



IMAX Corporation Reports Second Quarter Results

July 31, 2003

HIGHLIGHTS □

- Results from *The Matrix Reloaded: The IMAX Experience* exceed expectations and further validate IMAX(R) DMR(TM) appeal.
- Earnings from continuing operations of \$0.02, consistent with previous guidance. □
- Debt reduced by \$39 million to \$170 million.
- Strong systems signings with seven theatre systems signed versus two in the second quarter of 2002.

TORONTO, July 31 /PRNewswire-FirstCall/ -- IMAX Corporation (Nasdaq: IMAX; TSX: IMX) today reported net earnings from continuing operations of \$0.02 per share on a basic and fully diluted basis for the second quarter ended June 30, 2003. The second quarter results, which are consistent with previous guidance, compare to net earnings from continuing operations of \$0.09 per share on a basic and fully diluted basis in the second quarter of 2002. Including a gain of \$0.01 from discontinued operations, the Company reported net earnings of \$0.03 per share on a basic and fully diluted basis for the quarter, compared to net earnings of \$0.09 per share in the prior year period.

"The second quarter demonstrated the progress that we are continuing to make in implementing our commercial strategy, highlighted by strong signings and the performance of *The Matrix Reloaded: The IMAX Experience*," said IMAX Co-Chief Executive Officers Richard L. Gelfond and Bradley J. Wechsler. "The combination of Hollywood releases in IMAX's 15/70 format, such as *The Matrix Reloaded*, and our new low cost theatre system, is having a strong impact on our business as our theatre signings for the second quarter more than tripled compared to the second quarter of 2002. This continued strong momentum in our business, combined with our continued debt reduction, should further position IMAX to deliver significant returns for our shareholders."

The Matrix Reloaded: The IMAX Experience, released June 6, 2003 to IMAX(R) theatres, continues to perform well throughout the world-wide IMAX network. This past weekend, the eighth of the film's run, it experienced only a 12% decline in total box office in IMAX theatres. Playing on an average of 48 screens, the film has earned approximately \$1 million per week in North American IMAX theatres over the first seven weeks of the run.

Independent exit poll research conducted during the release of *The Matrix Reloaded: The IMAX Experience* found that over 85% of consumers significantly enjoyed the film and planned both to recommend it to others and to return to IMAX theatres in the future. The research further showed that more than 30% of those polled were first-time IMAX attendees, and that consumers would be willing to pay premiums over and above those charged by IMAX theatres for the film. During the run, IMAX theatres in North America charged up to \$15 per ticket to see *The Matrix Reloaded: The IMAX Experience*.

Internationally, the bfi London IMAX Cinema had the biggest opening worldwide for *The Matrix Reloaded: The IMAX Experience*, grossing over \$64,000 in its first weekend with eight of 11 shows sold out. Thereafter, the film grossed over \$40,000 in each of the second, third and fourth weekends, with five of six shows sold out each weekend.

"*The Matrix Reloaded: The IMAX Experience* has exceeded our expectations for per screen gross, sustained box office and overall consumer demand," added Messrs. Gelfond and Wechsler. "In a summer where films are seeing rapid weekly declines at the box office, the IMAX numbers are extraordinary and are demonstrating that an IMAX DMR release can extend the run of an event film, a fact that is fueling our ongoing discussions with both Hollywood studios and commercial theatre operators. We are also finding that consumers are willing to pay a significant price premium for *The IMAX Experience*(R), and that moviegoers are highly anticipating the November 5th release of *The Matrix Revolutions: The IMAX Experience*."

During the second quarter, the Company signed new theatre contracts for seven IMAX theatre systems, compared to contracts for two theatre systems in the second quarter of 2002. These signings included deals for three IMAX theatres to open in Mexico where IMAX(R) 3D is experiencing a rapid expansion, and IMAX's first multiple commercial theatre deal in China for two IMAX(R) MPX(TM) systems with an option for three additional theatres.

On May 5, 2003, Wasserstein Partners, LP, pursuant to terms of its partnership agreements, distributed to its limited partners 8.2 million shares of IMAX stock that it controlled on their behalf. The Company believes that the vast majority of those shares, as well as the shares that Wasserstein held directly, have been successfully absorbed into the market.

On April 1, the Company retired the remaining \$9 million of its subordinated notes. During June, the Company retired approximately \$25 million of the \$200 million of its senior notes due December 2005, in exchange for newly-issued shares of the Company, through a series of transactions. Subsequent to the end of the quarter, the Company retired an additional \$5 million of senior notes. When combined with the Company's prior debt retirements in 2001 and 2002, IMAX has reduced total debt to \$170

million -- a reduction of more than 40% in less than two years.

In the second quarter, the Company's total revenues were \$34.8 million as compared to \$38.9 million in the prior year period. Systems revenue was \$22.1 million versus \$20.7 million in the prior year period, as the Company recognized revenues on six theatre systems in the second quarter of 2003 versus four theatre systems in the second quarter of 2002. Films revenue was \$7.5 million versus \$13.2 million in the second quarter of 2002, due primarily to the release of the Company's film SPACE STATION in the prior year period. Other revenue was \$5.2 million in the quarter versus \$4.9 million in the second quarter of 2002.

For the six-month period ended June 30, 2003, the Company's revenues were \$68.7 million as compared to \$70.1 million in the prior year period. Systems revenue was \$44.5 million versus \$41.1 million in the prior year period, as the Company recognized revenues on 14 theatre systems as compared to 10 theatre systems in the prior year period. Films revenue was \$14.3 million compared to \$19.3 million for the first six months of 2002. Other revenue was \$10.0 million versus \$9.8 million for the prior year period. For the six months ended June 30, 2003, the Company reported net earnings from continuing operations of \$0.09 per share on a fully diluted basis. The Company's comparative results for the first six months of 2002 were net earnings of \$0.41 per share, which included a \$0.25 gain from the repurchase of certain of the Company's subordinated notes.

The Company will be hosting a conference call to discuss these results at 10:30 AM EDT. To access the call interested parties should call (719) 457-2641.

About IMAX Corporation:

Founded in 1967, IMAX Corporation is one of the world's leading entertainment technology companies. IMAX's businesses include the creation and delivery of the world's best cinematic presentations using proprietary IMAX and IMAX 3D technology, 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 any 35mm film to be transformed into the unparalleled image and sound quality of The IMAX Experience. The IMAX brand is recognized throughout the world for extraordinary and immersive family experiences. As of June 30 2003, there were more than 235 IMAX theatres operating in 34 countries.

IMAX(R), IMAX(R) 3D, IMAX(R)DMR(TM), IMAX(R) MPX(TM) and The IMAX Experience(R) are trademarks 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 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 products, 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, 2002 and in the subsequent reports filed by the Company with the Securities and Exchange Commission.

IMAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

In accordance with United States Generally Accepted Accounting Principles
(in thousands of U.S. dollars, except per share amounts)
(unaudited) □

	Three months ended		Six months ended	
	June 30,		June 30,	
	2003	2002	2003	2002
Revenue □				
IMAX systems	\$22,143	\$20,712	\$44,459	\$41,097
Films	7,460	13,197	14,294	19,264
Other	5,157	4,942	9,979	9,765
	34,760	38,851	68,732	70,126
Costs of goods and services	20,727	20,162	38,994	38,030
Gross margin	14,033	18,689	29,738	32,096
Selling, general and administrative expenses	8,456	9,993	16,600	19,108
Research and development	1,168	597	1,881	801
Amortization of intangibles	152	340	291	728
Loss (income) from equity-accounted investees	14	23	(273)	79
Receivable provisions, net of recoveries	75	139	689	1,226
Earnings from operations	4,168	7,597	10,550	10,154

Interest income	145	104	410	189
Interest expense	(4,056)	(4,430)	(8,343)	(8,749)
Gain (loss) on retirement of notes	(187)	(236)	(187)	11,988
Net earnings from continuing operations before income taxes	70	3,035	2,430	13,582
Recovery of income taxes	(700)	--	(563)	--
Net earnings from continuing operations	770	3,035	2,993	13,582
Net earnings from discontinued operations	199	--	399	--
Net earnings	\$969	\$3,035	\$3,392	\$13,582

Earnings per share:

Earnings per share - basic and fully diluted:				
Net earnings from continuing operations	\$0.02	\$0.09	\$0.09	\$0.41
Net earnings from discontinued operations	\$0.01	\$--	\$0.01	\$--
Net earnings	\$0.03	\$0.09	\$0.10	\$0.41

Weighted average number of shares outstanding (000's):

Basic	34,159	32,925	33,566	32,919
Fully diluted	35,454	33,728	34,363	33,414

IMAX CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

In accordance with United States Generally Accepted Accounting Principles
(in thousands of U.S. dollars)

	June 30, 2003	December 31, 2002
	(unaudited) □	
Assets □		
Cash and cash equivalents	\$21,445	\$37,136
Accounts receivable, less allowance for doubtful accounts of \$9,736 (2002 - \$9,248)	14,657	15,054
Financing receivables	54,870	51,918
Inventories	28,252	34,092
Prepaid expenses	3,184	2,383
Film assets	1,451	419
Fixed assets	41,749	45,308
Other assets	9,267	10,455
Deferred income taxes	3,821	3,821
Goodwill	39,027	39,027
Other intangible assets	3,802	3,363
Total assets	\$221,525	\$242,976
Liabilities □		
Accounts payable	\$9,953	\$6,768
Accrued liabilities	42,120	43,451
Deferred revenue	68,258	87,284
Senior notes due 2005	174,975	200,000
Convertible subordinated notes due 2003	--	9,143
Total liabilities	295,306	346,646

Commitments and contingencies

Shareholders' equity (deficit)
Common shares - no par value.
Authorized - unlimited number
Issued and outstanding - 36,426,282

(2002 - 32,973,366)	91,236	65,563
Other equity	2,366	1,542
Deficit	(168,028)	(171,420)
Accumulated other comprehensive income	645	645
Total shareholders' equity (deficit)	(73,781)	(103,670)
Total liabilities and shareholders' equity (deficit)	\$221,525	\$242,976

SOURCE IMAX Corporation

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 (IMAX) □

CO: IMAX Corporation

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