UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.D. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-24216

IMAX CORPORATION

(Exact name of registrant as specified in its charter)

Canada	98-0140269
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2525 Speakman Drive, Mississauga, Ontario, Canada	L5K 1B1
(Address of principal executive offices)	(Postal Code)

Registrant's telephone number, including area code (905) 403-6500

NONE

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of April 30, 1998
Common stock, no par value	29,486,074

IMAX CORPORATION

INDEX

FORWARD LOOKING INFORMATION

Certain statements in this Report on Form 10-Q under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings" may constitute 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. Important factors that could effect these statements include the timing of theater system deliveries, the mix of theater 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 filed by the Company with the Securities and Exchange Commission.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following condensed consolidated financial statements are filed as part of this Report:

IMAX CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

Amounts in accordance with U.S. Generally Accepted Accounting Principles

(in thousands of U.S. dollars)

(UNAUDITED)

	March 31, 1998	December 31, 1997
Assets		
Current assets		
Cash and cash equivalents	$ 63,729	$ 64,069
Short-term marketable securities	18,279	10,184
Accounts receivable	32,011	32,401
Current portion of net investment in leases	6,086	6,007
Inventories and systems under construction (note 2)	23,083	21,922
Prepaid expenses	3,412	2,474
Total current assets	146,600	137,057
Long-term marketable securities	4,133	16,277
Net investment in leases	59,838	51,825
Film assets	44,576	42,036
Capital assets	42,641	41,360
Goodwill	43,287	43,915
Other assets	11,640	11,889
Total assets	$352,715	$344,359
Liabilities		
Current liabilities		
Accounts payable	$ 5,446	$ 7,129
Accrued liabilities	22,230	24,220
Current portion of deferred revenue	34,654	29,067
Income taxes payable	398	318
Total current liabilities	62,728	60,734
Deferred revenue	12,459	13,618
Senior notes	65,000	65,000
Convertible subordinated notes	100,000	100,000
Deferred income taxes	21,796	19,596
Total liabilities	261,983	258,948
MINORITY INTEREST	3,170	2,950
Redeemable preferred shares	1,387	1,344
COMMITMENTS AND CONTINGENCIES (notes 3 and 4)		
SHAREHOLDERS' EQUITY		
Capital stock	53,521	52,604
Retained earnings	32,754	28,642
Cumulative translation adjustment	(100)	(129)
Total shareholders' equity	86,175	81,117
Total liabilities and shareholders' equity	$352,715	$344,359

(See accompanying notes to the condensed consolidated financial statements on pages 7 to 9.)

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, 1998	1997
Revenue		
Systems	$26,364	$17,918
Films	7,062	12,299
Other	2,674	2,325
	36,100	32,542
Costs and expenses	15,323	14,665
GROSS MARGIN	20,777	17,877
Selling, general and administrative expenses	9,434	7,340
Research and development	729	499
Amortization of intangibles	629	661
EARNINGS FROM OPERATIONS	9,985	9,377
Interest income	1,262	1,494
Interest expense	(3,287)	(3,299)
Foreign exchange loss	(73)	(76)
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	7,887	7,496
Provision for income taxes	(3,468)	(3,544)
EARNINGS BEFORE MINORITY INTEREST	4,419	3,952
Minority interest	(220)	(254)
Net earnings	$ 4,199	$ 3,698
EARNINGS PER SHARE (NOTE 5)		
Basic	$0.14	$0.13
Diluted	$0.14	$0.12

(See accompanying notes to the condensed consolidated financial statements on pages 7 to 9.)

IMAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
Amounts in accordance with U.S. Generally Accepted Accounting Principles
(in thousands of U.S. dollars)
(UNAUDITED)

	Three months ended March 31, 1998	1997
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings	$ 4,199	$ 3,698
Items not involving cash:		
Depreciation and amortization	3,548	3,165
Deferred income taxes	2,287	2,517
Minority interest	220	254
Amortization of discount on senior notes	--	311
Other	(168)	92
Change in net investment in leases	(8,090)	(5,294)
Change in deferred revenue on film production	2,538	(5,984)
Changes in non-cash operating assets and liabilities	(2,528)	(5,509)
Net cash provided by (used in) operating activities	2,006	(6,750)
INVESTING ACTIVITIES		
Decrease (increase) in marketable securities	4,042	(7,965)
Increase in film assets	(3,758)	(1,566)
Purchase of capital assets	(2,869)	(3,379)
Increase in other assets	(260)	(3,225)
Net cash used in investing activities	(2,845)	(16,135)
FINANCING ACTIVITIES		
Repayment of long-term debt	--	(1,130)
Class C preferred shares dividends paid	(386)	--
Common shares issued	917	114
Net cash provided by (used in) financing activities	531	(1,016)
Effect of exchange rate changes on cash	(32)	130
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(340)	(23,771)
Cash and cash equivalents, beginning of period	64,069	102,589
CASH AND CASH EQUIVALENTS, END OF PERIOD	$63,729	$ 78,818

(See accompanying notes to the condensed consolidated financial statements on pages 7 to 9.)

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Month Periods Ended March 31, 1998 and 1997
(Tabular amounts in thousands of U.S. dollars unless otherwise stated)
(unaudited)

1. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Imax Corporation and its wholly-owned and majority owned subsidiaries. The nature of the Company's business is such that the results of operations for the interim periods presented are not necessarily indicative of results to be expected for the fiscal year. In the opinion of management, the information contained herein reflects all adjustments necessary to make the results of operations for the interim periods a fair statement of such operations. All such adjustments are of a normal recurring nature.

These financial statements should be read in conjunction with the Company's most recent annual report on Form 10-K for the year ended December 31, 1997 which should be consulted for a summary of the significant accounting policies utilized by the Company.

2. INVENTORIES AND SYSTEMS UNDER CONSTRUCTION:

	March 31, 1998	December 31, 1997
Raw materials	$ 8,122	$ 6,943
Work-in-process	14,448	14,508
Finished goods	513	471
	$23,083	$21,922

3. FINANCIAL INSTRUMENTS

From time to time the Company engages in hedging activities to reduce the impact of fluctuations in foreign currencies on its profitability and cash flow. The credit risk exposure associated with these activities would be limited to all unrealized gains on contracts based on current market prices. The Company believes that this credit risk has been minimized by dealing with highly rated financial institutions.

To fund Canadian dollar costs through October, 1999, the Company had entered into forward exchange contracts as at March 31, 1998 to hedge the conversion of $43.0 million of its cash flow into Canadian dollars at an average exchange rate of Canadian $1.39 per U.S. dollar.

The Company has also entered into foreign currency swap transactions to hedge minimum lease payments receivable under sales-type lease contracts denominated in Japanese Yen and French Francs. These swap transactions fix the foreign exchange rates on conversion of 168 million Yen at 98 Yen per U.S. dollar through September 2004 and on 17.4 million Francs at 5.1 Francs per U.S. dollar through September 2005.

These hedging contracts are expected to be held to maturity; however, if they were terminated on March 31, 1998, the Company would have realized a gain of approximately $0.3 million based on the then prevailing exchange rates.

4. CONTINGENCIES

(a) In July 1997, Debra B. Altman filed a claim against the Company, and certain unidentified individuals, in the Superior Court of the State of California for the County of Los Angeles, alleging breach of contract, breach of implied covenant of good faith and fair dealing, breach of implied-in-fact contract, breach of confidence, constructive fraud, quantum meruit, unjust enrichment and constructive trust with respect to a film project the Plaintiff claims to have pursued with the Company. The Plaintiff is seeking unquantified damages exceeding $5 million. The Company disputes this claim and has removed it to the U.S. District Court for the Central District of California, Western Division, and intends to vigorously defend this action. Trial is anticipated in September 1998. The amount of loss, if any, cannot be determined at this time.

(b) On February 26, 1996, Iwerks Entertainment, Inc. filed a complaint against the Company alleging violations under the Sherman Act, the Clayton Act, tortious interference with contracts and prospective economic advantage, and unfair competition. The plaintiff was seeking unquantified damages, injunctive relief and restitution. All claims against the Company were dismissed in a summary judgment in April, 1998. In May, 1998, Iwerks Entertainment, Inc. filed an appeal of this decision. The amount of the loss, if any, cannot be determined at this time.

(c) In addition to the litigation described above, the Company is currently involved in other litigation which, in the opinion of the Company's management, will not materially affect the Company's financial position or future operating results, although no assurance can be given with respect to the ultimate outcome for any such litigation.

5. EARNINGS PER SHARE

(a) Pursuant to shareholders' approval at the Annual and Special Meeting held on May 6, 1997, the Company's shares were split on a 2-for-1 basis in May 1997. Common share and earnings per share data for the three months ended March 31, 1997 give retroactive effect to the stock split as if it had taken place at the beginning of the period.

(b) Reconciliations of the numerators and denominators of the basic and diluted per-share computations are as follows:

	Three months ended March 31, 1998	1997
Net earnings available to common shareholders:		
Net earnings	$4,199	$3,698
less:		
accrual of dividends on preferred shares	(43)	(42)
accretion of discount of preferred shares	(44)	(38)
	$4,112	$3,618

5. EARNINGS PER SHARE -- (CONTINUED)

	Three months ended March 31, 1998	1997
Weighted average number of common shares (000's):		
Issued and outstanding at beginning of period	29,115	27,885
Weighted average shares issued in the period	54	17
Weighted average used in computing basic earnings per share	29,169	27,902
Assumed exercise of stock options, net of shares assumed acquired under the Treasury Stock Method	1,232	1,862
Weighted average used in computing diluted earnings per share	30,401	29,764

Common shares potentially issuable pursuant to the Convertible Subordinated Notes would have an antidilutive effect on earnings per share and have not been included in the above computations.

6. COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income, became effective for the Company's 1998 fiscal year. Comprehensive income items include certain gains and losses, such as foreign currency translation adjustments, that bypass the Company's net earnings and are accumulated directly in shareholders' equity. Comprehensive income was $4,214,000 and $3,623,000 for the three months ended March 31, 1998 and 1997, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Theater Signings and Backlog

During the first quarter of 1998, the Company signed contracts for 13 IMAX theater systems valued at $31.6 million, a 24% increase over the $25.6 million value of the nine contracts signed in the first quarter of 1997. The theater signings for the first quarter of 1998 included contracts with conventional cinema exhibitors Famous Players, United Cinemas International (a European theater chain co-owned by Viacom Inc. and Universal Studios) and Gaumont of France. As a result of these theater signings, the Company's sales backlog grew to $185.8 million at March 31, 1998, a 6% increase from $175.4 million at December 31, 1997.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (CONT'D)

The Company's sales backlog at March 31, 1998 represents contracts for 82 theater systems, including two upgrades of existing theaters to IMAX 3D. The Company's sales backlog will vary from quarter to quarter depending on the signing of new systems which adds to backlog and the delivery of systems which reduces backlog. Sales backlog represents the minimum revenues under signed system sale and lease agreements that will be recognized as revenue as the associated theater systems are delivered. The minimum revenue comprises the upfront fees plus the present value of the minimum royalties due under sales-type lease agreements for the first 10 years of the initial lease term. The value of sales backlog does not include revenues from theaters in which the Company has an equity interest, letters of intent, IMAX(R) Ridefilm(TM) system contracts or long-term conditional theater commitments.

As of March 31, 1998, there were 24 IMAX Ridefilm theaters in operation and a backlog of 17 IMAX Ridefilm systems, including six upgrades.

THREE MONTHS ENDED MARCH 31, 1998 VERSUS THREE MONTHS ENDED MARCH 31, 1997

The Company reported net earnings of $4.2 million or $0.14 per share on a diluted basis for the first quarter of 1998 compared to $3.7 million or $0.12 per share on a diluted basis for the first quarter of 1997. Earnings per share information for the prior year period has been adjusted for the 2-for-1 stock split which became effective by May 27, 1997 and the adoption of Financial Accounting Standards No. 128 which became effective by December 15, 1997.

The Company's revenues for the first quarter of 1998 increased 11% to $36.1 million from $32.5 million in the corresponding quarter last year as a result of strong growth in systems revenue which more than offset a decline in film production revenue.

Systems revenue, which includes revenue from theater system sales and leases, royalties and maintenance fees, increased approximately 47% to $26.4 million in the first quarter of 1998 from $17.9 million in the same quarter last year. The Company delivered eight theater systems in the first quarter of 1998 compared to four theater systems in the first quarter of 1997. Recurring revenues from royalties and maintenance fees increased 13% in the first quarter of 1998 over the corresponding period last year as a result of growth in the IMAX theater network.

Film revenue comprises revenue recognized from film production, film distribution and film post-production activities. Film revenue decreased 43% to $7.1 million in the first quarter of 1998 from $12.3 million in the same quarter last year. The decline in film revenue 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. Film distribution revenues declined 15% in the first quarter of 1998 compared to the corresponding quarter last year since the Company's major 1998 film releases won't occur until later in the year. Film post-production revenues increased 47% in the first quarter of 1998 over the same period in 1997, largely attributable to post-production work on the release of MacGillivray Freeman Films' Everest in early March 1998.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (CONT'D)

THREE MONTHS ENDED MARCH 31, 1998 VERSUS THREE MONTHS ENDED MARCH 31, 1997 (CONT'D)

Other revenues increased 15% to $2.7 million in the first quarter of 1998 from $2.3 million in the prior year quarter as the Company delivered one IMAX Ridefilm system in the first quarter of 1998 versus none in the first quarter of last year.

Gross margin for the first quarter of 1998 was $20.8 million compared to $17.9 million in the corresponding quarter last year, an increase of 16%. Gross margin was approximately 58% of total revenue in the first quarter of 1998 compared to approximately 55% of total revenue in the same quarter in 1997 due mainly to the higher proportion of systems revenue (which is generally higher margin than film and other revenues) in the first quarter of 1998.

Selling, general and administrative expenses were $9.4 million in the first quarter of 1998 compared to $7.3 million in the corresponding quarter last year. The increase in selling, general and administrative expenses resulted from several factors including an increase in performance-based compensation, including compensation tied to the Company's share price, staffing additions to the Company's film area, particularly in marketing and distribution, increased affiliate relations initiatives, and international sales and marketing efforts.

Research and development expenses were $0.7 million in the first quarter of 1998 compared to $0.4 million in the same period last year. The higher level of expenses thus far in 1998 reflects costs associated with the development of a new sound system scheduled for release in mid-1998. The research and development expenses incurred in the first quarter of 1997 were lower than historical levels as some of the Company's technical staff had been redirected to the design and production of the new IMAX 3D SR system and were not engaged in research and development activities.

The effective tax rate on earnings before taxes differs from the statutory tax rate and will vary from quarter to quarter primarily as a result of the amortization of goodwill, which is not deductible for tax purposes, and the provision of income taxes at different tax rates in foreign and other provincial jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1998, the Company's principal source of liquidity included cash and cash equivalents of $63.7 million, trade accounts receivable of $32.0 million, net investment in leases of $6.1 million due within one year, marketable securities of $22.4 million, and the amounts receivable under contracts in backlog which are not yet reflected on the balance sheet. The Company also has unused lines of credit under a working capital facility of Canadian $3.2 million.

The Senior Notes due March 1, 2001 are subject to redemption by the Company, in whole or in part, at any time on or after March 1, 1998 at redemption prices expressed as percentages of the principal amount (1998 - 104.29%; 1999 - 102.86%; 2000 - 101.43%) together with interest accrued thereon to the redemption date. Subject to market conditions, the Company may elect to redeem some or all of the Senior Notes prior to their maturity as part of a refinancing of its capital structure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (CONT'D)

LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

The 5 3/4% Convertible Subordinated Notes (the "Subordinated Notes") due April 1, 2003 are convertible into common shares of the Company at the option of the holder at a conversion price of $21.406 per share (equivalent to a conversion rate of 46.7154 shares per $1,000 principal amount of Subordinated Notes) at any time prior to maturity. The Subordinated Notes are redeemable at the option of the Company on or after April 1, 1999 at redemption prices expressed as percentages of the principal amount (1999 - 103.286%; 2000 - 102.464%; 2001 - 101.643%; 2002 - 100.821%) plus accrued interest. The Subordinated Notes may only be redeemed by the Company between April 1, 1999 and April 1, 2001 if the last reported market price of the Company's common shares is equal to or greater than $30 per share for any 20 of the 30 consecutive trading days prior to the notice of redemption. The Subordinated Notes may be redeemed at any time on or after April 1, 2001 without limitation.

The Company partially funds its operations through cash flow from operations. Under the terms of the Company's typical theater system lease agreement, the Company receives substantial cash payments before it completes the performance of its obligations. Similarly, the Company typically receives cash payments for film production in advance of related cash expenditures. These cash flows have generally been adequate to finance the ongoing operations of the Company.

In the first quarter of 1998, cash provided by operating activities amounted to $2.0 million after the payment of interest on the Senior Notes of $3.3 million, payment of $1.2 million of income taxes and an $8.1 million increase in net investment in leases related to the theater systems delivered under sales-type lease agreements during the quarter. Cash provided by operating activities also included a $2.5 million increase in funds held for a third party sponsored film production.

Cash used in investing activities in the first quarter of 1998 included a decrease in marketable securities of $4.0 million, an increase in film assets of $3.8 million, primarily related to T.rex: Back to The Cretaceous, and expenditures totaling $2.9 million on capital assets, principally wholly-owned theaters, cameras and other assets under construction.

During the first quarter of 1998, cash provided by financing activities included $0.9 million of proceeds from common shares issued under the Company's stock option plan partially reduced by a payment of accrued dividends on the Class C preferred shares totaling $0.4 million.

The Company believes that cash flows from operations together with existing cash and marketable securities balances and the working capital facility will continue to be sufficient to meet cash requirements in the foreseeable future.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In April 1994, Compagnie France Film Inc. filed a claim against the Company in the Superior Court in the District of Montreal, in the Province of Quebec, alleging breach of contract and bad faith in respect of an agreement which the plaintiff claimed it entered into with the Company for the establishment of an IMAX theater in Quebec City, Quebec, Canada. Until December 1993, Predecessor Imax was in negotiations with the plaintiff and another unrelated party for the establishment of an IMAX theater in Quebec City. In December 1993, Predecessor Imax executed a system lease agreement with the other party. During the negotiations, both parties were aware of the other party's interest in also establishing an IMAX theater in Quebec City. The plaintiffs were claiming damages of Canadian $4.6 million, representing the amount of profit they claimed they were denied due to their inability to proceed with an IMAX theater in Quebec City, together with expenses incurred in respect of this project and pre-judgement interest. The Company disputed this claim and filed a defense in response. Compagnie France Film had also incorporated a shell company, 3101-8450 Quebec Inc. ("3101"). 3101 was to, among other things, enter into a lease for the proposed IMAX theater site. In November 1993, while negotiations between Compagnie France Film and the Company were still ongoing, 3101 entered into a lease for the site. 3101 defaulted on the lease and the landlord sued 3101 in an unrelated action to which the Company was not a party. In February 1996, 3101 was found liable to pay the landlord damages in the amount of Canadian $2.5 million. Subsequent to that judgment 3101 intervened in the lawsuit between Compagnie France Film and the Company in order to claim from the Company damages in the amount of Canadian $2.5 million. The Company disputed this claim and the suit went to trial in January 1998. In a decision rendered in April, 1998, the Court dismissed the plaintiff's claims with costs.

The Company filed a complaint in August 1994 in the U.S. District Court for the Northern District of California claiming that Neil Johnson, NJ Engineering Inc. and Cinema Technologies Inc. have misappropriated the Company's trade secrets in the design and manufacture of the defendant's 70mm 15-perforation projection systems. The Company is seeking an injunction against Cinema Technologies Inc. to prevent shipment of projectors, which incorporate the Company's trade secrets in addition to damages. The defendant brought two motions for summary judgement, one of which was based on the defendant's statute of limitations defense and the other based on, among others, the defendant's contention that the trade secrets at issue were not trade secrets. The court denied the motion based on the statute of limitations defense, granted the motion based on the trade secret status issue, and entered a judgement for the defendants. The Company filed an appeal of this decision to the U.S. Court of Appeals for the Ninth Circuit. The appeal was heard in February, 1998. The Court has reserved its decision.

Iwerks Entertainment, Inc. ("Iwerks") filed a complaint against the Company on February 26, 1996 in the U.S. District Court for the Central District of California alleging violations under the Sherman Act, the Clayton Act, and tortious interference with contracts and prospective economic advantage. Iwerks was seeking unquantified damages, injunctive relief and restitution. All claims against the Company were dismissed in a summary judgment in April, 1998. In May, 1998, Iwerks filed an appeal of this decision to the U.S. Court of Appeals for the Ninth Circuit. The amount of the loss, if any, cannot be determined at this time.

In July 1997, Debra B. Altman filed a claim against the Company, and certain unidentified individuals, in the Superior Court of the State of California for the County of Los Angeles, alleging breach of contract, breach of implied covenant of good faith and fair dealing, breach of implied-in-fact contract, breach of confidence, constructive fraud, quantum meruit, unjust enrichment and constructive trust with respect to a film project the plaintiff claims to have pursued with the Company. The Plaintiff is seeking unquantified damages exceeding $5 million. The Company disputes this claim and has removed it to the U.S. District Court for the Central District of California, Western Division, and intends to vigorously defend this action. Trial is anticipated for September 1998. The amount of the loss, if any, cannot be determined at this time.

ITEM 1. LEGAL PROCEEDINGS (CONT'D)

On March 5, 1998, Rosalini Film Productions Inc. filed a claim against the Company in the U.S. District Court for the Central District of California, alleging breach of written agreement, breach of implied convenant of good faith and fair dealing, fraud and deceit, negligent misrepresentation, unfair competition, unjust enrichment, quantum meruit, constructive trust and declaratory relief with respect to a film project the Plaintiff claimed to have pursued with the Company. The Plaintiff was seeking unquantified damages. The Company disputed this claim and intended to vigorously defend this action. In April, 1998, the Plaintiff filed a voluntary dismissal of its claim.

In addition to the litigation described above, the Company is currently involved in other litigation which, in the opinion of the Company's management, will not materially affect the Company's financial position or future operating results, although no assurance can be given with respect to the ultimate outcome for any such litigation.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) REPORTS ON FORM 8-K

There were no reports filed on Form 8-K in the three month period ended March 31, 1998.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGNATURES   IMAX CORPORATION

Date: May 14, 1998

By: / S / John M. Davison

John M. Davison
Executive Vice President, Operations
and Chief Financial Officer
(Principal Financial Officer)

By: / S / Michael M. Davies

Michael M. Davies
Vice President and Corporate Controller
(Principal Accounting Officer)