UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 September 30, 1997

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 November 11, 1997
Common stock, no par value	29,272,218

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IMAX CORPORATION

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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, 1996 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)

	September 30, 1997	December 31, 1996
ASSETS		
Current assets		
Cash and cash equivalents	$ 72,330	$102,589
Short-term marketable securities	3,843	-
Accounts receivable	31,293	17,995
Current portion of net investment in leases	4,478	4,218
Inventories and systems under construction (note 2)	29,858	21,292
Prepaid expenses	4,852	2,109
Total current assets	146,654	148,203
Long-term marketable securities	23,161	18,099
Net investment in leases	43,511	34,494
Film assets	32,879	19,050
Capital assets	45,974	37,791
Deferred charges on debt financing	3,991	4,653
Goodwill	44,545	46,454
Total assets	$340,715	$308,744
Liabilities		
Current liabilities		
Accounts payable	$ 6,538	$ 4,530
Accrued liabilities	18,375	16,677
Current portion of deferred revenue	37,771	40,485
Current portion of long-term debt	516	1,156
Income taxes payable	1,274	2,213
Total current liabilities	64,474	65,061
Long-term debt	609	1,178
Deferred revenue	20,102	14,117
Senior notes	65,000	64,689
Convertible subordinated notes	100,000	100,000
Deferred income taxes	13,503	6,081
Total liabilities	263,688	251,126
MINORITY INTEREST	2,437	1,593
Redeemable preferred shares	1,302	1,184
COMMITMENTS AND CONTINGENCIES (notes 3 and 4)		
SHAREHOLDERS' EQUITY		
Capital stock	51,839	46,810
Retained earnings	21,391	8,307
Cumulative translation adjustment	58	(276)
Total shareholders' equity	73,288	54,841
Total liabilities and shareholders' equity	$340,715	$308,744

(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 September 30, 1997	Three months ended September 30, 1996	Nine months ended September 30, 1997	Nine months ended September 30, 1996
Revenue				
Systems	$22,477	$24,355	$ 60,456	$60,286
Films	10,521	5,907	33,468	21,641
Other	2,893	2,824	9,949	10,177
	35,891	33,086	103,873	92,104
COSTS AND EXPENSES	15,558	13,988	47,949	41,523
GROSS MARGIN	20,333	19,098	55,924	50,581
Selling, general and administrative expenses	6,880	7,179	21,569	20,530
Research and development	620	565	1,429	1,916
Amortization of intangibles	632	635	1,907	1,906
EARNINGS FROM OPERATIONS	12,201	10,719	31,019	26,229
Interest income	1,645	1,605	4,485	3,713
Interest expense	(3,340)	(3,350)	(9,972)	(8,453)
Foreign exchange gain (loss)	(98)	67	(76)	(281)
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	10,408	9,041	25,456	21,208
Provision for income taxes	(4,536)	(4,242)	(11,281)	(9,737)
EARNINGS BEFORE MINORITY INTEREST	5,872	4,799	14,175	11,471
Minority interest	(387)	(555)	(844)	(965)
NET EARNINGS	$ 5,485	$ 4,244	$ 13,331	$10,506
Net earnings available to common shareholders	$ 5,401	$ 4,166	$ 13,084	$10,275
PER SHARE DATA (NOTE 5)				
Net earnings	$0.18	$0.14	$0.44	$0.34
Weighted average number of shares outstanding (000's)	30,380	29,654	30,064	29,978

(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)

	Nine months ended September 30, 1997	1996
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings	$ 13,331	$ 10,506
Items not involving cash:		
Depreciation and amortization	9,926	8,168
Deferred income taxes	8,024	7,077
Minority interest	844	965
Amortization of discount on senior notes	311	1,398
Other	115	377
Change in net investment in leases	(9,261)	(8,687)
Change in deferred revenue	3,270	(1,346)
Changes in non-cash operating assets and liabilities	(22,832)	(11,545)
Net cash provided by operating activities	3,728	6,913
INVESTING ACTIVITIES		
Increase in marketable securities	(8,803)	(66,069)
Purchase of capital assets	(12,082)	(9,491)
Increase in film assets	(17,137)	(8,896)
Net cash used in investing activities	(38,022)	(84,456)
FINANCING ACTIVITIES		
Repayment of long-term debt	(1,201)	(547)
Issue of convertible subordinated notes	-	100,000
Repurchase of senior notes	-	(4,919)
Deferred charges on debt financing	-	(3,289)
Common shares repurchased	-	(19,508)
Common shares issued	4,993	1,417
Net cash provided by financing activities	3,792	73,154
Effect of exchange rate changes on cash	243	(73)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(30,259)	(4,462)
Cash and cash equivalents, beginning of period	102,589	50,747
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 72,330	$ 46,285

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

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 1997 AND 1996
(UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Imax Corporation and its wholly-owned and majority owned subsidiaries. The results of operations for the interim periods shown in this report 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 annual report on Form 10-K and the financial statements contained therein.

2. INVENTORIES AND SYSTEMS UNDER CONSTRUCTION:

	September 30, 1997 (000's)	December 31, 1996 (000's)
Raw materials	$ 7,260	$ 4,840
Work-in-process	22,128	15,008
Finished goods	470	417
Acquired contracts in process	-	1,027
	$29,858	$21,292

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 December 1998, the Company had entered into forward exchange contracts as at September 30, 1997 to hedge the conversion of $30 million of its cash flow into Canadian dollars at an average exchange rate of Canadian $1.36 per U.S. dollar. In addition, the Company had entered into forward exchange contracts as at September 30, 1997 to hedge the conversion of 55 million Yen of its cash flow in 1997 into U.S. dollars at an average exchange rate of 106 Yen 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 September 30, 1997, the Company would have realized a gain of approximately $0.2 million based on the then prevailing exchange rates.

4. CONTINGENCIES

a) 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 claims it entered into with the Company for the establishment of an IMAX theater in Quebec City, Quebec, Canada. Until December 1993, Imax was in negotiations with the Plaintiff and another unrelated party for the establishment of an IMAX theater in Quebec City. In December 1993, 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 are claiming damages of Canadian $4.6 million, representing the amount of profit they claim they are 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-judgment interest. The Company disputes this claim and has filed a defense in response. Trial is scheduled for January 1998.

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 believes that it will be successful in its defense of these claims and the ultimate loss, if any, will not have a material impact on the financial position or results of operations of the Company, although no assurance can be given with respect to the ultimate outcome of this litigation.

(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 is seeking unquantified damages, injunctive relief and restitution. The Company has filed an answer denying the material allegations of the complaint and is vigorously defending this action. The amount of the loss, if any, cannot be determined at this time.

(c) 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. The amount of the loss, if any, cannot be determined at this time.

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

In deriving the net earnings available to common shareholders, the net earnings for the period have been decreased for the accretion and cumulative dividends on preferred shares.

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. Earnings per share data for the current and comparative periods give effect to the stock split as if it had taken place at the beginning of the respective period.

Financial Accounting Standards No.128, Earnings Per Share ("FAS 128") requires a change in the method of calculation of basic and diluted earnings per share for periods ended after December 15, 1997. The Company plans to adopt FAS 128 in the fourth quarter of 1997 for the year ended December 31, 1997. If FAS 128 had been adopted at September 30, 1997, basic earnings per share would have been $0.19 and $0.15 for the three month periods ended September 30, 1997 and 1996, respectively, and $0.46 and $0.37 for the nine month periods ended September 30, 1997 and 1996, respectively. Diluted earnings per share would have been $0.18 and $0.14 for the three month periods ended September 30, 1997 and 1996, respectively, and $0.44 and $0.34 for the nine month periods ended September 30, 1997 and 1996, respectively.

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

Business of the Company

The Company derives revenue principally from long-term theater system lease agreements, maintenance agreements, film production agreements, from the distribution of films and from the sale of motion simulator and other attractions products.

Under the Company's theater system sales and lease agreements, the Company receives upfront fees prior to the delivery of a system which are deferred and not recorded as revenue. At the time of delivery of the system, the upfront fees, plus in the case of sales-type leases the present value of the minimum annual royalty stream, are recognized as revenue. The cost of the system is charged as a cost of sale at the time of delivery. The discounted future minimum royalties are recorded on the Company's balance sheet as net investment in leases. In the event of default of payment of minimum contracted royalties the Company may repossess the system and refurbish it for resale.

Revenue from theater system sale and sales-type lease agreements is recognized on the completed contract method (that is, upon delivery of the system). The timing of theater system deliveries is largely dependent on timing of the construction and opening of the customer's theater. Revenue from system deliveries generally represents results from contracts signed 12 to 24 months prior to the date of recognition. Revenue from films produced for third parties is recognized when the film is completed and delivered to the sponsor. The completion of films for third parties depends upon the contracted delivery dates with film sponsors.

Revenue from theater systems and film production is generally predictable on a long-term basis given the relationship to projected theater systems deliveries and film completion dates. However, systems revenue and film revenue in any given quarter may vary significantly depending on the nature and timing of the delivery of systems and the completion of films.

The Company's other sources of revenue, which are independent from the delivery of theater systems and the completion of films for third parties, include: royalties not subject to minimums, royalties in excess of minimum royalties and finance income on sales-type leases, maintenance fees on systems, film distribution fees, film post-production fees, revenue from Company-operated theaters and camera rentals.

Results of Operations

Theater Signings and Backlog

During the third quarter of 1997, the Company signed contracts for 16 IMAX theater systems valued at $41.4 million. The value of signings represents a 49% increase over the $27.7 million value of the eight theater contracts signed in the third quarter of 1996. The theater signings for the third quarter of 1997 include one owned and operated location.

For the nine months ended September 30, 1997, the Company signed contracts for 40 theater systems valued at $93.0 million, a 49% increase over the $62.4 million value of the 21 contracts signed in the prior year period. As a result of these theater signings, the Company's sales backlog grew to $172.7 million at September 30, 1997, a 13% increase from $152.4 million at June 30, 1997 and a 31% increase from $131.8 million at December 31, 1996. The theater signings for the first nine months of 1997 include three owned and operated locations versus one owned and operated location in the same period last year.

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

THEATER SIGNINGS AND BACKLOG (CONT'D)

The Company's sales backlog at September 30, 1997 represented contracts for 68 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 revenue under firm contracts for new theater system installations not yet completed which will be recognized as revenue over approximately the next two years as the theater systems are delivered. The value of sales backlog does not include owned and operated, participation or joint venture theaters, letters of intent, IMAX(R) Ridefilm(TM) contracts or long-term theater commitments. As of September 30, 1997, there was a backlog of 27 IMAX Ridefilm systems, including six upgrades, and 16 IMAX Ridefilm theaters in operation.

THREE MONTHS ENDED SEPTEMBER 30, 1997 VERSUS THREE MONTHS ENDED SEPTEMBER 30, 1996

The Company reported net earnings of $5.5 million or $0.18 per share for the third quarter of 1997 compared to $4.2 million or $0.14 per share for the third quarter of 1996. Earnings per share information has been adjusted for the 2-for-1 stock split which became effective by May 27, 1997.

The Company's revenues for the third quarter of 1997 increased 8% to $35.9 million from $33.1 million in the corresponding quarter last year as a result of growth in film and other revenues offsetting a decline in system revenues.

Systems revenue, which includes revenue from theater system sales and leases, royalties and maintenance fees, decreased approximately 8% to $22.5 million in the third quarter of 1997 from $24.4 million in the same quarter last year. Revenue from theater system deliveries was lower in the third quarter of 1997 compared to the third quarter of 1996. The Company recognized revenues on five theater systems in the third quarter of 1997 versus eight theater systems in the third quarter of 1996. Revenues in the third quarter of 1997 reflect a higher average value of theater systems contracts recognized compared to 1996 due to a higher proportion of international and IMAX 3D theater system deliveries. Recurring revenues from both royalties and maintenance fees increased 23% in the third quarter of 1997 over the prior year period principally 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 increased 78% to $10.5 million in the third quarter of 1997 from $5.9 million in the same quarter last year due to an increase in film distribution and post-production revenues. Film distribution revenue increased in the current quarter over the comparable quarter of 1996 due to strong results of films which were released in the latter half of 1996 and the first half of 1997 and also due to growth in the IMAX theater network.

Other revenues increased 2% to $2.9 million from $2.8 million in the prior year quarter. There were no deliveries of IMAX Ridefilm systems to third parties in the third quarter of 1997 or the corresponding quarter last year.

Gross margin for the second quarter of 1997 was $20.3 million, or 57% of total revenue, compared to $19.1 million, or 58% of total revenue, in the corresponding quarter last year. Gross margin as a percentage of total revenue in the current year is relatively consistent with the prior year period despite the lower proportion of systems revenue due to better margin on film production, post-production and other activities and lower purchase accounting in the current year.

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

THREE MONTHS ENDED SEPTEMBER 30, 1997 VERSUS THREE MONTHS ENDED SEPTEMBER 30, 1996 (CONT'D)

Selling, general and administrative expenses were $6.9 million in the third quarter of 1997 compared to $7.2 million in the corresponding quarter last year. The decrease in selling, general and administrative expenses in 1997 compared to 1996 resulted from a reduction in costs associated with IMAX Ridefilm, litigation and other corporate expenses, partially offset by increases in costs associated with branding and affiliate relations initiatives.

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.

NINE MONTHS ENDED SEPTEMBER 30, 1997 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1996

The Company reported net earnings of $13.3 million or $0.44 per share for the first nine months of 1997 compared to $10.5 million or $0.34 per share for the first nine months of 1996. Earnings per share information has been adjusted for the 2-for-1 stock split which became effective by May 27, 1997.

The Company's revenues for the first nine months of 1997 increased 13% to $103.9 million from $92.1 million in the corresponding period last year as a result of higher recurring revenues from royalties and maintenance fees and higher film revenues.

Systems revenue was essentially flat at $60.5 million in the first nine months of 1997 compared to $60.3 million in the same period last year. Revenue from theater system deliveries was lower in the first nine months of 1997 compared to the same period last year. The Company recognized revenues on 14 theater systems in the first nine months of 1997 as compared to 19 theater systems in the prior year period. Revenues in the first nine months of 1997 reflect a higher average value of theater systems contracts recognized compared to the same period in 1996 due to a higher proportion of international and IMAX 3D theater system deliveries. Recurring revenues from both royalties and maintenance fees increased 30% in the first nine months of 1997 over the prior year period.

Film revenue increased 55% to $33.5 million in the first nine months of 1997 from $21.6 million in the same period last year due to an increase in film distribution and post-production revenues. Film distribution revenue increased in the first nine months of 1997 over the comparable period last year due to strong results of films which were released in the latter half of 1996 and first half of 1997 and also due to growth in the IMAX theater network. There was one film produced for a third party in each of the first nine months of 1997 and 1996.

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

NINE MONTHS ENDED SEPTEMBER 30, 1997 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1996 (CONT'D)

Gross margin for the first nine months of 1997 was $55.9 million, or 54% of total revenue, compared to $50.6 million, or 55% of total revenue, in the corresponding period last year. Gross margin as a percentage of total revenue in the current year is relatively consistent with the prior year period despite the lower proportion of systems revenue due to better margin on film production, post-production and other activities and lower purchase accounting in the current year.

Selling, general and administrative expenses were $21.6 million in the first nine months of 1997 compared to $20.5 million in the first nine months of 1996. The increase in selling, general and administrative expenses in 1997 over 1996 resulted principally from marketing, branding and affiliate relations initiatives and litigation costs, offset by a decrease in costs associated with IMAX Ridefilm.

Research and development expenses decreased to $1.4 million in the first nine months of 1997 compared to $1.9 million in the first nine months of last year. The Company's technical staff were engaged, earlier in 1997, in the design and production of the new IMAX 3D SR theater system and not in the typical research and development activities. Research and development expenses returned to historical levels in the third quarter of 1997.

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 September 30, 1997, the Company's principal source of liquidity included cash and cash equivalents of $72.3 million, marketable securities totalling $27.0 million, trade accounts receivable of $31.3 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 U.S. $6.3 million.

The Company partially funds its operations primarily through cash flow from operations. Under the terms of the Company's typical theater system lease agreement, the Company receives 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 nine months of 1997, cash provided by operating activities amounted to $3.7 million after the payment of interest on the Senior and Convertible Notes totalling $9.4 million and working capital requirements. Working capital requirements in the first nine months of 1997 included an increase of $8.6 million in the Company's inventory due to manufacturing activity related to systems in backlog and IMAX Ridefilm systems scheduled for delivery over the next 18 months and an increase in accounts receivable of $13.3 million, primarily related to an increase in the amount of upfront fees billed in connection with the higher signings activity and the growth in the number of systems in backlog.

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

LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

Cash used in investing activities in the first nine months of 1997 included an increase in marketable securities of $8.8 million, expenditure of $12.1 million on capital assets, principally building and other assets under construction and motion simulation equipment, and investment of $17.1 million in film assets.

During the first nine months of 1997, the Company repaid $1.2 million of long-term debt, compared to $0.5 million in the first nine months of 1996 and received $5.0 million of proceeds from common shares issued under stock option agreements.

The Company believes that cash flows from operations together with existing cash 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 claims it entered into with the Company for the establishment of an IMAX theater in Quebec City, Quebec, Canada. Until December 1993, Imax was in negotiations with the plaintiff and another unrelated party for the establishment of an IMAX theater in Quebec City. In December 1993, 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 are claiming damages of Canadian $4.6 million, representing the amount of profit they claim they are 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 disputes this claim and has filed a defense in response. Trial is scheduled for January 1998. 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 believes that it will be successful in its defense of these claims and the ultimate loss, if any, will not have a material impact on the financial position or results of operations of the Company, although no assurance can be given with respect to the ultimate outcome of this litigation.

Item 1. Legal Proceedings (Cont'd)

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 defendants' 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 has 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 has filed an appeal of this decision to the U.S. Court of Appeal for the Ninth Circuit. The Company expects that the appeal will be heard in early 1998.

Iwerks Entertainment, Inc. 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 Entertainment, Inc. is seeking unquantified damages, injunctive relief and restitution. The Company has filed an answer denying the material allegations of the complaint and is vigorously defending this action.

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. The amount of the loss, if any, cannot be determined at this time.

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

A. EXHIBITS

11 Statement Re: Computation of earnings per share for the three and nine month periods ended September 30, 1997 and 1996

B. REPORTS ON FORM 8-K

No reports on Form 8-K were filed in the three month period ended September 30, 1997.

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 thereunto duly authorized.

IMAX CORPORATION

Date: November 11, 1997

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)

IMAX CORPORATION Exhibit 11

STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE

Expressed in thousands, except per share amounts

	THREE MONTHS ENDED			
	SEPTEMBER 30, 1997		SEPTEMBER 30, 1996	
	PRIMARY	FULLY DILUTED	PRIMARY	FULLY DILUTED
NET EARNINGS	$ 5,485	$ 5,485	$ 4,244	$ 4,244
Less: Preferred dividends	(43)	(43)	(42)	(42)
Preferred accretion	(41)	(41)	(36)	(36)
Net earnings available to common shareholders	$ 5,401	$ 5,401	$ 4,166	$ 4,166
WEIGHTED AVERAGE SHARES CALCULATION:				
Number of common shares outstanding at beginning of period	27,886	27,886	28,154	28,154
Weighted average shares				
Issued pursuant to employment contract	3	3	4	4
Options exercised	1,114	1,114	232	232
Shares repurchased	-	-	(660)	(660)
Assumed exercise of stock options, net of shares assumed acquired under the Treasury Stock Method	1,377	1,379	1,924	1,982
SHARES USED IN COMPUTING PER SHARE AMOUNTS	30,380	30,382	29,654	29,712
WEIGHTED AVERAGE PER SHARE AMOUNTS	$0.18	$0.18	$0.14	$0.14

	NINE MONTHS ENDED			
	SEPTEMBER 30, 1997		SEPTEMBER 30, 1996	
	PRIMARY	FULLY DILUTED	PRIMARY	FULLY DILUTED
NET EARNINGS	$13,331	$13,331	$10,506	$10,506
Less: Preferred dividends	(128)	(128)	(127)	(127)
Preferred accretion	(119)	(119)	(104)	(104)
Net earnings available to common shareholders	$13,084	$13,084	$10,275	$10,275
WEIGHTED AVERAGE SHARES CALCULATION:				
Number of common shares outstanding at beginning of period	27,886	27,886	28,154	28,154
Weighted average shares				
Issued pursuant to employment contract	1	1	-	-
Options exercised	481	481	112	112
Shares repurchased	-	-	(416)	(416)
Assumed exercise of stock options, net of shares assumed acquired under the Treasury Stock Method	1,696	1,708	2,128	2,242
SHARES USED IN COMPUTING PER SHARE AMOUNTS	30,064	30,076	29,978	30,092
WEIGHTED AVERAGE PER SHARE AMOUNTS	$0.44	$0.44	$0.34	$0.34