UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2000

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 July 31, 2000
Common stock, no par value	29,830,056

IMAX CORPORATION

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FORWARD LOOKING INFORMATION

Certain statements included herein may constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements may include, but are not limited to, references to future capital expenditures (including the amount and nature thereof), business strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of its business and operations, plans and references to the future success of the Company. These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the expectations and predictions of the Company is subject to a number of risks and uncertainties, including, but not limited to, general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other companies; conditions in the out-of-home entertainment industry; changes in laws or regulations; risks associated with investments and operations in foreign jurisdictions and any future international expansion, including those related to economic, political and regulatory policies of local governments and laws and policies of the United States and Canada; and the potential impact of increased competition in the markets the Company operates within; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made herein are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company.

IMAX CORPORATION

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

	June 30, 2000	December 31, 1999
Assets		
Current assets		
Cash and cash equivalents	$30,325	$34,573
Short-term marketable securities	14,615	49,159
Accounts receivable	55,402	42,619
Current portion of net investment in leases	34,635	33,918
Inventories and systems under construction (note 2)	39,948	31,141
Prepaid expenses	4,503	2,621
Total current assets	179,428	194,031
Long-term marketable securities	3,358	39,873
Net investment in leases	111,377	103,087
Film assets	42,772	38,453
Capital assets	80,962	66,897
Goodwill	61,153	62,751
Other assets	29,887	28,232
Deferred income taxes	2,996	4,913
Total assets	$511,933	$538,237
Liabilities		
Current liabilities		
Accounts payable	$19,778	$18,361
Accrued liabilities	31,675	34,910
Current portion of deferred revenue	21,694	17,284
Income taxes payable	343	33,755
Total current liabilities	73,490	104,310
Deferred revenue	21,767	22,862
Senior notes	200,000	200,000
Convertible subordinated notes	100,000	100,000
Total liabilities	395,257	427,172
Commitments and contingencies (notes 3 and 4)		
Shareholders' equity		
Capital stock	57,855	57,471
Retained earnings	60,745	54,669
Accumulated comprehensive items (note 5)	(1,924)	(1,075)
Total shareholders' equity	116,676	111,065
Total liabilities and shareholders' equity	$511,933	$538,237

(See accompanying notes to the condensed consolidated financial statements on pages 7 to 12)

IMAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
In accordance with U.S. Generally Accepted Accounting Principles
(in thousands of U.S. dollars, except per share amounts)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Revenue				
IMAX systems	$31,253	$18,889	$ 58,251	$ 41,309
Digital projection systems	11,297	--	24,213	--
Films	10,336	10,444	20,795	19,066
Other	4,589	4,925	10,666	10,626
	57,475	34,258	113,925	71,001
Costs and expenses	31,822	18,544	65,100	38,757
Gross margin	25,653	15,714	48,825	32,244
Loss from equity-accounted investees	372	44	370	162
Selling, general and administrative expenses	12,807	8,269	24,333	16,258
Research and development	2,014	812	3,606	1,287
Amortization of intangibles	1,036	472	2,045	945
Earnings from operations	9,424	6,117	18,471	13,592
Interest income	870	2,858	2,412	5,269
Interest expense	(5,122)	(5,181)	(10,657)	(11,014)
Foreign exchange gain (loss)	(512)	296	(653)	213
Earnings before income taxes and minority interest	4,660	4,090	9,573	8,060
Provision for income taxes	(1,678)	(1,597)	(3,497)	(3,144)
Earnings before minority interest	2,982	2,493	6,076	4,916
Minority interest	--	(297)	--	(707)
Net earnings	$ 2,982	$ 2,196	$ 6,076	$ 4,209
Earnings per share (note 6)				
Basic	$0.10	$0.07	$0.20	$0.14
Diluted	$0.10	$0.07	$0.20	$0.14

(See accompanying notes to the condensed consolidated financial statements on pages 7 to 12)

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

	Six months ended June 30, 2000	1999
Cash provided by (used in):		
Operating Activities		
Net earnings	$ 6,076	$ 4,209
Items not involving cash:		
Depreciation and amortization	14,048	11,193
Deferred income taxes	2,102	(592)
Loss from equity accounted investees	370	162
Minority interest	--	707
Other	--	(199)
Change in net investment in leases	(9,947)	(2,339)
Change in deferred revenue on film production	283	1,945
Changes in non-cash operating assets and liabilities	(56,083)	(17,547)
Net cash used in operating activities	(43,151)	(2,461)
Investing Activities		
Decrease in marketable securities	71,059	15,757
Increase in film assets	(10,894)	(8,088)
Purchase of capital assets	(17,429)	(12,381)
Increase in other assets	(3,710)	(1,993)
Net cash provided by (used in) investing activities	39,026	(6,705)
Financing Activities		
Class C preferred shares dividends paid	--	(365)
Common shares issued	384	1,310
Net cash provided by financing activities	384	945
Effect of exchange rate changes on cash	(507)	60
Decrease in cash and cash equivalents during the period	(4,248)	(8,161)
Cash and cash equivalents, beginning of period	34,573	143,566
Cash and cash equivalents, end of period	$ 30,325	$135,405

(See accompanying notes to the condensed consolidated financial statements on pages 7 to 12)

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
In accordance with U.S. Generally Accepted Accounting Principles
(Tabular amounts in thousands of U.S. dollars unless otherwise stated)
For the Six Month Periods Ended June 30, 2000 and 1999
(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, 1999 which should be consulted for a summary of the significant accounting policies utilized by the Company.

2. Inventories and Systems Under Construction

	June 30, 2000	December 31, 1999
Raw materials	$22,082	$16,831
Work-in-process	12,094	11,974
Finished goods	5,773	2,336
	$39,948	$31,141

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 in 2000 and 2001, the Company had entered into forward exchange contracts as at June 30, 2000 to hedge the conversion of $32.4 million of its cash flow into Canadian dollars at an average exchange rate of Canadian $1.47 per U.S. dollar

To fund Pound Sterling costs in 2000, the Company entered into forward exchange contracts as at June 30, 2000 to hedge the conversion of $0.9 million of its cash flow into Pound Sterling at an average exchange rate of (Pounds)0.67 per U.S. dollar.

To fund German Marks costs in 2000, the Company entered into forward exchange contracts as at June 30, 2000 to hedge the conversion of $0.3 million of its cash flow into German Marks at an average exchange rate of DM 0.50 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 110 million Yen at 98 Yen per U.S. dollar through September 2004 and on 13.5 million Francs at 5.1 Francs per U.S. dollar through September 2005.

3. Financial Instruments (cont'd)

These hedging contracts are expected to be held to maturity; however, if they were terminated on June 30, 2000, the Company would have realized a gain of approximately $0.4 million based on the then prevailing exchange rates.

The Company entered into an interest rate swap transaction in May 1999 for a term commencing June 1, 1999 and terminating on December 1, 2002. The Company has agreed to pay a floating rate of LIBOR plus 1.49% to June 1, 2000 and LIBOR plus 2.09% for the remainder of the term and the counterparty has agreed to pay a fixed rate of 7.875% on notional principal of $65 million. The floating rate is revised every 1st of December, March, June and September. The Company adjusts interest expense over each three-month period for the net amount it receives from or pays to the counterparty. The interest rate swap is expected to be held to maturity; however, if it were terminated by the Company on June 30, 2000, the Company would have realized a loss of approximately $2.2 million based on the then prevailing interest rates.

4. Contingencies and Measurement Uncertainty

(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. The plaintiffs claimed damages of Canadian $4.6 million, together with expenses and pre-judgment interest. Compagnie France Film had also incorporated a shell company, 3101-8450 Quebec Inc. ("3101"). 3101 was sued in an unrelated action to which the Company was not a party and, in February 1996, was found liable to pay 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 such amount from the Company. In a decision rendered in April 1998, the Court dismissed the plaintiffs' claims with costs. In May 1998, Compagnie France Film Inc. and 3101 both filed appeals to the Quebec Court of Appeal. The Company believes that it will be successful in responding to these appeals and the amount of ultimate loss, if any, would 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) In January 2000, the Commission of the European Communities (the "Commission") informed the Company that Euromax, an association of European large screen cinema owners had filed a complaint against the Company under EC competition rules. The complaint addressed a variety of alleged abuses, mainly relating to the degree of the control that the Company asserts over the projection systems it leases, and the form and terms of the Company's agreements. No formal investigation has been initiated to date, and the Commission has limited itself to a request of Imax to comment on the complaint. Should proceedings be initiated, it is expected that no decision would be rendered until 2001 at the earliest. Although the Commission has the power to impose fines of up to a maximum of 10% of Company revenue for breach of EC competition rules, the Company believes on the basis of currently available information and an initial review that such result would not be likely. The Company further believes that the allegations in the complaint are meritless and will accordingly defend the matter vigorously.

The Company believes that the amount of loss, if any, suffered in connection with this proceeding would 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 matter.

4. Contingencies and Measurement Uncertainty - (cont'd)

(c) In April 2000, Themax Inc., a 33% owned investee of the Company, and certain of its shareholders (collectively "Themax") filed a claim against the Company in the Superior Court in the District of Longueuil, in the Province of Quebec, alleging breach of contract in respect of the IMAX(R) System Lease agreement between Imax Ltd. and Themax dated February 5, 1996 as well as a claim for damages suffered as a result of Imax Ltd.'s alleged failure to adequately manage the Brossard Theatre during its tenure as manager. Themax claimed damages representing a return of the original investment by Themax as well as lost profits and costs. The Company believes that the allegations are entirely without merit and has and will accordingly defend the matter vigorously. The Company believes that the amount of loss, if any, suffered in connection with this lawsuit would 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 for any such litigation.

(d) In December 1999, John Q. Hammons ("Hammons") filed a claim against the Company in the United States District Court for the Southern District of Iowa Central Division, alleging breach of contract in respect of the parties' agreement, as well as a claim for alleged tortious interference with contract in connection with Hammons' alleged attempts to assign certain of its rights under the agreement to a third party. Hammons claimed damages including lost profits and costs. The Company believes that the allegations made by Hammons are without merit and has and will accordingly defend the matter vigorously. The Company believes that the amount of loss, if any, suffered in connection with this lawsuit would 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 for any such litigation.

(e) In June 2000, a complaint was filed against the Company and a third party by Mandalay Resort Group f/k/a Circus Circus Enterprises, Inc., alleging breach of contract and express warranty, fraud and misrepresentation in connection with the installation of certain motion simulation bases in Nevada. The complaint alleges damages in excess of $30,000. The Company believes that the allegations brought against it in this complaint are meritless and will accordingly defend the matter vigorously. The Company further believes that the amount of loss, if any, suffered in connection with this lawsuit would 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 for any such litigation.

(f) 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.

(g) On May 31, 2000, Cinema Plus, a client of the Company based in Australia, voluntarily allowed for the appointment of an administrator to restructure its financing and liquidity under the protection of Australian bankruptcy laws, at which point claims of all creditors and lessors of Cinema Plus were frozen. On August 1, 2000, the administrator held a meeting with creditors and Cinema Plus was placed into liquidation. Cinema Plus held nine system leases with the Company and, as of June 30, 2000, the Company's balance sheet reflected a total of $10.8 million receivable under these leases. Under the terms of the leases, the Company has the right to the return of the systems plus all amounts due under the full term of the contracts upon default. The Company is currently in negotiations with the administrator and related parties for the settlement of amounts due. On July 25, 2000 the Company announced that it had signed a conditional agreement with MTM Entertainment Trust to lease and operate four IMAX theaters previously operated by Cinema Plus in Sydney, Melbourne, Adelaide and Brisbane. While the final exposure to the Company from the bankruptcy of Cinema Plus cannot be determined with any degree of certainty at present, the Company estimates the potential shortfall between the value of the eventual settlement of amounts owed and the June 30, 2000 carrying value of the receivable to be in the range of nil to $3.4 million.

(Tabular amounts in thousands of U.S. dollars unless otherwise stated)

5. Comprehensive Income

Comprehensive income amounted to $816,000 in the three months ended June 30, 2000 and $5,227,000 in the six months ended June 30, 2000.

6. Earnings Per Share

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

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Net earnings available to common shareholders:	$ 2,982	$ 2,196	$ 6,076	$ 4,209
Weighted average number of common shares (000's):				
Issued and outstanding at beginning of period	29,780	29,587	29,758	29,478
Weighted average shares issued in the period	7	8	22	103
Weighted average used in computing basic earnings per share	29,787	29,595	29,780	29,581
Assumed exercise of stock options, net of shares assumed acquired under the Treasury Stock Method	863	798	987	854
Assumed conversion of Convertible Subordinated Notes	--	--	--	--
Weighted average used in computing diluted earnings per share	30,650	30,393	30,767	30,435

Common shares potentially issuable pursuant to the Convertible Subordinated Notes were excluded from the computations in the three and six months ended June 30, 2000 as they would have had an antidilutive effect on earnings per share.

7. Segmented Information

The Company has four reportable segments : IMAX systems, Films, Other and, commencing in 2000, Digital projection systems, following the acquisition of Digital Projection International "DPI" on September 3, 1999.

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss from the Company's most recent annual report on Form 10-K for the year ended December 31, 1999. Intersegment transactions are not significant.

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Revenue				
IMAX systems	$ 31,253	$ 18,889	$ 58,251	$41,309
Digital projection systems	11,297	--	24,213	--
Films	10,336	10,444	20,795	19,066
Other	4,589	4,925	10,666	10,626
Total consolidated revenues	$ 57,475	$ 34,258	$113,925	$71,001
Earnings (loss) from operations				
IMAX systems	$16,570	$10,330	$29,713	$21,063
Digital projection systems	(144)	--	121	--
Films	(1,767)	(532)	(2,149)	(481)
Other	(675)	(293)	(104)	(119)
Corporate overhead	(4,560)	(3,388)	(8,570)	(6,871)
Consolidated earnings from operations	$ 9,424	$ 6,117	$18,471	$13,592

8. Impact of Recently Issued Accounting Pronoucements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards (SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivatives Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", which deferred the required date of adoption of SFAS No. 133 for one year, to fiscal years beginning after June 15, 2000. This standard is applicable for the Company's 2001 fiscal year and currently its impact, if any, has not been determined.

In December 1999, the United States Securities and Exchange Commission issued Staff Accounting Bulletin Number 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 is applicable to the Company's fiscal 2000 year. The effects of applying SAB 101 to the Company have not yet been determined.

In March 2000, the FASB issued Interpretation No.44, "Accounting for Certain Transactions Involving Stock Compensation", an interpretation of APB Opinion No. 25. The Interpretation is intended to clarify certain problems that have arisen in practice since the issuance of APB 25. The Interpretation provides a great deal of guidance, some of which is a significant departure from current practice. The Interpretation generally provides for prospective application for grants or modifications to existing stock options or awards made after June 30, 2000 and is effective July 1, 2000. Its impact, if any, has not been determined.

8. Impact of Recently Issued Accounting Pronoucements - (cont'd)

In June 2000, the American Institute of Certified Public Accountants issued Statement of Position 00-2 "Accounting by Producers or Distributors of Films" ("SOP 00-2"), which is effective for the Company's 2001 fiscal year. SOP 00-2 establishes new accounting standards for producers and distributors of films, including changes to existing revenue recognition criteria, a more restrictive definition of the components of revenue projections used for amortization and valuation purposes for Investments in Films and Television Programs, and accounting for promotional, advertising, development and overhead costs. Among other changes, SOP 00-2 requires that promotional and advertising costs for Films and Television Programs be expensed as incurred. The Company is in the process of evaluating the impact of SOP 00-2 on its consolidated financial statements.

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

RESULTS OF OPERATIONS

Theater Signings and Backlog

During the second quarter of 2000, the Company signed contracts for 6 IMAX theater systems valued at $18.0 million. All of the theater signings for the second quarter of 2000 were for commercial locations and three were for international locations. For the six months ended June 30, 2000, the Company signed contracts for 15 theater systems valued at $45.1 million. As a result of these theater signings, the Company's sales backlog was $194.8 million at June 30, 2000, a 2% decrease from $198.7 million at March 31, 2000 and a 1% increase from $192.5 million at December 31, 1999.

The Company's sales backlog at June 30, 2000 represented contracts for 76 theater systems, including 4 systems which will be located at theaters in which the Company will have an equity interest. 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. The value of sales backlog does not include revenues from theaters in which the Company has an equity interest, letters of intent or long-term conditional theater commitments.

Three months ended June 30, 2000 versus three months ended June 30, 1999

The Company reported net earnings of $3.0 million or $0.10 per share on a diluted basis for the second quarter of 2000 compared to $2.2 million or $0.07 per share on a diluted basis for the second quarter of 1999.

The Company's revenues for the second quarter of 2000 increased 68% to $57.5 million from $34.3 million in the corresponding quarter last year due mainly to an increase in systems revenue and the inclusion of revenues from digital projection systems of $11.3 million.

Systems revenue, which includes revenue from theater system sales and leases, royalties and maintenance fees, increased approximately 65% to $31.3 million in the second quarter of 2000 from $18.9 million in the same quarter last year. The Company delivered seven theater systems in the second quarter of 2000 versus four theater systems in the second quarter of 1999. Recurring revenues from royalties and maintenance fees increased approximately 10% in the second quarter over the corresponding period last year as a result of growth in the IMAX theater network.

The Company's revenue from digital projection systems amounted to $11.3 million in the second quarter of 2000, (nil in the corresponding quarter last year) following the acquisition of 100% of DPI on September 3, 1999.

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

Three months ended June 30, 2000 versus three months ended June 30, 1999 - (cont'd)

Film revenue comprises revenue recognized from film production, film distribution and film post-production activities. Film revenue decreased 1% to $10.3 million in the second quarter of 2000 from $10.4 million in the same quarter last year as a modest increase in post-production revenue offset a modest decline in film distribution revenue.

Other revenues decreased 7% to $4.6 million in the first quarter in 2000 from $4.9 million in the same quarter last year. Revenues from owned and operated theaters increased in the second quarter compared to the same quarter last year, as increased revenue from company-owned theaters and camera rentals were offset by reduced revenues from its motion simulation business.

Gross margin for the second quarter of 2000 was $25.7 million, or 45% of total revenue, compared to $15.7 million, or 46% of total revenue, in the corresponding quarter last year. The small reduction in gross margin as a percentage of total revenue is due to slightly lower systems margins versus the corresponding quarter of last year, due to the mix of deliveries.

Selling, general and administrative expenses were $12.8 million in the second quarter of 2000 compared to $8.3 million in the corresponding quarter last year. The increase resulted mainly from the inclusion of selling, general and administrative costs of DPI acquired in September 1999, and an increase in general corporate costs.

Research and development expenses were $2.0 million in the second quarter of 2000 compared to $0.8 million in the same period last year. The higher level of expenses in 2000 reflects the inclusion of research and development costs of DPI and increased activity in digital technologies.

Interest income decreased to $0.9 million in the second quarter of 2000 from $2.9 million in the same quarter last year primarily due to a decline in the average balance of cash and cash equivalents held.

Interest expense decreased to $5.1 million in the second quarter of 2000 from $5.2 million in the corresponding quarter last year due mainly to an increase in interest capitalized to assets under construction.

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.

Six months ended June 30, 2000 versus six months ended June 30, 1999

The Company reported net earnings of $6.1 million or $0.20 per share on a diluted basis for the first half of 2000 compared to $4.2 million or $0.14 per share on a diluted basis for the first half of 1999.

The Company's revenues for the first half of 2000 increased 60% to $113.9 million from $71.0 million in the corresponding period last year primarily as a result of increased systems revenue and the inclusion of revenue from digital projection systems of $24.2 million.

Systems revenue increased approximately 41% to $58.3 million in the first half of 2000 from $41.3 million in the same period last year as the Company recognized revenues on fourteen third-party theater systems compared to ten theater systems in the same period last year. Recurring revenues from both royalties and maintenance fees increased 14% in the first half of 2000 over the prior year period due to growth in the IMAX theater network.

The Company's revenue from digital projection systems amounted to $24.2 million in the first half of 2000, (nil in the corresponding period last year).

Film revenue comprises revenue recognized from film production, film distribution and film post-production activities. Film revenue increased 9% to $20.8 million in the first half of 2000 from $19.1 million in the same period last year due principally to increases in film post-production revenues.

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

Six months ended June 30, 2000 versus six months ended June 30, 1999 (cont'd)

Other revenue increased slightly in the six months ended June 30, 2000 to $10.7 million as compared to $10.6 million in the same period last year. Increased revenues from company-owned theaters and camera rentals offset reduced revenues from its motion simulation business.

Gross margin for the first half of 2000 was $48.8 million or 43% of total revenue, compared to $32.2 million or 45% of total revenue in the corresponding period last year. The decline in gross margin as a percentage of total revenue is primarily due to the higher proportion of revenues other than IMAX systems revenues (which generally have a lower margin than systems revenue) in the first half of 2000 compared to the corresponding period in 1999.

Selling, general and administrative expenses were $24.3 million in the first half of 2000 compared to $16.3 million in the first half of 1999. The increase resulted mainly of the inclusion of selling, general and administrative costs of DPI acquired in September 1999, and an increase in general corporate costs.

Research and development expenses were $3.6 million in the first half of 2000 compared to $1.3 million in the first half of 1999. The higher level of expenses in 2000 reflects the inclusion of research and development costs of DPI and increased activities in digital technologies.

Interest income decreased to $2.4 million in the first half of 2000 from $5.3 million in the same period last year primarily due to a decline in the average balance of cash and cash equivalents held.

Interest expense decreased to $10.7 million in the first six months of 2000 from $11.0 million in the first half of 1999 due mainly to an increase in interest capitalized to assets under construction.

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 June 30, 2000, the Company's principal source of liquidity included cash and cash equivalents of $30.3 million, marketable securities totaling $18.0 million, trade accounts receivable of $55.4 million, net investment in leases due within one year of $34.6 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 $5.3 million.

The 7.875% Senior Notes due December 1, 2005 are subject to redemption by the Company, in whole or in part, at any time on or after December 1, 2002 at redemption prices expressed as percentages of the principal amount for each 12-month period commencing December 1 of the years indicated: 2002 - 103.938%; 2003 - - 101.969%; 2004 and thereafter - 100.000% together with interest accrued thereon to the redemption date and are subject to redemption by the Company prior to December 1, 2002 at a redemption price equal to 100% of the principal amount plus a "make whole premium". If certain changes result in the imposition of withholding taxes under Canadian law, the Senior Notes may be redeemed by the Company at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. In the event of a change in control, holders of the Senior Notes may require the Company to repurchase all or part of the Senior Notes at a price equal to 101% of the principal amount plus accrued interest to the date of repurchase.

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 receives cash payments for some of its film productions in advance of related cash expenditures. These cash flows have generally been adequate to finance the ongoing operations of the Company.

In the first half of 2000, cash used in operating activities amounted to $43.2 million after the payment of $30.0 million of income taxes and working capital requirements. The income tax payment in the first half of 2000 was due mainly to the impact of the reorganization of the Company's lines of business, most notably the transfer of its lease portfolio to Imax Ltd., a 100% owned subsidiary of the Company. Working capital requirements included an increase of $12.7 million in accounts receivable due mainly to increases in upfronts billed and increased sales volumes, particularly at DPI and an increase of $9.3 million in inventory due mainly to an increase in digital projection inventory at DPI due to increased sales volume and an increase in raw materials for IMAX systems.

In the first half of 2000, cash provided by investing activities amounted to $39.0 million and included a decrease in marketable securities of $71.1 million, partially offset by an $10.9 million increase in film assets, primarily related to the company's films, Cyberworld and China:The Panda Experience and a $17.4 million increase in capital assets, principally office premises dedicated to film post-production and distribution and investments in company-owned theaters.

During the first half of 2000, cash provided by financing activities included $0.4 million of proceeds from common shares issued under the Company's stock option plan.

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.

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

Subsequent Event

On July 13, 2000 the Company announced that consistent with the priority and commitment of its Board of Directors and senior management to realizing enhanced value for all IMAX shareholders, the Company retained Goldman, Sachs & Co. and Wasserstein, Perella & Co. as financial advisors to assist in the evaluation of potential strategic alternatives that may be available to the Company, including the potential sale or merger of the Company. The Company expects to make a further announcement regarding this process later this year.

Item 3. Quantitative and Qualitative Factors about Market Risk

The Company is exposed to market risk from changes in foreign currency rates. The Company does not use financial instruments for trading or other speculative purposes.

A substantial portion of the Company's revenues are denominated in U.S. dollars while a substantial portion of its costs and expenses are denominated in Canadian dollars. A portion of the net U.S. dollar flows of the Company are converted to Canadian dollars to fund Canadian dollar expenses, either through the spot market or through forward contracts. In Japan, the Company has ongoing operating expenses related to its operations. Net Japanese yen flows are converted to U.S. dollars generally through forward contracts to minimize currency exposure. The Company also has cash receipts under leases denominated in French francs and Japanese Yen which are converted to U.S. dollars generally through forward contracts to minimize currency exposure.

A substantial portion of the Company's cash equivalents earn interest at short-term floating rates while all of its long-term debt incurs interest at long-term fixed rates. The Company entered into an interest rate swap for the notional amounts of $65 million to partially hedge this exposure.

Item 3 - Quantitative and Qualitative factors about Market Risk - (cont'd)

The following table provides information about the Company's foreign exchange and interest rate swap contracts at June 30, 2000. The fair value represents the amount the Company would receive or pay to terminate the contracts at June 30, 2000.

	June 30, 2000	2001	2002	2003	2004	Thereafter	Total	Fair Value
			(in thousands of U.S. dollars)					
Foreign currency exch. Contracts								
(Receive Canadian $, pay US$)	$16,000	$ 6,000	--	--	--	--	$22,000	($31)
Average contractual exchange rate per one U.S. dollar	1.47	1.48	--	--	--	--	1.47	
(Receive Pound Sterling (Pounds), pay US$)	$ 900	--	--	--	--	--	$ 900	$ 7
Average contractual exchange rate per one U.S. dollar	0.67	--	--	--	--	--	0.67	
(Pay German Marks, receive U.S. $)	$ 300	--	--	--	--	--	$ 300	($4)
Average contractual exchange rate per one U.S. dollar	2.02	--	--	--	--	--	2.02	
(Pay Yen, receive U.S. $)	$ 311	$ 318	$ 174	$ 179	$ 137	--	$ 1,119	($29)
Average contractual exchange rate per one U.S. dollar	97.85	97.85	97.85	97.85	97.85	--	97.85	
(Pay FF, receive U.S. $)	$ 410	$ 423	$ 435	$ 448	$ 462	$ 476	$ 2,654	$ 497
Average contractual exchange rate per one U.S. dollar	5.07	5.07	5.07	5.07	5.07	5.07	5.07	
Interest rate swap								
Fixed to floating	$65,000	$65,000	$65,000[1]				$65,000	($2,158)
Average pay rate	L*+ 2.09%	L*+ 2.09%	L*+ 2.09%					
Receive rate	7.875%	7.875%	7.875%					

* LIBOR
1 Agreement terminates on December 1, 2002

PART II OTHER INFORMATION

Item 1. Legal Proceedings

(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. The plaintiffs claimed damages of Canadian $4.6 million, together with expenses and pre-judgment interest. Compagnie France Film had also incorporated a shell company, 3101-8450 Quebec Inc. ("3101"). 3101 was sued in an unrelated action to which the Company was not a party and, in February 1996, was found liable to pay 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 such amount from the Company. In a decision rendered in April 1998, the Court dismissed the plaintiffs' claims with costs. In May 1998, Compagnie France Film Inc. and 3101 both filed appeals to the Quebec Court of Appeal. The Company believes that it will be successful in responding to these appeals and the amount of ultimate loss, if any, would 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) In January 2000, the Commission of the European Communities (the "Commission") informed the Company that Euromax, an association of European large screen cinema owners had filed a complaint against the Company under EC competition rules. The complaint addressed a variety of alleged abuses, mainly relating to the degree of the control that the Company asserts over the projection systems it leases, and the form and terms of the Company's agreements. No formal investigation has been initiated to date, and the Commission has limited itself to a request of Imax to comment on the complaint. Should proceedings be initiated, it is expected that no decision would be rendered until 2001 at the earliest. Although the Commission has the power to impose fines of up to a maximum of 10% of Company revenue for breach of EC competition rules, the Company believes on the basis of currently available information and an initial review that such result would not be likely. The Company further believes that the allegations in the complaint are meritless and will accordingly defend the matter vigorously.

The Company believes that the amount of loss, if any, suffered in connection with this proceeding would 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 matter.

(c) In April 2000, Themax Inc., a 33% owned investee of the Company, and certain of its shareholders (collectively "Themax") filed a claim against the Company in the Superior Court in the District of Longueuil, in the Province of Quebec, alleging breach of contract in respect of the IMAX(R) System Lease agreement between Imax Ltd. and Themax dated February 5, 1996 as well as a claim for damages suffered as a result of Imax Ltd.'s alleged failure to adequately manage the Brossard Theatre during its tenure as manager. Themax claimed damages representing a return of the original investment by Themax as well as lost profits and costs. The Company believes that the allegations are entirely without merit and has and will accordingly defend the matter vigorously. The Company believes that the amount of loss, if any, suffered in connection with this lawsuit would 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 for any such litigation.

(d) In December 1999, John Q. Hammons ("Hammons") filed a claim against the Company in the United States District Court for the Southern District of Iowa Central Division, alleging breach of contract in respect of the parties' agreement, as well as a claim for alleged tortious interference with contract in connection with Hammons' alleged attempts to assign certain of its rights under the agreement to a third party. Hammons claimed damages including lost profits and costs. The Company believes that the allegations made by Hammons are without merit and has and will accordingly defend the matter vigorously. The Company believes that the amount of loss, if any, suffered in connection with this lawsuit would 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 for any such litigation.

Item 1. Legal Proceedings - (cont'd)

(e) In June 2000, a complaint was filed against the Company and a third party by Mandalay Resort Group f/k/a Circus Circus Enterprises, Inc., alleging breach of contract and express warranty, fraud and misrepresentation in connection with the installation of certain motion simulation bases in Nevada. The complaint alleges damages in excess of $30,000. The Company believes that the allegations brought against it in this complaint are meritless and will accordingly defend the matter vigorously. The Company further believes that the amount of loss, if any, suffered in connection with this lawsuit would 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 for any such litigation.

(f) 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 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of the Company's shareholders held on June 7, 2000, shareholders represented at the meeting, whether in person or by proxy: (i) elected the Honourable J. Trevor Eyton, G. Edmund King, Sam Reisman and W. Townsend Ziebold as Class I directors of the Company for a term expiring in 2003, (22,790,802 shares voted for and 12,907 shares withheld); (ii) appointed PricewaterhouseCoopers, LLP as auditors of the Company to hold office until the next annual meeting of shareholders at a remuneration to be fixed by the Board of Directors (22,804,369 shares voted for and 7,591 shares withheld); and (iii) approved certain amendments to the Corporation's Stock Option Plan (16,104,859 shares voted for and 4,231,542 shares voted against);

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

There were no exhibits filed in the three-month period ended June 30, 2000.

(b) Reports on Form 8K

There were no reports filed on Form 8K in the three-month period ended June 30, 2000.

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: August 14, 2000

By: / S / John M. Davison
John M. Davison
President, Chief Operating Officer
and Chief Financial Officer
(Principal Financial Officer)

By: / S / Mark J. Thornley
Mark J. Thornley
Senior Vice President, Finance
(Principal Accounting Officer)