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, 2001

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, 2001
Common stock, no par value	31,126,514

IMAX CORPORATION

INDEX

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 the business and operations, plans and references to the future success of IMAX Corporation and its subsidiaries (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; 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

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

	June 30, 2001 (unaudited)	December 31, 2000
ASSETS		
Cash and cash equivalents	$ 24,631	$ 30,908
Investments in marketable debt securities	715	7,529
Accounts receivable, less allowance for doubtful accounts of $21,750 (2000 - $19,774)	24,350	34,835
Net investment in leases	74,307	77,093
Inventories (note 3)	59,326	69,910
Income taxes recoverable	11,348	8,830
Prepaid expenses	3,697	3,650
Film assets	29,340	29,749
Fixed assets	87,332	89,879
Other assets	27,858	32,859
Deferred income taxes	50,046	46,345
Goodwill, net of accumulated amortization of $16,501 (2000 - $14,818)	59,357	60,513
Total assets	$ 452,307	$ 492,100
LIABILITIES		
Accounts payable	$ 14,778	$ 23,250
Accrued liabilities	44,302	40,160
Deferred revenue	94,965	106,427
Convertible subordinated notes due 2003	100,000	100,000
Senior notes due 2005	200,000	200,000
Total liabilities	454,045	469,837
COMMITMENTS AND CONTINGENCIES (notes 4 and 5)		
SHAREHOLDERS' EQUITY (DEFICIT)		
Common stock - no par value. Authorized - unlimited number. Issued and outstanding - 31,126,514 (2000 - 30,051,514)	62,762	60,136
Deficit	(63,473)	(38,278)
Accumulated other comprehensive (loss) income	(1,027)	405
Total shareholders' equity (deficit)	(1,738)	22,263
Total liabilities and shareholders' equity (deficit)	$ 452,307	$ 492,100

(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 data)
(UNAUDITED)

	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
REVENUE				
IMAX systems	$ 22,048	$ 36,490	$ 38,326	$ 61,763
Digital projection systems	5,833	11,297	12,232	24,213
Films	7,608	10,336	16,864	20,795
Other	3,129	4,662	6,274	10,812
	38,618	62,785	73,696	117,583
Costs and expenses	27,192	34,373	51,981	68,156
GROSS MARGIN	11,426	28,412	21,715	49,427
Selling, general and administrative expenses	16,799	12,807	28,620	24,333
Restructuring costs	1,918	--	12,860	--
Research and development	2,110	2,014	3,404	3,606
Amortization of intangibles	1,082	1,036	2,159	2,045
Loss from equity-accounted investees	84	372	177	370
EARNINGS (LOSS) FROM OPERATIONS	(10,567)	12,183	(25,505)	19,073
Interest income	231	870	588	2,412
Interest expense	(5,539)	(5,122)	(10,842)	(10,657)
Foreign exchange gain (loss)	562	(512)	(556)	(653)
EARNINGS (LOSS) BEFORE INCOME TAXES	(15,313)	7,419	(36,315)	10,175
Recovery of (provision for) income taxes	3,889	(2,699)	11,120	(3,718)
EARNINGS (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(11,424)	4,720	(25,195)	6,457
Cumulative effect of changes in accounting principles, net of income tax benefit of $37,286 (note 2)	--	--	--	(61,110)
NET EARNINGS (LOSS)	$ (11,424)	$ 4,720	$ (25,195)	$ (54,653)
EARNINGS (LOSS) PER SHARE (note 7)				
Earnings (loss) per share - basic :				
Earnings (loss) before cumulative effect of changes in accounting principles	$ (0.37)	$ 0.16	$ (0.82)	$ 0.22
Cumulative effect of changes in accounting principles	$ --	$ --	$ --	$ (2.05)
Net earnings (loss)	$ (0.37)	$ 0.16	$ (0.82)	$ (1.83)
Earnings (loss) per share - diluted :				
Earnings (loss) before cumulative effect of changes in accounting principles	$ (0.37)	$ 0.15	$ (0.82)	$ 0.21
Cumulative effect of changes in accounting principles	$ --	$ --	$ --	$ (1.99)
Net earnings (loss)	$ (0.37)	$ 0.15	$ (0.82)	$ (1.78)

(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, 2001	2000
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	$ (25,195)	$ (54,653)
Items not involving cash:		
Depreciation, amortization and write-downs	14,432	14,048
Loss from equity-accounted investees	177	370
Deferred income taxes	(8,973)	2,323
Stock compensation	2,610	--
Cumulative effect of changes in accounting principles	--	61,110
Increase in film assets	(4,257)	(9,678)
Changes in other non-cash operating assets and liabilities	8,852	(67,599)
Net cash used in operating activities	(12,354)	(54,079)
INVESTING ACTIVITIES		
Net sale of investments in marketable debt securities	6,814	71,059
Additional consideration on acquisition of Sonics Associates, Inc.	(1,041)	--
Purchase of fixed assets	(1,035)	(17,429)
Decrease (increase) in other assets	1,636	(3,676)
Net cash provided by investing activities	6,374	49,954
FINANCING ACTIVITIES		
Common shares issued	16	384
Net cash provided by financing activities	16	384
Effect of exchange rate changes on cash	(313)	(507)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(6,277)	(4,248)
Cash and cash equivalents, beginning of period	30,908	34,573
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 24,631	$ 30,325

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

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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, 2001 and 2000
(unaudited)

1. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of IMAX Corporation and its wholly owned subsidiaries (the "Company"). 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, 2000 which should be consulted for a summary of the significant accounting policies utilized by the Company. These interim financial statements are prepared following accounting policies consistent with the Company's financial statements for the year ended December 31, 2000.

2. CHANGES IN ACCOUNTING POLICIES

(a) SEC STAFF ACCOUNTING BULLETIN NO. 101, "REVENUE RECOGNITION IN FINANCIAL STATEMENTS" ("SAB 101")

In preparing its financial statements for the year ended December 31, 2000, the Company reviewed its revenue recognition accounting policies in the context of SAB 101. In accordance with the interpretive guidance of SAB 101, the Company, effective January 1, 2000, recognizes revenue on theater systems whether pursuant to sales-type leases or sales, at the time that installation is complete. Prior to January 1, 2000, the Company recognized revenue from sales-type leases and sales of theater systems at the time of delivery. The effect of applying this change in accounting principle is a first quarter 2000 non-cash charge of $54.5 million, net of income taxes of $33.4 million, or $1.83 per share, representing the cumulative impact on retained earnings as at December 31, 1999.

(b) AICPA STATEMENT OF POSITION 00-2, "ACCOUNTING BY PRODUCERS OR DISTRIBUTORS OF FILMS" ("SOP 00-2")

Effective January 1, 2000, the Company adopted SOP 00-2. Prior to January 1, 2000, revenues associated with the licensing of films were recognized in accordance with Statement of Financial Accounting Standard No. 53, "Financial Reporting by Producers and Distributors of Motion Picture Films" ("FAS 53") and exploitation costs were capitalized and amortized. As a result of adopting SOP 00-2, the Company has recorded a non-cash charge of $6.6 million, net of income taxes of $3.9 million, or $0.22 per share, to first quarter 2000 earnings, representing the cumulative impact on retained earnings as at December 31, 1999.

3. INVENTORIES

	June 30, 2001	December 31, 2000
Raw materials	$ 14,648	$ 16,037
Work-in-process	14,505	11,963
Finished goods	30,173	41,910
	$ 59,326	$ 69,910

Finished goods at June 30, 2001 and December 31, 2000 include $23.0 million and $29.6 million, respectively, in theater systems delivered to customers where installation was not complete.

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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, 2001 and 2000
(unaudited)

4. FINANCIAL INSTRUMENTS

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133") and its subsequent amendments and interpretations. FAS 133 established accounting and reporting standards requiring that all derivative instruments be recorded in the balance sheet either as an asset or a liability at their fair values. The statement requires that changes in the derivative's fair value be recognized in earnings unless specific hedge accounting criteria are met. As a result, the Company recorded a transition loss of $210,000 in its consolidated statement of operations on January 1, 2001.

The Company has entered into forward exchange contracts at June 30, 2001 to hedge the conversion of $8 million into Canadian dollars at an average exchange rate of Canadian $1.50 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 79 million Yen at 98 Yen per U.S. dollar through September 2004 and on 11.4 million francs at 5.1 francs per U.S. dollar through September 2005. Both swaps were sold to a third party on August 9, 2001 for total proceeds of $0.7 million.

5. 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. The Company disputed these claims and the suit went to trial in January 1998. In a decision rendered in April 1998, the court dismissed the plaintiffs' claims with costs. In May 1998, the plaintiff appealed the decision to the Quebec Court of Appeal. The Company believes that the amount of the loss, if any, suffered in connection with a successful appeal by the plaintiff 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 matter.

(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 the Company to comment on the complaint and subsequent response. Should proceedings be initiated, it is expected that no decision would be rendered until 2002 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 the loss, if any, suffered in connection with this dispute 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.

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Tabular amounts in thousands of U.S. dollars unless otherwise stated)
For the Six Month Periods Ended June 30, 2001 and 2000
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5. CONTINGENCIES - (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 parties' system lease as well as a claim for damages suffered as a result of an alleged failure by the Company to adequately manage the Brossard IMAX Theater during its tenure as manager. Themax claimed damages representing a return of its original investment as well as lost profits and costs. On November 8, 2000, Themax filed a notice of intention to make a proposal in bankruptcy. The effect of such proposal on the litigation is uncertain. In March 2001 IMAX filed an Amended Statement of Defence and Counter-claim against Themax seeking damages in excess of $4.6 million for breach of contract, defamation and damages to recover IMAX's investment in the theatre. The Company believes that the allegations made by Themax 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 of any such litigation.

(d) 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 made against it in the 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 of any such litigation.

(e) In December 2000, the Company filed a complaint against George Krikorian Premiere Theatres LLC and certain other related parties (collectively "Krikorian") in the U.S. District of California, alleging breach of contract and fraud resulting in damages to the Company in excess of US$6 million. In February 2001, Krikorian filed counterclaims against the Company alleging, among other things, fraudulent inducement and negligent misrepresentation, which counterclaims were subsequently dismissed and then amended. The Company believes that the allegations made against it in the counterclaims are meritless and will defend against them vigorously. The Company believes that the amount of loss, if any, suffered in connection with any such claims 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 any such litigation.

(f) In March 2001, a complaint was filed against the Company by Muvico Entertainment, L.L.C. ("Muvico"), alleging misrepresentation and seeking rescission in respect of the system lease agreements between the Company and Muvico. In May 2001, the Company filed counterclaims against Muvico for breach of contract, unjust enrichment and theft of trade secrets, and brought claims against Muvico and MegaSystems, Inc. ("MegaSystems"), a large format theater system manufacturer, for tortious interference, unfair competition and/or deceptive trade practices, violations of the U.S. Lanham Act, and to enjoin Muvico and MegaSystems from using the Company's confidential and proprietary information. The Company believes that the allegations made by Muvico in its complaint are entirely without merit and will accordingly defend the claims 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 operation of the Company, although no assurance can be given with respect to the ultimate outcome of any such litigation.

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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, 2001 and 2000
(unaudited)

5. CONTINGENCIES - (CONT'D)

(g) 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 of any such litigation.

6. MEASUREMENT UNCERTAINTY

Management is continually reviewing the recoverability of the carrying values of the Company's accounts receivable, net investments in leases, inventories and certain long-lived assets including goodwill, in the context of the ongoing financial difficulties being experienced in the Company's operations including those of its digital projection subsidiary. The current state of the large format and commercial exhibition industries and potential developments related to the timing of the introduction of digital projection systems result in uncertainties in the ultimate recoverability of asset carrying values. Given these uncertainties, it is possible that the carrying amounts of assets may be reduced materially in the near term if actual results are significantly different than those estimated by management.

7. EARNINGS (LOSS) 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,	
	2001	2000	2001	2000
Net earnings (loss) available to common shareholders:	$ (11,424)	$ 4,720	$ (25,195)	$ (54,653)
Weighted average number of common shares (000's):				
Issued and outstanding at beginning of period	30,127	29,780	30,052	29,758
Weighted average shares issued in the period (1)	1,000	7	568	22
Weighted average used in computing basic earnings per share	31,127	29,787	30,620	29,780
Assumed exercise of stock options, net of shares assumed acquired under the Treasury Stock Method	--	863	--	987
Weighted average used in computing diluted earnings per share	31,127	30,650	30,620	30,767

For the quarter ended June 30, 2001, the assumed exercise of stock options, net of shares assumed acquired under the Treasury Stock Method and common shares issuable pursuant to the Convertible Subordinated Notes would have an antidilutive effect on earnings (loss) per share and have not been included in the above computations.

(1) 1,000,000 shares issued April 3, 2001, and ratified June 7, 2001 by shareholders at $2.61 per share.

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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8. COMPREHENSIVE LOSS

Comprehensive loss amounted to $10.5 million in the three months ended June 30, 2001 and $26.6 million in the six months ended June 30, 2001.

9. SEGMENTED INFORMATION

The Company has four reportable segments: IMAX systems, digital projection systems, films and other.

There has been no change 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, 2000. Intersegment transactions are not significant.

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
Revenue				
IMAX systems	$ 22,048	$ 36,490	$ 38,326	$ 61,763
Digital projection systems	5,833	11,297	12,232	24,213
Films	7,608	10,336	16,864	20,795
Other	3,129	4,662	6,274	10,812
Total	$ 38,618	$ 62,785	$ 73,696	$ 117,583
Earnings (loss) from operations				
IMAX systems	$ 7,433	$ 20,470	$ 13,126	$ 30,876
Digital projection systems	(3,634)	(144)	(5,789)	121
Films	(2,557)	(3,016)	(3,837)	(3,365)
Other	(1,584)	(567)	(2,324)	11
Corporate overhead	(10,225)	(4,560)	(26,681)	(8,570)
Total	$ (10,567)	$ 12,183	$ (25,505)	$ 19,073

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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, 2001 and 2000
(unaudited)

10. SUBSEQUENT EVENT

On July 9, 2001 pursuant to Section 3(c)(iv) of the Second Amended and Restated Shareholders' Agreement dated as of February 9, 1999 entered into by and among Wasserstein Perella Partners, L.P., Wasserstein Perella Offshore Partners, L.P., WPPN, Inc., and the Michael J. Biondi Voting Trust (the preceding entities together, "WP"), IMAX Corporation (the "Corporation"), Richard L. Gelfond and Bradley J. Wechsler (the "Shareholders Agreement"), the Corporation and each of Messrs. Gelfond and Wechsler entered into a Standstill Agreement (the "GW Standstill Agreement"). Under the terms of the GW Standstill Agreement, each of Messrs. Gelfond and Wechsler agreed to vote in any election for directors in favour of each person nominated by the then current Board of Directors, not to participate in or facilitate proxy contests, not to deposit into a voting trust or subject voting securities to an agreement with respect to voting such securities, not to acquire or affect or attempt to acquire or affect control of the Corporation or to participate in a "group" as defined pursuant to Section 13(d) of the U.S. Securities Exchange Act of 1934, which owns or seeks to acquire beneficial ownership or control of the Corporation, and not to attempt to influence the Corporation except through normal Board of Directors' processes; provided, however, that the GW Standstill Agreement does not prevent either of Messrs. Gelfond and Wechsler from taking any action in his capacity as an officer or employee of the Corporation or any of its subsidiaries, including as Co-Chief Executive Officer or Co-Chairman of the Corporation. As a result of entering into the GW Standstill Agreement, in the event of the resignation, death, disqualification under the Canada Business Corporations Act or the removal or expiration of the term of any director designated by Messrs. Gelfond and Wechsler pursuant to the Shareholders Agreement, Messrs. Gelfond and Wechsler shall have the right to designate a replacement for such director pursuant to the terms of the Shareholders Agreement, and WP shall use its best efforts to cause each such designated director to be elected or appointed as a director of the Corporation. The GW Standstill Agreement expires on July 8, 2002, and provides that Messrs. Gelfond and Wechsler may, from time to time, extend the term of the GW Standstill Agreement for additional one year terms thereafter (but in no event beyond March 1, 2004).

11. IMPACT OF RECENT ISSUED ACCOUNTING PRONOUNCEMENTS

On July 20, 2001, the FASB made Statement No. 142 (FAS 142), Goodwill and Other Intangible Assets, available to the public. With the adoption of FAS 142, Goodwill will no longer be subject to amortization over its estimated useful life but instead will be subject to at least an annual assessment for impairment by applying a fair-value-based test. The Company must adopt the requirements of FAS 142 effective January 1, 2002.

As of June 30, 2001, the Company carried the following values for Goodwill and Intangibles on its balance sheet:

INTANGIBLES	
Patents, Trademarks and Other Intangibles	$ 5,181
GOODWILL	
IMAX	$ 33,340
Digital Projection Inc.	19,237
Sonics Associates, Inc.	6,780
	$ 59,357

The amortization of goodwill year-to-date June 30, 2001 was $1.7 million. Prior to the implementation of FAS 142 goodwill amortization was projected to be approximately $3.4 million per year for the years 2002, 2003 and 2004.

Management is currently evaluating the implementation aspects of the new pronouncement.

IMAX CORPORATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2001 VERSUS THREE MONTHS ENDED JUNE 30, 2000

During the second quarter of 2001, the Company signed contracts for 2 IMAX theater systems valued at $7.9 million. The Company's sales backlog was $184.4 million at June 30, 2001 represented contracts for 63 theater systems. The Company's sales backlog will vary from quarter to quarter depending on the signing of new systems which adds to backlog and the installation 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 installed. 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.

The Company reported net losses of $11.4 million or $0.37 per share on a diluted basis for the second quarter of 2001 compared to net earnings of $4.7 million or $0.15 per share on a diluted basis for the second quarter of 2000.

The Company's revenues for the second quarter of 2001 decreased 38% to $38.6 million from $62.8 million in the corresponding quarter last year due mainly to a decrease in systems revenue.

Systems revenue, which includes revenue from theater system sales and leases, royalties and maintenance fees, decreased approximately 40% to $22.0 million in the second quarter of 2001 from $36.5 million in the same quarter last year. Three theater systems were installed in the second quarter of 2001 versus seven theater systems were installed in the second quarter of 2000.

The Company's revenue from the sale of digital projection systems amounted to $5.8 million in the second quarter of 2000, compared to $11.3 million in the same quarter last year, a decrease of 48%, primarily as a result of the shift of the staging and rental business from high-end to mid-market products and lower unit sales.

Film revenue comprises revenue recognized from film production, film distribution and film post-production activities. Film revenue decreased 26% to $7.6 million in the second quarter of 2001 from $10.3 million in the same quarter last year primarily as a result of the decrease in film post-production revenue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONT'D)

THREE MONTHS ENDED JUNE 30, 2001 VERSUS THREE MONTHS ENDED JUNE 30, 2000 - (CONT'D)

Other revenues decreased 33% to $3.1 million in the second quarter in 2001 from $4.7 million in the same quarter last year. Declines in camera revenue and in revenue from the Company's owned and operated theaters contributed to the decrease in other revenues.

Gross margin for the second quarter of 2001 was $11.4 million, or 30% of total revenue, compared to $28.4 million, or 45% of total revenue, in the corresponding quarter last year. The reduction in gross margin as a percentage of total revenue is due to lower systems margins versus the corresponding quarter of last year, resulting from the lower number of installations and lower margins from DPI.

Selling, general and administrative expenses were $16.8 million in the second quarter of 2001 compared to $12.8 million in the corresponding quarter last year. The increase resulted mainly from additional accounts receivable provisions of $2.2 million and increased executive compensation resulting from a non-cash issued stock grant of $2.6 million and pension expense of $1.0 million.

Research and development expenses were $2.1 million in the second quarter of 2001 compared to $2.0 million in the same period last year. The higher level of expenses in 2001 reflects the timing of expenditures on certain projects.

Interest income decreased to $0.2 million in the second quarter of 2001 from $0.9 million in the same quarter last year primarily due to a decline in the average balance of cash and cash equivalents held.

The effective tax rate on earnings and losses before taxes differs from the statutory tax rate and will vary from quarter to quarter primarily as a result of the amortization of goodwill and executive stock grant expense, which are 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, 2001 VERSUS SIX MONTHS ENDED JUNE 30, 2000

The Company reported net losses of $25.2 million or $0.82 per share on a diluted basis for the first half of 2001 compared to net earnings of $6.5 million or $0.21 per share on a diluted basis for the first half of 2000 before cumulative effect of changes in accounting principles that were recorded in 2000.

The Company's revenues for the first half of 2001 decreased 37% to $73.7 million from $117.6 million in the corresponding period last year primarily as a result of decreased systems revenue and DPI revenues.

Systems revenue decreased approximately 38% to $38.3 million in the first half of 2001 from $61.8 million in the same period last year as the Company recognized revenues on six third-party theater systems compared to twelve theater systems in the same period last year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONT'D)

SIX MONTHS ENDED JUNE 30, 2001 VERSUS SIX MONTHS ENDED JUNE 30, 2000 - (CONT'D)

The Company's revenue from the sale of digital projection systems amounted to $12.2 million in the first half of 2001 compared to $24.2 million in the same period last year, a decrease of 49%, primarily as a result of the shift of the staging and rental business from high-end to mid-market products and lower unit sales.

Film revenue comprises revenue recognized from film production, film distribution and film post-production activities. Film revenue decreased 19% to $16.9 million in the first half of 2001 from $20.8 million in the same period last year due principally to decreases in film post-production revenues.

Other revenue decreased 42% in the six months ended June 30, 2001 to $6.3 million as compared to $10.8 million in the same period last year, principally due to declines in revenues from the Company's owned and operated theaters and camera rentals.

Gross margin for the first half of 2001 was $21.7 million or 29% of total revenue, compared to $49.4 million or 42% 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 lower margin from systems revenues as a result of lower installation activity and lower margin in DPI as a result of lower unit sales in the first half of 2001 compared to the corresponding period in 2000.

Selling, general and administrative expenses were $28.6 million in the first half of 2001 compared to $24.3 million in the first half of 2000. The increase resulted mainly from additional accounts receivable provisions of $2.4 million and increased executive compensation expense resulting from a non-cash issued stock grant of $2.6 million and pension expense of $2.0 million.

Research and development expenses were $3.4 million in the first half of 2001 compared to $3.6 million in the first half of 2000. The lower level of expenses in 2001 reflects the timing of expenditures on certain projects.

Interest income decreased to $0.6 million in the first half of 2001 from $2.4 million in the same period last year primarily due to a decline in the average balance of cash and cash equivalents held.

The effective tax rate on earnings and losses before taxes differs from the statutory tax rate and will vary from quarter to quarter primarily as a result of the amortization of goodwill and executive stock grant expense, which are 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, 2001, the Company's principal source of liquidity included cash and cash equivalents of $24.6 million, investments in marketable debt securities totaling $0.7 million, trade accounts receivable of $24.4, million, income taxes recoverable of $11.3 million, net investment in leases due within one year of $8.5 million. Amounts receivable under contracts in backlog which are not yet reflected on the balance sheet, total approximately $36 million.

On September 26, 2001, the Company's uncommitted credit facility and cross currency swap arrangements with Toronto Dominion Bank Financial Group ("TD Bank") is scheduled to terminate. The Company has no cash advances under the facility, which has been used in the past for U.S. and Canadian letters of credit and cross currency swaps. As of August 13, 2001, the Company had advances on primarily Canadian letters of credit of CDN $216,853 and U.S. letters of credit of U.S. $3,791,800. The cross currency swaps were sold on August 9, 2001 for proceeds of $0.7 million at which point the contingent credit was no longer required. The Company is evaluating whether to arrange for continued credit facilities after the TD Bank facility ceases.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONT'D)

LIQUIDITY AND CAPITAL RESOURCES - (CONT'D)

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.

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 (2001 - 101.643%; 2002 - 100.821%) plus accrued interest. 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.

In the first half of 2001, cash used in operating activities amounted to $12.4 million. Changes in operating assets and liabilities amounted to an increase of $4.6 million.

In the first half of 2001, cash provided by investing activities amounted to $6.4 million and included a sale of investments in marketable debt securities of $6.8 million.

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

In its efforts to stabilize and rationalize the business, the Company has been focused on reducing expenses and capital investments and changing its corporate structure to reflect a downturn in the large format and general commercial exhibition markets. The Company has taken steps towards closing its Sonics sound-system facility in Birmingham, Alabama, and has been reducing its overall corporate workforce and its capital expenditures. The Company intends to further reduce its selling, general and administrative expenses, which will include additional reductions in staffing levels in the third and fourth quarters designed to achieve approximately $10 million in savings on an annualized basis.

IMAX CORPORATION

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 were converted to U.S. dollars generally through forward contracts to minimize currency exposure. These contracts were sold on August 9, 2001 for proceeds of $0.7 million. The Company plans to convert Japanese Yen and French franc lease cash flows to US dollars through the spot and forward markets on a go-forward basis.

The following table provides information about the Company's foreign currency exchange contracts at June 30, 2001. The fair value represents the amount the Company would receive or pay to terminate the contracts at June 30, 2001.

	JUNE 30, 2001	2002	2003	2004	2005	TOTAL	FAIR VALUE
	(IN THOUSANDS OF U.S. DOLLARS)						
FOREIGN CURRENCY EXCHANGE CONTRACTS							
(Receive Canadian $, pay US$)	$8,000	--	--	--	--	$8,000	($124)
Average contractual exchange rate per one U.S. dollar	1.50	--	--	--	--	1.50	
(Pay Yen, receive U.S. $) (1)	$318	$174	$179	$137	--	$808	$122
Average contractual exchange rate per one U.S. dollar	97.85	97.85	97.85	97.85	--	97.85	
(Pay FF, receive U.S. $) (1)	$423	$435	$448	$462	$476	$2,244	$664
Average contractual exchange rate per one U.S. dollar	5.07	5.07	5.07	5.07	5.07	5.07	

(1) Contracts sold August 9, 2001 for total proceeds of $0.7 million.

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 Company disputed these claims and the suit went to trial in January 1998. In a decision rendered in April 1998, the court dismissed the plaintiffs' claims with costs. In May 1998, the plaintiff appealed the decision to the Quebec Court of Appeal. The Company believes that the amount of the loss, if any, suffered in connection with a successful appeal by the plaintiff 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 matter.

(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 the Company to comment on the complaint and subsequent response. Should proceedings be initiated, it is expected that no decision would be rendered until 2002 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 the loss, if any, suffered in connection with this dispute 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.

(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 parties' system lease as well as a claim for damages suffered as a result of an alleged failure by the Company to adequately manage the Brossard Theater during its tenure as manager. Themax claimed damages representing a return of its original investment as well as lost profits and costs. On November 8, 2000, Themax filed a notice of intention to make a proposal in bankruptcy. The affect of such proposal on the litigation is uncertain. In March 2001 IMAX filed an Amended Statement of Defence and Counter-claim against Themax seeking damages in excess of $4.6 million for breach of contract, defamation and damages to recover IMAX's investment in the theatre. The Company believes that the allegations made by Themax 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 of any such litigation.

(d) 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 made 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 of any such litigation.

PART II OTHER INFORMATION - (CONT'D)

ITEM 1. LEGAL PROCEEDINGS - (CONT'D)

(e) In December 2000, the Company filed a complaint against George Krikorian Premiere Theatres LLC and certain other related parties (collectively "Krikorian") in the U.S. District of California, alleging breach of contract and fraud resulting in damages to the Company in excess of US$6 million. In February 2001, Krikorian filed counterclaim against the Company alleging, among other things, fraudulent inducement and negligent misrepresentation, which counterclaims are subsequently dismissed and then amended. The Company believes that the allegations made against it in the counterclaim are meritless and will defend against them vigorously. The Company believes that the amount of loss, if any, suffered in connection with any such claims 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 any such litigation.

(f) In March 2001, a complaint was filed against the Company by Muvico Entertainment, L.L.C. ("Muvico"), alleging misrepresentation and seeking rescission in respect of the system lease agreements between the Company and Muvico. In May 2001, the Company filed counterclaims against Muvico for breach of contract, unjust enrichment and theft of trade secrets, and brought claims against Muvico and MegaSystems, Inc. ("MegaSystems"), a large format theater system manufacturer, for tortious interference, unfair competition and/or deceptive trade practices, violations of the U.S. Lanham Act, and to enjoin Muvico and MegaSystems from using the Company's confidential and proprietary information. The Company believes that the allegations made by Muvico in its complaint are entirely without merit and will accordingly defend the claims 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 operation of the Company, although no assurance can be given with respect to the ultimate outcome of any such litigation.

(g) 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 of 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, 2001, shareholders represented at the meeting, whether in person or by proxy: (i) elected Ellis B. Jones, Richard L. Gelfond and Bradley J. Welchsler as Class III directors of the Company for a term expiring in 2004, (26,166,632 shares voted for and 411,370 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 (26,744,290 shares voted for and 20,982 shares withheld); (iii) approved the Corporation's Employee Share Purchase Plan (20,636,559 shares voted for and 810,915 shares against); and (iv) approved the grant of common shares to certain executives (17,262,023 shares voted for and 2,090,875 shares against).

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

*4.9 Standstill Agreement, dated as of July 9, 2001 by and among IMAX Corporation, Richard L. Gelfond and Bradley J. Wechsler.

*Filed herewith

(B) REPORTS ON FORM 8-K

The Company filed a report on Form 8-K dated April 30, 2001 under Item 5 - Notice of Meeting and Special Meeting of Shareholders.

IMAX CORPORATION

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, 2001

By: / S / Francis T. Joyce

Francis T. Joyce
Chief Financial Officer
(Principal Financial Officer)

By: / S / Mark J. Thornley

Mark J. Thornley
Senior Vice President, Finance
(Principal Accounting Officer)

EXHIBIT 4.9

STANDSTILL AGREEMENT

This STANDSTILL AGREEMENT (this "Agreement") dated as of July 9, 2001 among Imax Corporation, a corporation organized under the laws of Canada (the "Company"), Richard L. Gelfond ("Gelfond") and Bradley J. Wechsler ("Wechesler").

WHEREAS, Gelfond and Wechsler are beneficial owners of common shares of the Company ("Common Shares");

WHEREAS, in 1999 Gelfond, Wechsler, the Company, Wasserstein Perella Partners, L.P., Wasserstein Perella Offshore Partners, L.P., WPPN, Inc. and the Michael Biondi Voting Trust entered into a Second Amended and Restated Shareholders' Agreement (the "1999 Shareholders' Agreement"), a Registration Rights Agreement (the "1999 Registration Rights Agreement") and an Amended and Restated Standstill Agreement; and

WHEREAS, this Agreement is being entered into pursuant to Section 3(c)(iv) of the 1999 Shareholders' Agreement;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereto agree as follows;

SECTION 1 COVENANTS OF GELFOND AND WECHSLER.

(a) Prohibited Transactions Involving the Company. Each of Gelfond and Wechsler agrees with the Company that he will not, and will cause each "affiliate" "controlled" by him, as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (each referred to herein as an "Affiliate") (whether or not such person or entity is such an Affiliate or associate on the date hereof), not to, directly or indirectly:

(i) make, or in any way participate in, directly or indirectly, any solicitation of proxies, or become a "participant" in any solicitation or "election contest" (as such terms are defined or used in Regulation 14A under the Exchange Act), with respect to the Company or any successor or seek to influence any person or group (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to the voting of any voting securities of the Company or any successor;

(ii) initiate, propose or otherwise solicit shareholders of the Company or any successor for the approval of one or more proposals submitted to the shareholders for a vote with respect to the Company or any successor;

(iii) deposit any voting securities of the Company or any successor in a voting) trust or subject any such voting securities to any agreement or arrangement with respect to the voting of such voting securities, other than any such trust, agreement or arrangement whereby he or any Affiliate controlled by him have the right to vote such securities and continue to be bound by this Agreement or other arrangements entered into for tax purposes whereby the party having the right to vote such securities agrees to be bound by the terms of this Agreement;

(iv) acquire or affect, or attempt to acquire or affect, control of the Company or any successor or directly or indirectly participate in, or encourage the formation of, any group (within the meaning of Section 13(d)(3) of the Exchange Act) which owns or seeks to acquire beneficial ownership of voting securities of the Company or any successor, or to acquire or affect control of the Company or any successor;

(v) except though normal procedures of the Board of Directors (the "Board") of the Company or any successor, otherwise act, alone or in concert with others, to seek to control or to influence in any manner the management, Board, policies or affairs of the Company or any successor, or propose or seek to effect any form of business combination transaction with the Company, any successor or any Affiliate thereof or any restructuring, recapitalization or similar transaction with respect to any thereof; or

(vi) encourage or render advice to or make any recommendation or proposal to any person or group (within the meaning of Section 13(d)(3) of the Exchange Act) to engage in any of the actions covered by clauses (i) through (v) of this Section 1(a), or render advice with respect to voting securities of the Company or any successor, without the consent of the Company or any successor.

Nothing herein shall restrict Gelfond or Wechsler from (A) acquiring any Common Shares of the Company unless, following such acquisition, they are the beneficial owners (in the aggregate) of more than 15,900,000 Common Shares, as such number shall be adjusted to take into account any stock dividend, stock split, reverse stock split, recapitalization or other similar transaction after the date hereof or (B) taking any action in his capacity as an officer or employee of the Company or any of its subsidiaries, including as Co-Chief Executive Officer or Co-Chairman of the Company.

For purposes of this Agreement, the term "voting securities" shall mean (x) any securities which are entitled to vote generally in the election of directors of the Company or any successor, and (y) any options, warrants, rights or securities of the Company or any successor which by their terms may be convertible into or exchangeable for any security described in clause (x) above.

(b) Voting of Voting Securities. Each of Gelfond and Wechsler agrees with the Company that he will, and will cause each Affiliate he controls to:

(i) be present, in person or by proxy, at all meetings of shareholders of the Company or any successor, so that all voting securities beneficially owned by him or any of his Affiliates may be counted for the purpose of determining the presence of a quorum at such meetings;

(ii) vote or cause to be voted at any meeting of shareholders of the Company or any successor any voting securities owned by him or any of his Affiliates in favor of each person nominated by the Board or any successor for election as a director of the Company or any successor; and

(iii) not to vote or cause to be voted at any meeting of shareholders of the Company or any successor any voting securities owned by him or any of his Affiliates in any way that is inconsistent with this Agreement.

SECTION 2. [INTENTIONALLY OMMITTED]

SECTION 3. REPRESENTATIONS AND WARRANTIES.

Each of the Company, Gelfond and Wechsler represents and warrants to the other parties to this Agreement that (a) it is duly authorized to execute and deliver, and to perform its obligations under, this Agreement; (b) this Agreement has been duly executed and delivered by such party and constitutes a valid and binding obligation of such party, enforceable against such party in accordance with its terms; and (c) the execution and delivery of this Agreement by such party does not, and the performance by such party of its obligations hereunder will not (i) constitute a violation of, conflict with or result in a default under any contract, commitment, agreement, instrument, understanding, arrangement or restriction of any kind to which it is a party or by which it is bound or any judgment, decree or order applicable to it, or (ii) violate any provision of law applicable to it or require any consent or approval of, or filing with or notice to any public body or authority under any provision of law applicable to it.

SECTION 4. TERM OF AGREEMENT.

(a) Initial Term. This Agreement shall be effective from the date hereof and shall terminate on July 8, 2002, unless extended by Gelfond and Wechsler pursuant to Section 4(b) below.

(b) Extensions. Gelfond and Wechsler may, from time to time, extend the term of this Agreement beyond July 8, 2002 for additional one year terms (but no event beyond March 1, 2004) upon written notice delivered to the Company 10 business days prior to the expiration of the term (as it may be extended from time to time) of this Agreement.

SECTION 5. MISCELLANEOUS.

(a) Specific Performance. The parties hereto acknowledge that in the event of any breach of the provisions of this Agreement, the nonbreaching party would be irreparably harmed and could not be made whole by monetary damages. It is accordingly agreed that, in addition to any other remedy to which a party may be entitled at law or in equity, the obligations of the parties hereunder shall be specifically enforceable and no party shall take any action to impede the other from seeking to enforce such right of specific performance.

(b) Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their directors, officers, heirs, legal representatives, successors and assigns.

(c) Notices. All notices, requests, claims, demands and other communications hereunder shall be effective upon receipt, shall be in writing and shall be delivered in person, by telecopy, telegram or telex, or by mail (registered or certified mail, postage prepaid, return receipt requested) as follows:

if to the Company, to:

Imax Corporation
110 East 59th Street
Suite 2100
New York, New York 10022
Telecopier; (212) 371-5510
Attention: Chief Executive Officer

with a copy to:

Imax Corporation
2525 Speakman Drive
Mississauga, Ontario
L5K lBl Canada
Telecopier: (905) 403-6468
Attention: Corporate Secretary

and a copy to:

McCarthy Tetrault
Suite 4700
Toronto Dominion Bank Tower
Toronto Dominion Centre
Toronto, Ontario
M5K IE6 Canada
Telecopier: (416) 868-0673
Attention: Garth M. Girvan

and a copy to:

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Telecopier: (212) 225-2434
Attention: Christopher E. Austin

If to Gelfond, to:

Richard L. Gelfond
2 Squabble Lane
Southampton, New York 11969

with a copy to;

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006

Telecopier: (212) 225-2434
Attention: Christopher E. Austin

if to Wechsler, to:

Bradley J. Wechsler
88 East Mile Patent Road
Bedford, New York 10506

with a copy to:

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Telecopier: (212) 225-2434
Attention: Christopher E. Austin

or to such other address as either party may have furnished to the other in writing in accordance herewith.

(d) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada without regard to principles of conflicts of laws.

(e) Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

(f) Entire Agreement; Amendment; Waiver. This Agreement, together with the 1999 Shareholders' Agreement and the 1999 Registration Rights Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, whether oral or written, among the parties hereto with respect to the subject matter hereof, including, without limitation, the Shareholders' Agreement dated June 16, 1994 and the Standstill Agreement dated June 16, 1994 among the Company and certain of the parties hereto. No amendment or waiver of any provision of this Agreement or consent to departure therefrom shall be effective unless in writing and signed by the Company, Gelfond and Wechsler in the case of an amendment or by the party which is the beneficiary of any such provision in the case of a waiver or a consent to departure therefrom. Any waiver by a party of a breach of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any other breach of such provision or any breach of any other provision of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement or one or more sections shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto all as of the day and year first above written.

IMAX CORPORATION

By "Robert D. Lister"

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

By "G. Mary Ruby"

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

"Richard L. Gelfond"

Richard L. Gelfond

"Bradley J. Wechsler"

Bradley J. Wechsler