



IMAX Corporation Reports Third Quarter Results

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Highlights -- IMAX(R) DMR(TM) strategy validated as Star Wars(R): Episode II Attack of The Clones - The IMAX Experience posts impressive \$1.4 million at box office on only 58 screens in its debut weekend. -- IMAX reaffirms profitable guidance for full year while reporting smaller than expected loss for the third quarter. -- Positive momentum in theatre signings continues in third quarter with deals for five new theatre systems, compared to two in the third quarter of 2001.

IMAX Corporation (Nasdaq: IMAX; TSX:IMX) today reported operating losses from continuing operations of \$0.13 per share and net losses of \$0.07 per share on a fully diluted basis for the third quarter ended September 30, 2002. For the nine-months ended September 30, 2002, the Company reported net earnings from continuing operations of \$0.03 per share and net earnings of \$0.34 per share on a fully diluted basis. The results show a dramatic turnaround from last year's losses from continuing operations of \$2.95 per share for the third quarter and \$3.69 per share on a fully diluted basis for the nine months ended September 30, 2001.

"We are pleased that IMAX is on track to report a profit for full year 2002," said IMAX Co-Chief Executive Officers Richard L. Gelfond and Bradley J. Wechsler. "Our financial turnaround continues unabated notwithstanding the previously indicated loss, which was smaller than expected. The strong openings of Star Wars: Episode II Attack of The Clones - The IMAX Experience and Apollo 13: The IMAX Experience and the increased level of signing activity demonstrate that momentum is building throughout our business."

Star Wars: Episode II Attack of The Clones - The IMAX Experience debuted on November 1st 2002. The film earned \$1.4 million at the box office in its first weekend for an impressive \$24,700 per-screen average, making it the highest per-screen average film for the weekend and the 14th highest grossing film in North America despite playing on only 58 screens. The IMAX(R) DMR(TM) technology allows the Company to convert virtually any live-action 35mm film into IMAX's 15/70 format at an approximate cost of \$2 to \$4 million per picture.

"These strong results demonstrate that IMAX(R) theatres are a new way for Hollywood to earn incremental returns, validating our strategy to make IMAX theatres a new release window for Hollywood films," Messrs. Gelfond and Wechsler added. "We continue to have discussions with virtually all of the Hollywood studios about bringing our first live-action day-and-date release to IMAX theatres in 2003. We believe that this weekend's results, which are impressive by any measure, will significantly enhance those efforts."

During the third quarter the Company signed new theatre contracts for five IMAX systems with an aggregate value of \$9.4 million compared to contracts for two theatre systems worth \$3.7 million in the third quarter of 2001. For the first nine months of 2002 the Company has signed new agreements for 10 theatre systems with an aggregate value of \$22.2 million compared to four systems with a value of \$11.6 million in the first nine months of 2001. The signings included the Company's first theatres in South America, two theatres in Asia and an institutional theatre in North America.

Messrs. Gelfond and Wechsler continued, "The improving momentum in our business that began earlier this year has continued through the third quarter and is showing up in our improved financial results. We expect this positive momentum to continue through the fourth quarter. We believe that this turn in our business will allow us to report a profit for 2003 and should translate into improved shareholder returns over time."

Subsequent to the end of the quarter, on October 30th, the Company announced that it signed an agreement with Regal Entertainment Group to install IMAX theatre systems in four Edwards Theatres locations and one United Artists Theatre location. The agreement, which further provides IMAX with certain exclusivity rights as Regal's large format theatre system provider, also resolves all of IMAX's claims relating to the Edwards bankruptcy proceedings. The agreement is subject to Edwards bankruptcy court approval. The installation of these five IMAX theatres increases the number of IMAX theatres operated by Regal to 11 -- more than any other third-party operator in the world.

In the third quarter, the Company's revenues were \$23.7 million as compared to \$23.3 million in the prior year. IMAX systems revenue was \$9.6 million versus \$13.6 million in the prior year as the Company recognized revenues on one theatre system in the third quarter of 2002 versus three theatre systems in the third quarter of 2001, one of which was an operating lease. Film revenue was \$10.3 million versus \$6.4 million in the prior year due primarily to the performance of SPACE STATION. Other revenue was \$3.8 million as compared to \$3.3 million in the prior year mainly due to stronger performance from the Company's owned and operated theatres primarily attributable to the release of SPACE STATION. The Company had reported losses of \$0.07 per share for the third quarter on a fully diluted basis, as compared to losses of \$4.48 per share in the third quarter of 2001, which included \$4.56 per share impact of restructuring and other, non-cash charges.

For the nine-month period ended September 30, 2002, the Company's revenues were \$93.3 million as compared to \$84.8 million

in the prior-year period. Systems revenue was \$50.7 million versus \$52.0 million in the prior-year period as the Company recognized revenues on 11 theatre systems as compared to nine theatre systems plus two theatre systems that were converted from joint-ventures to sales-type leases in the prior-year period. Film revenue was \$29.1 million as compared to \$23.3 million in the prior year due primarily to the stronger performance of the Company's library films in release, especially the newly released SPACE STATION. Other revenue was \$13.6 million versus \$9.5 million in the prior year in part due to the strong Company-owned theatre revenue as a result of the release of SPACE STATION. For the nine months ended September 30, 2002, the Company reported earnings of \$0.34 per share on a fully diluted basis. The Company's comparative results for the first nine months of 2001 were losses of \$5.35 per share, which included the impact of \$4.99 per share of restructuring and other, non-cash charges.

The Company will be hosting a conference call to discuss these results at 10:30 AM EST. The call can be accessed by dialing 719-457-2645 approximately 10 minutes before it begins.

About IMAX Corporation

Founded in 1967, IMAX Corporation is one of the world's leading entertainment technology companies. IMAX's businesses include the world's best cinematic presentations together with IMAX, IMAX(R)3D and the development of the highest quality digital production and presentation. IMAX has developed revolutionary technology called IMAX DMR (Digital Re-mastering) that makes it possible for virtually any 35mm film to be transformed into the unparalleled image and sound quality of The IMAX Experience(R). The IMAX brand is recognized throughout the world for extraordinary and immersive family experiences. As of September 2002, there were more than 225 IMAX theatres operating in 30 countries. More than 700 million people have seen an IMAX presentation since the medium premiered in 1970. IMAX(R) is a registered trademark of IMAX Corporation. More information on the Company can be found at 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 affect these statements include the timing of theatre system signings and installations, 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 technologies 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, 2001 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 United States.
Generally Accepted Accounting Principles
(in thousands of U.S. dollars, except per share data)
(unaudited) □

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2002	2001	2002	2001
Revenue □				
IMAX systems	\$9,574	\$13,628	\$50,671	\$51,954
Films	10,262	6,448	29,050	23,312
Other	3,819	3,261	13,584	9,535
	23,655	23,337	93,305	84,801
Costs of goods and services	15,735	33,139	53,289	73,131
Gross margin	7,920	(9,802)	40,016	11,670
Selling, general and administrative expenses	7,021	12,125	27,863	36,176
Research and development	900	419	1,701	3,009
Amortization of intangibles	339	762	1,067	2,272
Loss (income) from equity-accounted □ investees	(167)	146	(88)	323
Restructuring costs and asset impairments (recovery)	(330)	46,819	(330)	59,679
Earnings (loss) from operations	157	(70,073)	9,803	(89,789)
Interest income	106	160	295	725
Interest expense	(4,299)	(5,655)	(13,048)	(16,497)

Impairment of long-term investments	--	(5,584)	--	(5,584)
Foreign exchange gain (loss)	(341)	242	167	(1,220)
Loss from continuing operations before income taxes	(4,377)	(80,910)	(2,783)	(112,365)
Recovery of (provision for) income taxes	(76)	(10,997)	3,606	(1,196)
Net earnings (loss) from continuing operations	(4,453)	(91,907)	823	(113,561)
Net earnings (loss) from discontinued operations	2,066	(55,171)	2,066	(58,712)
Net earnings (loss) before extraordinary item	(2,387)	(147,078)	2,889	(172,273)
Extraordinary gain on repurchase of convertible subordinated notes, net of income tax expense of \$57, \$5,450, \$3,606 and \$5,450	93	7,525	8,399	7,525
Net earnings (loss)	\$ (2,294)	\$ (139,553)	\$11,288	\$ (164,748)
Earnings (loss) per share data:				
Earnings (loss) per share - basic and fully diluted: □				
Net earnings (loss) from continuing operations	\$(0.13)	\$(2.95)	\$0.03	\$(3.69)
Net earnings (loss) from discontinued operations	\$0.06	\$(1.77)	\$0.06	\$(1.90)
Net earnings (loss) before extraordinary item	\$(0.07)	\$(4.72)	\$0.09	\$(5.59)
Extraordinary item	\$0.00	\$0.24	\$0.25	\$0.24
Net earnings (loss)	\$(0.07)	\$(4.48)	\$0.34	\$(5.35)
Weighted average number of shares outstanding (000's): □				
Basic	32,962	31,137	32,933	30,792
Fully diluted	32,962	31,137	33,262	30,792

SOURCE IMAX Corporation

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