,860	--
Research and development	2,110	2,014	3,404	3,606
Amortization of intangibles	1,082	1,036	2,159	2,045
Loss from equity-accounted investees	84	372	177	370
Earnings (loss) from operations	(10,567)	12,183	(25,505)	19,073
Interest income	231	870	588	2,412
Interest expense	(5,539)	(5,122)	(10,842)	(10,657)
Foreign exchange gain (loss)	562	(512)	(556)	(653)
Earnings (loss) before income taxes	(15,313)	7,419	(36,315)	10,175

Recovery of (provision for) income taxes	3,889	(2,699)	11,120	(3,718)
Earnings (loss) before cumulative effect of changes in accounting principles	(11,424)	4,720	(25,195)	6,457
Cumulative effect of changes in accounting principles, net of income tax benefit of \$37,286	--	--	--	(61,110)
Net earnings (loss)	\$ (11,424)	\$4,720	\$ (25,195)	\$ (54,653)
Per share data:				
Earnings (loss) per share - basic :				
Earnings (loss) before cumulative effect of changes in accounting principles	\$ (0.37)	\$0.16	\$ (0.82)	\$0.22
Cumulative effect of changes in accounting principles	\$--	\$--	\$--	\$ (2.05)
Net earnings (loss)	\$ (0.37)	\$0.16	\$ (0.82)	\$ (1.83)
Earnings (loss) per share - diluted:				
Earnings (loss) before cumulative effect of changes in accounting principles	\$ (0.37)	\$0.15	\$ (0.82)	\$0.21
Cumulative effect of changes in accounting principles	\$--	\$--	\$--	\$ (1.99)
Net earnings (loss)	\$ (0.37)	\$0.15	\$ (0.82)	\$ (1.78)
Weighted average number of shares outstanding (000s)				
Basic	31,127	29,787	30,620	29,780
Diluted	31,127	30,650	30,620	30,767

SOURCE: Imax Corporation

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