

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest reported): OCTOBER 3, 2001

IMAX CORPORATION
(Exact name of registrant as specified in its chapter)

| | | |
|---|--|--|
| CANADA (State or other jurisdiction of incorporation) | 0-24216 (Commission File Number) | 98-0140269 (IRS Employer Identification No.) |
|---|--|--|

| | |
|---|-----------------------|
| 2525 SPEAKMAN DRIVE, MISSISSAUGA, ONTARIO (Address of principal executive offices) | L5K 1B1 (Zip Code) |
|---|-----------------------|

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

NONE
(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

Mitey Cinemas, Inc., a wholly-owned subsidiary of the IMAX Corporation (the "Corporation"), has purchased approximately U.S.\$48 million in face value of the Corporation's 5 3/4% Convertible Subordinated Notes (the "Notes") due on April 1, 2003. The repurchased Notes will be retired by the Corporation. After giving effect to these transactions, approximately U.S.\$52 million of the original issue of U.S.\$100 million will remain outstanding. The aggregate purchase price for the Notes purchased was approximately U.S.\$7.8 million. A press release announcing the repurchase is filed herewith as Exhibit 99.1 and a pro forma condensed consolidated balance sheet and income statement of the Corporation as of June 30, 2001 giving effect to the repurchase are filed herewith as Exhibit 99.2.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

The following exhibits are filed herewith.

Exhibit 99.1 - Press Release dated October 3, 2001

Exhibit 99.2 - Pro Forma Condensed Balance Sheet and Income Statement

SIGNATURES

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 hereunto duly authorized.

IMAX CORPORATION
(Registrant)

Date: OCTOBER 26, 2001

By: "Robert D. Lister"

Name: Robert D. Lister
Title: Exec. Vice President, Legal
Affairs & General Counsel

By: "G. Mary Ruby"

Name: G. Mary Ruby
Title: Sr. Vice President, Legal Affairs
& Corporate Secretary

[IMAX LOGO]

IMAX CORPORATION

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 www.IMAX.com

IMAX CORPORATION ANNOUNCEMENT

Toronto, Canada - October 03, 2001 -- IMAX Corporation (Nasdaq:IMAX; TSE:IMX) today announced that its wholly owned subsidiary Mitey Cinemas, Inc. has purchased approximately \$48 million in face value of IMAX's 5 3/4% Convertible Subordinated Notes due on April 1, 2003. These Notes will be retired by the parent company. After giving effect to these transactions, approximately \$52 million of the \$100 million original Notes issue will remain outstanding.

"This is a significant first step in IMAX's goal to de-leverage the company and begins the process of reducing our debt," commented IMAX co-CEOs Richard L. Gelfond and Bradley J. Wechsler. "Our affiliate was able to purchase the convertible notes at a substantial discount which we believe will improve the outlook for IMAX's business."

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 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.

For additional information please contact:

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IMAX CORPORATION
 PROFORMA CONDENSED CONSOLIDATED BALANCE SHEET
 IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
 (in thousands of U.S. dollars)

| | AS REPORTED JUNE 30, 2001 (UNAUDITED) | PROFORMA ADJUSTMENTS (SEE NOTES) DEBITS CREDITS | | PROFORMA JUNE 30, 2001 (UNAUDITED) | NOTES |
|---|--|--|------------------|---|---------------|
| | ----- | ----- | ----- | ----- | ----- |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 24,631 | | \$ 7,899 | \$ 16,732 | (3) |
| Investments in marketable debt securities | 715 | | | 715 | |
| Accounts receivable, less allowance for doubtful accounts of \$21,750 (2000 - \$19,774) | 24,350 | | | 24,350 | |
| Net investment in leases | 74,307 | | | 74,307 | |
| Inventories (note 3) | 59,326 | | | 59,326 | |
| Income taxes recoverable | 11,348 | | | 11,348 | |
| Prepaid expenses | 3,697 | | | 3,697 | |
| Film assets | 29,340 | | | 29,340 | |
| Fixed assets | 87,332 | | | 87,332 | |
| Other assets | 27,858 | | 389 | 27,469 | (1) |
| Deferred income taxes | 50,046 | 163 | 16,853 | 33,356 | (1), (2), (3) |
| Goodwill, net of accumulated amortization of \$16,501 (2000 - \$ 14,818) | 59,357 | | | 59,357 | |
| | ----- | ----- | ----- | ----- | |
| Total assets | \$ 452,307 | \$ 163 | \$ 25,141 | \$ 427,329 | |
| | ===== | ===== | ===== | ===== | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 14,778 | | | \$ 14,778 | |
| Accrued liabilities | 44,302 | 681 | | 43,621 | (2) |
| Deferred revenue | 94,965 | | | 94,965 | |
| Convertible subordinated notes due 2003 | 100,000 | 47,343 | | 52,657 | (3) |
| Senior notes due 2005 | 200,000 | | | 200,000 | |
| | ----- | ----- | ----- | ----- | |
| Total liabilities | 454,045 | 48,024 | -- | 406,021 | |
| | ----- | ----- | ----- | ----- | |
| SHAREHOLDERS' EQUITY (DEFICIT) | | | | | |
| Common stock - no par value. Authorized - unlimited number. Issued and outstanding - 31,126,514 (2000 - 30,051,514) | 62,762 | | | 62,762 | |
| Deficit | (63,473) | 17,242 | 40,288 | (40,427) | See P&L |
| Accumulated other comprehensive (loss) income | (1,027) | | | (1,027) | |
| | ----- | ----- | ----- | ----- | |
| Total shareholders' equity (deficit) | (1,738) | 17,242 | 40,288 | 21,308 | |
| | ----- | ----- | ----- | ----- | |
| Total liabilities and shareholders' equity (deficit) | \$ 452,307 | \$ 65,266 | \$ 40,288 | \$ 427,329 | |
| | ===== | ===== | ===== | ===== | |

NOTES:

- (1) Write-off of \$389,000 of related deferred financing costs as at June 30, 2001. Tax effect at 42%.
- (2) Reduction of proforma interest expense of \$681,000 since last interest payment at April 1, 2001. Tax effect at 42%.
- (3) Proforma adjustment reflects the market repurchase of \$ 47,343,000 of convertible notes as of June 30, 2001 for cash consideration of \$7,899,000. The extraordinary gain has been tax effected at 42%.

IMAX CORPORATION
 PROFORMA CONDENSED CONSOLIDATED INCOME STATEMENT
 IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
 (in thousands of U.S. dollars)

| | AS REPORTED SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED) | PROFORMA ADJUSTMENTS (SEE NOTES) | | PROFORMA SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED) | NOTES |
|--|--|-------------------------------------|-----------|---|----------|
| | ----- | DEBITS | CREDITS | ----- | |
| REVENUE | | | | | |
| IMAX systems | \$ 38,326 | | | \$ 38,326 | |
| Digital projection systems | 12,232 | | | 12,232 | |
| Films | 16,864 | | | 16,864 | |
| Other | 6,274 | | | 6,274 | |
| | ----- | | | ----- | |
| | 73,696 | - | - | 73,696 | |
| COSTS AND EXPENSES | 51,981 | | | 51,981 | |
| | ----- | | | ----- | |
| GROSS MARGIN | 21,715 | - | - | 21,715 | |
| Selling, general and administrative expenses | 28,620 | 389 | | 29,009 | (1) |
| Restructuring costs | 12,860 | | | 12,860 | |
| Research and development | 3,404 | | | 3,404 | |
| Amortization of intangibles | 2,159 | | | 2,159 | |
| Loss from equity-accounted investees | 177 | | | 177 | |
| | ----- | | | ----- | |
| EARNINGS (LOSS) FROM OPERATIONS | (25,505) | 389 | - | (25,894) | |
| Interest income | 588 | | | 588 | |
| Interest expense | (10,842) | | 681 | (10,161) | (2) |
| Foreign exchange gain (loss) | (556) | | | (556) | |
| | ----- | | | ----- | |
| EARNINGS (LOSS) BEFORE INCOME TAXES | (36,315) | 389 | 681 | (36,023) | |
| Recovery of (provision for) income taxes | 11,120 | 286 | 163 | 11,243 | (1), (2) |
| | ----- | | | ----- | |
| EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEMS | (25,195) | 675 | 844 | (24,780) | |
| Extraordinary gain on extinguishment of debt, net of income tax expense of \$16,567 | - | 16,567 | 39,444 | 22,877 | (3) |
| | ----- | | | ----- | |
| NET EARNINGS (LOSS) | \$ (25,195) | \$ 17,242 | \$ 40,288 | \$ (1,903) | |
| | ===== | ===== | ===== | ===== | |

NOTES:

- (1) Write-off of \$389,000 of related deferred financing costs as at June 30, 2001. Tax effect at 42%.
- (2) Reduction of proforma interest expense of \$681,000 since last interest payment at April 1, 2001. Tax effect at 42%.
- (3) Proforma adjustment reflects the market repurchase of \$ 47,343,000 of convertible notes as of June 30, 2001 for cash consideration of \$7,899,000. The extraordinary gain has been tax effected at 42%.