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

FORM 10-Q

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

For the quarterly period ended March 31, 2005

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

N/A
(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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

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

Class	Outstanding as of April 27, 2005
Common stock, no par value	39,799,551

IMAX CORPORATION

TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements included in this quarterly report may constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements 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 business and operations, plans and references to the future success of IMAX Corporation together with its wholly-owned subsidiaries (the "Company") and expectations regarding the Company's future operating results. 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; conditions in the commercial exhibition industry; the acceptance of the Company's new technologies; 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 in this quarterly report are qualified by these cautionary statements, and actual results or anticipated developments by the Company may not be realized, and even if substantially realized, may not have the expected consequences to, or effects on, the Company. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

IMAX(R), IMAX(R) Dome, IMAX(R) 3D, IMAX(R) 3D Dome, The IMAX Experience(R), An IMAX Experience(R), IMAX DMR(R), IMAX MPX(TM), IMAX think big(R) and think big(R) are trademarks and trade names of the Company or its subsidiaries that are registered or otherwise protected under laws of various jurisdictions.

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 UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(in thousands of U.S. dollars)

	MARCH 31, 2005 (UNAUDITED)	DECEMBER 31, 2004
ASSETS		
Cash and cash equivalents	$ 14,779	$ 28,964
Short-term investments	15,018	--
Accounts receivable, net of allowance for doubtful accounts of $8,920 (2004 - $8,390)	22,500	19,899
Financing receivables (note 3)	59,453	59,492
Inventories (note 4)	29,430	29,001
Prepaid expenses	3,004	2,279
Film assets	1,552	871
Fixed assets	28,226	28,712
Other assets	12,909	13,377
Deferred income taxes (note 12)	6,311	6,171
Goodwill	39,027	39,027
Other intangible assets	3,070	3,060
Total assets	$ 235,279	$ 230,853
LIABILITIES		
Accounts payable	$ 7,023	$ 5,827
Accrued liabilities (note 8(c))	53,929	56,897
Deferred revenue	54,162	50,505
Senior Notes due 2010 (note 5)	160,000	160,000
Total liabilities	275,114	273,229
COMMITMENTS AND CONTINGENCIES (notes 8 and 9)		
SHAREHOLDERS' EQUITY (DEFICIT)		
Capital stock - Common shares - no par value. Authorized - unlimited number. Issued and outstanding - 39,757,715 (2004 - 39,446,964)	118,887	116,281
Other equity	1,966	3,227
Deficit	(159,749)	(160,945)
Accumulated other comprehensive income (loss)	(939)	(939)
Total shareholders' deficit	(39,835)	(42,376)
Total liabilities and shareholders' equity (deficit)	$ 235,279	$ 230,853

(the accompanying notes are an integral part of these condensed consolidated financial statements)

IMAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
IN ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(in thousands of U.S. dollars, except per share amounts)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004
REVENUE		
IMAX systems (note 10(a))	$ 22,113	$ 16,021
Films	4,947	4,489
Theater operations	3,816	3,742
Other	492	629
	31,368	24,881
COSTS OF GOODS AND SERVICES	15,223	12,519
GROSS MARGIN	16,145	12,362
Selling, general and administrative expenses (note 10(b))	10,243	8,335
Research and development	653	1,144
Amortization of intangibles	157	151
Receivable provisions, net of (recoveries) (note 11)	212	(898)
EARNINGS FROM OPERATIONS	4,880	3,630
Interest income	214	126
Interest expense	(4,197)	(4,068)
Loss on retirement of notes (note 6)	--	(784)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	897	(1,096)
Recovery of income taxes (note 12)	59	--
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	956	(1,096)
Net earnings from discontinued operations (note 15)	240	200
NET EARNINGS (LOSS)	1,196	(896)
EARNINGS (LOSS) PER SHARE (note 13(b)):		
Earnings (loss) per share - basic and diluted:		
Net earnings (loss) from continuing operations	$ 0.02	$ (0.03)
Net earnings from discontinued operations	$ 0.01	$ 0.01
Net earnings (loss)	$ 0.03	$ (0.02)

(the accompanying notes are an integral part of these condensed consolidated financial statements)

IMAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
IN ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(in thousands of U.S. dollars)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings (loss)	$ 1,196	$ (896)
Net (earnings) from discontinued operations	(240)	(200)
Items not involving cash:		
Depreciation and amortization	3,584	2,483
Write-downs (recoveries)	212	(898)
Change in deferred income taxes	(140)	(167)
Loss on retirement of notes	--	784
Stock and other non-cash compensation	1,231	561
Unrealized foreign exchange loss	201	165
Premium on repayment of notes	--	(576)
Investment in film assets	(2,151)	(71)
Changes in restricted cash	--	3,732
Changes in other non-cash operating assets and liabilities	(3,772)	808
Net cash provided by operating activities	121	5,725
INVESTING ACTIVITIES		
Increase in short-term investments	(15,018)	--
Purchase of fixed assets	(271)	(164)
Increase in other assets	(187)	(318)
Increase in other intangible assets	(167)	(40)
Net cash used in investing activities	(15,643)	(522)
FINANCING ACTIVITIES		
Repayment of Old Senior Notes due 2005	--	(29,234)
Financing costs related to Senior Notes due 2010	(1)	(347)
Common shares issued	1,267	11
Net cash provided by financing activities from discontinued operations	--	200
Net cash provided by (used in) financing activities	1,266	(29,370)
Effects of exchange rate changes on cash	71	(27)
DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	(14,185)	(24,394)
Increase in cash and cash equivalents from discontinued operations	--	200
DECREASE IN CASH AND CASH EQUIVALENTS, DURING THE PERIOD	(14,185)	(24,194)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,964	47,282
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 14,779	$ 23,088

(the accompanying notes are an integral part of these condensed consolidated financial statements)

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)
(UNAUDITED)

1. BASIS OF PRESENTATION

The Condensed Consolidated Financial Statements include the accounts of IMAX Corporation together with 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.

The Company reports its results under United States Generally Accepted Accounting Principles ("U.S. GAAP"). Significant differences between United States and Canadian Generally Accepted Accounting Principles are described in note 19.

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, 2004 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, 2004. During the interim period, the Company purchased short-term investments. These investments are classified as held to maturity based on the Company's positive intent and ability to hold the securities to maturity, and are carried at amortized cost.

EMPLOYEE STOCK-BASED COMPENSATION

The Company currently follows the intrinsic value method of accounting for employee stock options as prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees", ("APB 25"). If the fair value methodology prescribed by FASB Statement, "Accounting for Stock Based Compensation" ("FAS 123") had been adopted by the Company, pro forma results for the quarter ended March 31, would have been as follows:

	2005	2004
Net earnings (loss) as reported	$ 1,196	$ (896)
Stock-based compensation expense, if the methodology prescribed by FAS 123 had been adopted	(700)	(1,594)
Adjusted net earnings (loss)	$ 496	$ (2,490)
Earnings per share - basic and diluted:		
Net earnings (loss) as reported	$ 0.03	$ (0.02)
FAS 123 stock-based compensation expense	(0.02)	(0.04)
Adjusted net earnings (loss)	$ 0.01	$ (0.06)

In accordance with FAS 123, the total expense reflected in the above pro forma charge represents amortization of stock option charges that were valued at the grant date using an option-pricing model with assumptions that were valid at the time with no further update of current stock trends and assumptions.

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

1. BASIS OF PRESENTATION (cont'd)

EMPLOYEE STOCK-BASED COMPENSATION (cont'd)

The Company did not grant any options to employees in the first quarter of 2005 and therefore the weighted average fair value of common share options granted to employees for the three months ended March 31, 2005 at the time of grant was $nil (2004 - $2.49 per share). The Company uses a Binomial option-pricing model to determine the fair value of common share options at the grant date. For the three months ended March 31, 2004, the following assumptions were used:

	THREE MONTHS ENDED MARCH 31, 2004
Average risk-free interest rate	3.68%
Equity risk premium	5.23% - 5.53%
Beta	0.95 - 1.03
Expected option life	4.38 years - 4.44 years
Average expected volatility	62%
Annual termination probability	9.62%
Dividend yield	0%

2. VARIABLE INTEREST ENTITIES

In January 2003, the FASB issued Financial Interpretation 46 ("FIN 46"), "Consolidation of Variable Interest Entities ("VIEs"), in an effort to expand and clarify existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. FIN 46 was effective immediately for all enterprises with variable interests in VIEs created after January 31, 2003 and on January 1, 2004 for all previously existing variable interest entities. Under FIN 46, if an entity is determined to be a variable interest entity, it must be consolidated by the enterprise that absorbs the majority of the entity's expected losses if they occur, receives a majority of the entity's expected residual returns if they occur, or both. On December 24, 2003, the FASB issued a revised FIN 46, defined as FIN 46R. Commencing January 1, 2004, the Company was required to consolidate the accounts of all VIEs for which it is the primary beneficiary ("PB"), as required by FIN 46R. The Company has evaluated its various variable interests to determine whether they are in VIE's. The Company reviewed its management agreements relating to theaters which the Company manages, and has no equity interest, and concluded that such arrangements were not variable interests since the Company's fees are commensurate with the level of service and the theater owner retains the right to terminate the service. The Company has also reviewed its financial arrangements with theaters where it shares in the profit or losses of the theater. The Company has not considered these arrangements under FIN 46R as the arrangements meet the scope exceptions defined in the pronouncement. The Company has determined that certain of its film production companies are VIEs. Since in one case the Company absorbs a majority of the VIE's losses, the Company has determined that it is the PB of the entity. The Company continues to consolidate this entity with no material impact on the operating results or financial condition of the Company as the production company has total assets of less than $0.1 million and total liabilities of less than $0.1 million as at March 31, 2005. The Company also has interests in three other film production companies which are VIEs, however the Company did not consolidate these film entities since it does not bear the majority of the expected losses or expected residual returns. As of March 31, 2005, these three VIEs have total assets of $0.1 million and total liabilities of $0.1 million.

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)
(UNAUDITED)

3. FINANCING RECEIVABLES

The Company generally provides its theater systems to customers on a long-term lease basis, typically with initial lease terms of 10 to 20 years. Financing receivables consisting of net investment in leases and long term receivables are comprised of the following:

	MARCH 31, 2005	DECEMBER 31, 2004
NET INVESTMENT IN LEASES		
Gross minimum lease amounts receivable	$ 100,788	$ 98,666
Residual value of equipment	643	637
Unearned finance income	(41,500)	(39,844)
Present value of minimum lease amounts receivable	59,931	59,459
Accumulated allowance for uncollectible amounts	(4,385)	(4,435)
Net investment in leases	55,546	55,024
Long-term receivables	3,907	4,468
Total financing receivables	$ 59,453	$ 59,492

4. INVENTORIES

	MARCH 31, 2005	DECEMBER 31, 2004
Raw materials	$ 7,780	$ 7,375
Work-in-process	8,174	6,512
Finished goods	13,476	15,114
	$ 29,430	$ 29,001

5. SENIOR NOTES DUE 2010

In November 2004, the Company completed an exchange offer wherein $159.0 million of the Company's 9.625% senior notes due December 1, 2010 (the "Unregistered Senior Notes") were exchanged for 9.625% senior notes registered under the Securities Act of 1933, as amended (the "Registered Senior Notes"), pursuant to a registration statement on Form S-4 that had been declared effective by the Securities and Exchange Commission on September 30, 2004. Apart from the fact that the Registered Senior Notes have been registered under the Securities Act, the Unregistered Senior Notes and the Registered Senior Notes are substantially identical and are referred to herein as the "Senior Notes". The Senior Notes are unconditionally guaranteed, jointly and severally, by certain of the Company's wholly-owned subsidiaries.

As at March 31, 2005, the Company had outstanding $159.0 million aggregate principal of Registered Senior Notes and $1.0 million aggregate principal of Unregistered Senior Notes.

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

6. OLD SENIOR NOTES DUE 2005

In December 1998, the Company issued $200.0 million of senior notes due December 1, 2005 bearing interest at a rate of 7.875% per annum (the "Old Senior Notes").

During 2003, the Company retired an aggregate of $47.2 million principal amount of the Old Senior Notes. In December 2003, the Company completed a tender offer and consent solicitation for its remaining $152.8 million of the Old Senior Notes. In December 2003, $123.6 million in principal of the Old Senior Notes were redeemed pursuant to the tender offer. Notice of Redemption for all remaining outstanding Old Senior Notes was delivered on December 4, 2003 and the remaining $29.2 of outstanding Old Senior Notes were redeemed on January 2, 2004 using proceeds from its Senior Notes (see note 5). In January 2004, the Company recorded a loss of $0.8 million related to the retirement of the Company's Old Senior Notes.

7. CREDIT FACILITY

On February 6, 2004, the Company entered into a loan agreement for a secured revolving credit facility (the "Credit Facility") The Credit Facility is a three-year revolving credit facility with yearly renewal options thereafter, permitting maximum aggregate borrowings of $20.0 million, subject to a borrowing base calculation which includes the Company's financing receivables, and certain reserve requirements and further reduced by outstanding letters of credit. The Credit Facility bears interest at Prime + 0.25% per annum or Libor + 2.0% per annum and is collateralized by a first priority security interest in all of the current and future assets of the Company. The Credit Facility contains typical affirmative and negative covenants, including covenants that restrict the Company's ability to: incur certain additional indebtedness; make certain loans, investments or guarantees; pay dividends; make certain asset sales; incur certain liens or other encumbrances; conduct certain transactions with affiliates and enter into certain corporate transactions or dissolve. In addition, the Credit Facility contains customary events of default, including upon an acquisition or a change of control that has a material adverse effect on the Company's financial condition. The Credit Facility also requires the Company to maintain a minimum level of earnings before interest, taxes, depreciation and amortization, and cash collections. As at March 31, 2005, the Company has not drawn down on the Credit Facility, however, it has issued letters of credit for $6.2 million under the Credit Facility arrangement.

8. COMMITMENTS

(a) The Company's total minimum annual rental payments to be made under operating leases for premises as of March 31, 2005 for each of the years ended December 31 are as follows:

2005 (nine months remaining)	$ 3,842
2006	5,422
2007	5,190
2008	4,978
2009	5,034
Thereafter	24,214
	$ 48,680

(b) As at March 31, 2005, the Company has letters of credit of $6.2 million (December 31, 2004 - $5.5 million) outstanding under the Company's credit facility arrangement (see note 7).

(c) In March 2004, the Company received $5.0 million in cash under a film financing arrangement which was included in accrued liabilities. The Company is required to expend these funds towards the production and distribution of a motion picture title. The Company has expended $4.8 million of these funds as at March 31, 2005 and has recorded $0.2 million in accrued liabilities.

9. CONTINGENCIES

The Company is involved in lawsuits, claims, and proceedings, including those identified below, which arise in the ordinary course of business. In accordance with SFAS 5, "Accounting for Contingencies," the Company will make a provision for a liability when it is both probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company believes it has adequate provisions for any such matters. The Company reviews these provisions in conjunction with any related provisions on assets related to the claims at least quarterly and adjusts these provisions to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other pertinent information related to the case. Should developments in any of these matters outlined below cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material provision, or, should any of these matters result in a final adverse judgement or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows, and financial position in the period or periods in which such a change in determination, settlement or judgement occurs.

(a) 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. The complaint was subsequently amended to add claims for fraud based upon the same factual allegations underlying its prior claims. The Company filed counterclaims against Muvico for breach of contract, unjust enrichment, unfair competition and/or deceptive trade practices and theft of trade secrets, and brought claims against MegaSystems, Inc. ("MegaSystems"), a large-format theater system manufacturer, for tortious interference and unfair competition and/or deceptive trade practices and to enjoin Muvico and MegaSystems from using the Company's confidential and proprietary information. In May 2005, the parties reached agreement on the settlement of all claims.

(b) In March 2005, the Company, together with Three-Dimensional Media Group, Ltd. ("3DMG"), filed a complaint in the U.S. District Court for the Central District of California, Western Division, against In-Three, Inc. ("In-Three") alleging patent infringement. The Company and 3DMG allege that In-Three has deliberately infringed a patent which covers a proprietary 2D-to-3D film conversion process. 3DMG owns the patent in suit, under which the Company has an exclusive license in the theatrical motion picture field. The Company and 3DMG are seeking a preliminary and permanent injunction and damages. In April 2005, In-Three filed an Answer denying infringement and asserting that the patent in suit is invalid. In-Three also asserted counterclaims that seek declaratory relief, unspecified damages or both for non-infringement, invalidity, false advertising, false designation of origin, breach of contract, interference with prospective economic advantage and/or unfair competition. The Company will continue to vigorously pursue its claims and believes that the allegations made by In-Three are without merit. The Company further believes the amount of the loss, if any, suffered in connection with the counterclaims 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.

(c) In November 2001, the Company filed a complaint with the District Court of Munich against Big Screen, a German large-screen cinema owner in Berlin ("Big Screen"), demanding payment of rental payments and certain other amounts owed to the Company. Big Screen has raised a defense based on alleged infringement of German antitrust rules, relating mainly to an allegation of excessive pricing. Big Screen had brought a number of motions for restraining orders in this matter relating to the Company's provision of films and maintenance, all of which have been rejected by the courts, including the Berlin Court of Appeals, and for which all appeals have been exhausted. The Company believes that all of the allegations in Big Screen's individual defense are entirely without merit and will accordingly continue to prosecute this 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 any such litigation.

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)
(UNAUDITED)

9. CONTINGENCIES (cont'd)

(d) In May, 2002, the Company filed a complaint with the District Court of Nuremberg-Furth, Germany against Siewert Holding in Wuerzburg ("Siewert"), demanding payment of rental obligations and other amounts owed to the Company. Siewert raised a defense based on alleged infringement of German antitrust rules. By judgement of December 20, 2002, the District Court rejected the defense and awarded judgement in documentary proceedings in favor of the Company and added further amounts that had fallen due. Siewert applied for leave to appeal to the German Supreme Court on matters of law, which was rejected by the German Supreme Court in March 2004. Siewert subsequently made a partial payment of amounts awarded to the Company. Siewert has filed follow up proceedings to the documentary proceedings in the District Court, in large part repeating the claims rejected in the documentary proceeding. On September 30, 2004, Siewert filed for insolvency with the Local Court in Wuerzburg. To the extent the lawsuit will be continued following the commencement of the insolvency proceedings, the Company will continue to vigorously pursue its claims and believes that the amount of loss, if any, suffered in connection with these proceedings 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 January 2004, the Company and IMAX Theatre Services Ltd., a subsidiary of the Company, commenced an arbitration seeking damages of approximately $3.7 million before the International Court of Arbitration of the International Chambers of Commerce (the "ICC") with respect to the breach by Electronic Media Limited ("EML") of its December 2000 agreement with the Company. In April 2004, EML filed an answer and counterclaim seeking the return of funds EML has paid to the Company, incidental expenses and punitive damages. In June 2004, the Company commenced a related arbitration before the ICC against EML's affiliate, E-CITI Entertainment (I) PVT Limited ("E-Citi"), seeking $17.8 million as a result of E-Citi's breach of a September 2000 lease agreement. E-Citi has responded to the arbitration demand and has asserted several defenses, including that the ICC does not have jurisdiction for the arbitration. The Company believes that the allegations made by EML in its counterclaim are entirely without merit and has requested that the counterclaim be dismissed on the basis that EML has advised the ICC that it has insufficient funds to pay its share of the arbitration costs. The Company believes that the amount of loss, if any, suffered in connection with the arbitration 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 addition to the matters described above, the Company is currently involved in other legal proceedings 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 proceedings.

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)
(UNAUDITED)

10. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS SUPPLEMENTAL INFORMATION

(a) The Company generally enters into multi-year theater system lease agreements with customers that typically contain customer payment obligations prior to the scheduled installation of the theater system. During the period of time between lease signing and system installation, certain customers each year generally are unable, or elect not, to proceed with system installation for a number of reasons, including business considerations, or the inability to obtain certain consents, approvals or financing. Once the determination is made that the customer will not proceed with installation, the customer and the Company may enter into a consensual lease buyout, whereby the parties are released from their future obligations under the lease and the geographic territory granted to the customer reverts to the Company. Once an agreement is reached by both parties, the initial lease payments that the customer previously made to the Company are recognized as revenue. In addition, since the introduction of its new IMAX MPX theater system in 2003, the Company has agreed with several customers to terminate their original agreements and to sign new system agreements for the MPX system. Upon finalizing the new agreement, the total consideration received under both the terminated agreements and the new MPX arrangement is allocated first to the MPX system and the residual amount to settlement revenue. Included in IMAX systems revenue for the first quarter of 2005 are the following types of settlement arrangements: $0.2 million related to MPX conversion agreements (2004 - $1.6 million); $6.9 million related to consensual lease buyouts (2004 - $2.9 million); and $nil million related to terminations due to customer defaults (2004 - $nil million). In aggregate: first quarter of 2005 - $7.1 million and first quarter of 2004 - $4.5 million.

(b) Included in selling, general and administrative expenses for the first quarter of 2005 is $0.3 million (2004 - $0.3 million) for net foreign exchange losses related to the translation of foreign currency denominated monetary assets, liabilities and integrated subsidiaries.

11. RECEIVABLE PROVISIONS (RECOVERIES), NET

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004
Accounts receivable provisions (recoveries), net	$ 262	$ (173)
Financing receivables provisions (recoveries), net(1)	$ (50)	$ (725)
Receivable provisions (recoveries), net	$ 212	$ (898)

(1) For the quarter ended March 31, 2004, the Company recorded a recovery of previously provided amounts of $0.7 million as the collectibility uncertainty associated with certain leases was resolved by amendment or settlement of the leases.

12. INCOME TAXES

The effective tax rate on earnings differs significantly from the Canadian statutory rate due to the effect of permanent differences, income taxed at differing rates in foreign and other provincial jurisdictions, tax recoveries and charges relating to favourable or unfavourable tax examinations, and changes in the Company's valuation allowance on deferred tax assets. The income tax expense (recovery) for the quarter is calculated by applying the estimated average annual effective tax rate of 10% for the 2005 year to quarterly pre-tax income. In addition to the estimated 10% effective tax rate, in the current quarter, the Company recorded within the tax provision, a tax recovery of $0.2 million related to refunds resulting from a favourable conclusion on a tax examination that was not previously recorded.

As at March 31, 2005, the Company has recognized net deferred income tax assets of $6.3 million, comprised of tax credit carryforwards, net operating loss and capital loss carryforwards and other deductible temporary differences, which can be utilized to reduce either taxable income or taxes otherwise payable in future years. As of March 31, 2005, the Company had a gross deferred income tax asset of $51.4 million, against which the Company is carrying a $45.1 million valuation allowance.

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)
(UNAUDITED)

13. CAPITAL STOCK

(a) STOCK BASED COMPENSATION

In the first quarter of 2005, an aggregate of 13,335 (2004 - 13,335) options with an average exercise price of $10.56 (2004 - $7.11) to purchase the Company's common stock were issued to certain advisors and strategic partners of the Company. The Company has calculated the fair value of these options to non-employees on the date of grant to be $0.08 million (2004 - $0.05 million), using a Binomial option-pricing model with the following underlying assumptions:

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Average risk-free interest rate	3.89%	2.92%
Expected option life	5 years	5 years
Average expected volatility	62%	62%
Dividend yield	0%	0%

The Company has recorded a charge of $0.08 million (2004 - $0.05 million) to film cost of sales related to the non-employee stock options.

There were no warrants issued in the first quarter of 2005 (2004 - nil). 550,000 warrants were issued in 2003. In the first quarter of 2005, 80,872 common shares were issued upon exercise of 200,000 warrants. All remaining warrants have either expired or have been cancelled.

(b) EARNINGS (LOSS) PER SHARE

Reconciliations of the numerators and denominators of the basic and diluted per-share computations, are comprised of the following:

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Net earnings applicable to common shareholders:		
Net earnings (loss)	$ 1,196	$ (896)
Weighted average number of common shares (000's):		
Issued and outstanding, beginning of period	39,447	39,302
Weighted average number of shares issued during the period	110	2
Weighted average number of shares used in computing basic earnings (loss) per share	39,557	39,304
Assumed exercise of stock options, net of shares assumed repurchased	2,363	--
Weighted average number of shares used in computing diluted earnings (loss) per share	41,920	39,304

The calculation of diluted earnings (loss) per share for the first quarter of 2004 excludes options to purchase common shares of stock which were outstanding, as the impact of these exercises would be anti-dilutive.

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

14. SEGMENTED INFORMATION

The Company has four reportable segments: IMAX systems, films, theater operations 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, 2004. Inter-segment transactions are not significant.

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004
REVENUE		
IMAX systems	$ 22,113	$ 16,021
Films	4,947	4,489
Theater operations	3,816	3,742
Other	492	629
TOTAL	$ 31,368	$ 24,881
EARNINGS (LOSS) FROM OPERATIONS		
IMAX systems	$ 12,559	$ 9,722
Films	(871)	(1,103)
Theater operations	(246)	404
Corporate and other	(6,562)	(5,393)
TOTAL	$ 4,880	$ 3,630

15. DISCONTINUED OPERATIONS

(a) MIAMI THEATER LLC

On December 23, 2003, the Company closed its owned and operated Miami IMAX theater. The Company completed its abandonment of assets and removal of its projection system from the theater in the first quarter of 2004, with no financial impact. The Company is involved in an arbitration proceeding with the landlord of the theater with respect to the amount owing to the landlord by the Company for lease and guarantee obligations. The amount of loss to the Company has been estimated at between $0.8 million and $2.3 million. The Company paid out $0.8 million with respect to amounts owing to the landlord during 2003 and 2004. As the Company is uncertain as to the outcome of the proceeding, no additional amount has been recorded.

(b) DIGITAL PROJECTION INTERNATIONAL

Effective December 11, 2001, the Company completed the sale of its wholly-owned subsidiary, Digital Projection International, including its subsidiaries (collectively "DPI"), to a company owned by members of DPI management. As part of the transaction, the Company restructured its advances to DPI, releasing DPI from obligations to repay any amounts in excess of $12.7 million previously advanced by the Company, and reorganized the remaining $12.7 million of debt owing to the Company into two separate loan agreements. The loans receivable are collateralized by fixed and floating charges over all DPI assets including intellectual properties. One of the loans is convertible, upon the occurrence of certain events, into shares representing 49% of the total share capital of DPI. During the first quarter of 2005, the Company recognized $0.2 million (2004 - $0.2 million) in income from discontinued operations for cash received. As of March 31,2005 the remaining balance of the loans and interest receivable is $13.6 million, which has been fully allowed for.

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

15. DISCONTINUED OPERATIONS (cont'd)

(c) CONSOLIDATED STATEMENT OF OPERATIONS FOR DPI

The net earnings from discontinued operations summarized in the Consolidated Statements of Operations, for the periods ended March 31, was comprised of the following:

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Net earnings from discontinued operations	$ 240	$ 200

16. DEFINED BENEFIT PLAN

The Company has a U.S. defined benefit pension plan covering its two Co-Chief Executive Officers. As the plan is unfunded, the Company has not paid any contributions in the period ended March 31, 2005 and does not expect to pay any contributions in the remainder of the year. The Company intends to use the proceeds of life insurance policies taken on its Co-Chief Executive Officers to satisfy, in whole or in part, benefits due and payable under the plan, although there can be no assurance that the Company will ultimately do so. The following table provides disclosure of pension expense for the defined benefit plan for the periods ended March 31:

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Service cost	$ 604	$ 516
Interest cost	390	317
Amortization of prior service cost	349	349
Pension expense	$ 1,343	$ 1,182

17. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2004, FASB issued a revision to Financial Accounting Standards No. 123 ("FAS 123R"). FAS 123R is focused primarily on the accounting for transactions in which a company obtains employee services in exchange for stock options or share-based payments. Currently, the Company grants stock options to their employees and discloses the pro forma effect of compensation expense for these stock options. Under FAS 123R, the Company will be required to record this compensation expense in the Company's results of operations. FAS 123R is effective for the beginning of the first annual reporting period that begins after June 15, 2005. The Company has evaluated the effect the adoption of FAS 123R and expects to adopt the pronouncement beginning on January 1, 2006. The Company estimates that based on the currently issued options, and not including any further grants which may occur in 2005, the compensation expense for the year ended December 31, 2006 will approximate $0.6 million before taxes.

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)
(UNAUDITED)

18. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION

The Company's Senior Notes are fully and unconditionally guaranteed, jointly and severally by specific wholly-owned subsidiaries of the Company (the "Guarantor Subsidiaries"). The main Guarantor Subsidiaries are David Keighley Productions 70 MM Inc., Sonics Associates Inc., and the subsidiaries that own and operate certain theaters. These guarantees are full and unconditional. The information under the column headed "Non-Guarantor Subsidiaries" relates to the following subsidiaries of the Company: IMAX Japan Inc. and IMAX B.V. (the "Non-Guarantor Subsidiaries") which have not provided any guarantees of the Senior Notes.

Investments in subsidiaries are accounted for by the equity method for purposes of the supplemental consolidating financial data. Some subsidiaries may be unable to pay dividends due to negative working capital.

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)
(UNAUDITED)

18. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION (cont'd)

Supplemental Consolidating Balance Sheets as at March 31, 2005:

	IMAX CORPORATION	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED TOTAL
ASSETS					
Cash and cash equivalents	$ 10,845	$ 3,592	$ 342	$ --	$ 14,779
Short-term investments	15,018	--	--	--	15,018
Accounts receivable	19,190	2,923	387	--	22,500
Financing receivables	57,776	1,677	--	--	59,453
Inventories	29,093	231	106	--	29,430
Prepaid expenses	2,231	677	96	--	3,004
Intercompany receivables	12,843	29,903	11,802	(54,548)	--
Film assets	1,552	--	--	--	1,552
Fixed assets	26,665	1,560	1	--	28,226
Other assets	12,909	--	--	--	12,909
Deferred income taxes	6,240	71	--	--	6,311
Goodwill	39,027	--	--	--	39,027
Other intangible assets	3,070	--	--	--	3,070
Investments in subsidiaries	31,890	--	--	(31,890)	--
Total assets	$ 268,349	$ 40,634	$ 12,734	$ (86,438)	$ 235,279
LIABILITIES					
Accounts payable	3,557	3,466	--	--	7,023
Accrued liabilities	51,945	1,841	143	--	53,929
Intercompany payables	44,681	30,953	7,508	(83,142)	--
Deferred revenue	48,919	5,180	63	--	54,162
Senior Notes due 2010	160,000	--	--	--	160,000
Total liabilities	309,102	41,440	7,714	(83,142)	275,114
SHAREHOLDER'S DEFICIT					
Common stock	118,887	--	117	(117)	118,887
Other equity/Additional paid in capital/Contributed surplus	932	46,960	--	(45,926)	1,966
Deficit	(160,247)	(47,152)	4,903	42,747	(159,749)
Accumulated other comprehensive income (loss)	(325)	(614)	--	--	(939)
Total shareholders' equity (deficit)	$ (40,753)	$ (806)	$ 5,020	$ (3,296)	$ (39,835)
Total liabilities & shareholders' equity (deficit)	$ 268,349	$ 40,634	$ 12,734	$ (86,438)	$ 235,279

In certain Guarantor Subsidiaries, accumulated losses have exceeded the original investment balance. As a result of applying equity accounting, the parent company has consequently reduced intercompany receivable balances with respect to these Guarantor Subsidiaries in the amounts of $28.7 million as at March 31, 2005.

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)
(UNAUDITED)

18. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION (cont'd)

Supplemental Consolidating Balance Sheets as at December 31, 2004:

	IMAX CORPORATION	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED TOTAL
ASSETS					
Cash and cash equivalents	$ 23,683	$ 5,058	$ 223	$ --	$ 28,964
Accounts receivable	16,492	3,029	378	--	19,899
Financing receivables	57,769	1,723	--	--	59,492
Inventories	28,661	233	107	--	29,001
Prepaid expenses	1,712	464	103	--	2,279
Inter-company receivables	13,407	31,146	12,100	(56,653)	--
Film assets	871	--	--	--	871
Fixed assets	27,184	1,527	1	--	28,712
Other assets	13,377	--	--	--	13,377
Deferred income taxes	6,104	67	--	--	6,171
Goodwill	39,027	--	--	--	39,027
Other intangible assets	3,060	--	--	--	3,060
Investments in subsidiaries	31,693	--	--	(31,693)	--
Total assets	$ 263,040	$ 43,247	$ 12,912	$ (88,346)	$ 230,853
LIABILITIES					
Accounts payable	3,238	2,583	6	--	5,827
Accrued liabilities	54,674	2,086	137	--	56,897
Inter-company payables	43,000	34,440	7,597	(85,037)	--
Deferred revenue	45,422	4,918	165	--	50,505
Senior Notes due 2010	160,000	--	--	--	160,000
Total liabilities	306,334	44,027	7,905	(85,037)	273,229
SHAREHOLDER'S DEFICIT					
Capital stock	116,281	--	117	(117)	116,281
Other equity/Additional paid in capital/Contributed surplus	2,193	46,960	--	(45,926)	3,227
Deficit	(161,443)	(47,126)	4,890	42,734	(160,945)
Accumulated other comprehensive income (loss)	(325)	(614)	--	--	(939)
Total shareholders' equity (deficit)	$ (43,294)	$ (780)	$ 5,007	$ (3,309)	$ (42,376)
Total liabilities & shareholders' equity (deficit)	$ 263,040	$ 43,247	$ 12,912	$ (88,346)	$ 230,853

In certain Guarantor Subsidiaries accumulated losses have exceeded the original investment balance. As a result of applying equity accounting, the parent company has consequently reduced inter-company receivable balances with respect to these Guarantor Subsidiaries in the amounts of $28.5 million.

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)
(UNAUDITED)

18. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION (cont'd)

Supplemental Consolidating Statements of Operations for the three months ended March 31, 2005:

	IMAX CORPORATION	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED TOTAL
REVENUE					
IMAX systems	$ 21,688	$ 305	$ 228	$ (108)	$ 22,113
Films	3,651	1,790	9	(503)	4,947
Theater operations	226	3,617	--	(27)	3,816
Other	468	--	24	--	492
	26,033	5,712	261	(638)	31,368
COST OF GOODS AND SERVICES	10,249	5,522	90	(638)	15,223
GROSS MARGIN	15,784	190	171	--	16,145
Selling, general and administrative expenses	9,871	214	158	--	10,243
Research and development	653	--	--	--	653
Amortization of intangibles	157	--	--	--	157
Loss (income) from equity-accounted investees	13	--	--	(13)	--
Receivable provisions (recoveries), net	212	--	--	--	212
EARNINGS (LOSS) FROM OPERATIONS	4,878	(24)	13	13	4,880
Interest income	214	--	--	--	214
Interest expense	(4,195)	(2)	--	--	(4,197)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	897	(26)	13	13	897
Recovery of income taxes	59	--	--	--	59
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	956	(26)	13	13	956
Net earnings from discontinued operations	240	--	--	--	240
NET EARNINGS (LOSS)	$ 1,196	$ (26)	$ 13	$ 13	$ 1,196

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

18. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION (cont'd)

Supplemental Consolidating Statements of Operations for the three months ended March 31, 2004:

	IMAX CORPORATION	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED TOTAL
REVENUE					
IMAX systems	$ 15,537	$ 270	$ 322	$ (108)	$ 16,021
Films	3,673	1,477	4	(665)	4,489
Theater operations	137	3,622	--	(17)	3,742
Other	628	--	1	--	629
	19,975	5,369	327	(790)	24,881
COST OF GOODS AND SERVICES	7,817	5,369	123	(790)	12,519
GROSS MARGIN	12,158	--	204	--	12,362
Selling, general and administrative expenses	8,118	138	79	--	8,335
Research and development	1,144	--	--	--	1,144
Amortization of intangibles	151	--	--	--	151
Loss (income) from equity-accounted investees	(53)	--	--	53	--
Receivable provisions (recoveries), net	(822)	(76)	--	--	(898)
EARNINGS (LOSS) FROM OPERATIONS	3,620	(62)	125	(53)	3,630
Interest income	126	--	--	--	126
Interest expense	(4,059)	(9)	--	--	(4,068)
Loss on retirement of notes	(784)	--	--	--	(784)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(1,097)	(71)	125	(53)	(1,096)
Recovery of (provision for) income taxes	--	--	--	--	--
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(1,097)	(71)	125	(53)	(1,096)
Net earnings from discontinued operations	200	--	--	--	200
NET EARNINGS (LOSS)	$ (897)	$ (71)	$ 125	$ (53)	$ (896)

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

18. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION (cont'd)

Supplemental Consolidating Statements of Cash Flows for the three months ended March 31, 2005:

	IMAX CORPORATION	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED TOTAL
CASH PROVIDED BY (USED IN):					
OPERATING ACTIVITIES					
Net earnings (loss)	$ 1,196	$ (26)	$ 13	$ 13	$ 1,196
Net (earnings) from discontinued operations	(240)	--	--	--	(240)
Items not involving cash:					
Depreciation and amortization	3,453	131	--	--	3,584
Write-downs	212	--	--	--	212
Loss (income) from equity-accounted investees	13	--	--	(13)	--
Change in deferred income taxes	(136)	(4)	--	--	(140)
Stock and other non-cash compensation	1,231	--	--	--	1,231
Unrealized foreign exchange loss	201	--	--	--	201
Investment in film assets	(2,151)	--	--	--	(2,151)
Changes in other non-cash operating assets and liabilities	(2,507)	(1,364)	99	--	(3,772)
Net cash provided by (used in) operating activities	1,272	(1,263)	112	-	121
INVESTING ACTIVITIES					
Increase in short-term investments	(15,018)	--	--	--	(15,018)
Purchase of fixed assets	(107)	(164)	--	--	(271)
Increase in other assets	(187)	--	--	--	(187)
Increase in other intangible assets	(167)	--	--	--	(167)
Net cash used in investing activities	(15,479)	(164)	--	--	(15,643)
FINANCING ACTIVITIES					
Financing costs related to Senior Notes due 2010	(1)	--	--	--	(1)
Common shares issued	1,267	--	--	--	1,267
Net cash provided by financing activities	1,266	--	--	--	1,266
Effects of exchange rate changes on cash	103	(39)	7	--	71
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	(12,838)	(1,466)	119	--	(14,185)
Increase in cash and cash equivalents from discontinued operations	--	--	--	--	--
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, DURING THE PERIOD	(12,838)	(1,466)	119	--	(14,185)
Cash and cash equivalents, beginning of period	23,683	5,058	223	--	28,964
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 10,845	$ 3,592	$ 342	$ --	$ 14,779

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)
(UNAUDITED)

18. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION (cont'd)

Supplemental Consolidating Statements of Cash Flows for the three months ended March 31, 2004:

	IMAX CORPORATION	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED TOTAL
CASH PROVIDED BY (USED IN):					
OPERATING ACTIVITIES					
Net earnings (loss)	$ (897)	$ (71)	$ 125	$ (53)	$ (896)
Net (earnings) from discontinued operations	(200)	--	--	--	(200)
Items not involving cash:					
Depreciation and amortization	2,338	145	--	--	2,483
Write-downs (recoveries)	(822)	(76)	--	--	(898)
Loss from equity-accounted investees	(53)	--	--	53	--
Change in deferred income taxes	(167)	--	--	--	(167)
Loss on retirement of notes	784	--	--	--	784
Stock and other non-cash compensation	561	--	--	--	561
Unrealized foreign exchange loss	165	--	--	--	165
Premium on repayment of notes	(576)	--	--	--	(576)
Investment in film assets	(69)	(2)	--	--	(71)
Changes in restricted cash	3,732	--	--	--	3,732
Changes in other non-cash operating assets and liabilities	1,625	(609)	(208)	--	808
Net cash provided by (used in) operating activities	6,421	(613)	(83)	--	5,725
INVESTING ACTIVITIES					
Disposal (purchase) of fixed assets	(155)	(9)	--	--	(164)
Decrease (increase) in other assets	(318)	--	--	--	(318)
Decrease (increase) in other intangible assets	(40)	--	--	--	(40)
Net cash used in investing activities	(513)	(9)	--	--	(522)
FINANCING ACTIVITIES					
Repayment of Old Senior Notes due 2005	(29,234)	--	--	--	(29,234)
Financing costs related to Senior Notes due 2010	(347)	--	--	--	(347)
Common shares issued	11	--	--	--	11
Net cash provided by financing activities from discontinued operations	200	--	--	--	200
Net cash used in financing activities	(29,370)	--	--	--	(29,370)
Effects of exchange rate changes on cash	(39)	7	5	--	(27)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	(23,701)	(615)	(78)	--	(24,394)
Increase (decrease) in cash and cash equivalents from discontinued operations	200	--	--	--	200
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, DURING THE PERIOD	(23,501)	(615)	(78)	--	(24,194)
Cash and cash equivalents, beginning of period	41,311	5,696	275	--	47,282
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 17,810	$ 5,081	$ 197	$ --	$ 23,088

19. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) IN THE UNITED STATES AND CANADA

The accounting principles followed by the Company conform with U.S. GAAP. Significant differences affecting the Company between U.S. GAAP and Canadian Generally Accepted Accounting Principles ("Canadian GAAP") are described below.

(a) FIXED ASSET IMPAIRMENTS

Fixed asset impairments under U.S. GAAP are calculated based on a discounted future cash flow basis. Under Canadian GAAP, prior to January 1, 2002, impairments were calculated based on an undiscounted future cash flow basis. Any differences resulted in higher depreciation for the remaining useful life of the assets.

(b) STOCK-BASED COMPENSATION

Under U.S. GAAP, the Company accounts for stock-based compensation under the intrinsic value method set out in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and its related interpretations, and has made pro forma disclosures of net earnings (loss) and earnings (loss) per share as if the methodology prescribed by FAS 123, had been adopted. Under Canadian GAAP, the Company adopted the fair value provisions of CICA Section 3870, "Stock-based Compensation and Other Stock-based Payments" effective January 1, 2003. As of this date, stock options granted to employees or directors are recorded as an expense in the consolidated statement of operations and credited to other equity.

(c) PENSION ASSET AND LIABILITIES

Under U.S. GAAP, included in accrued liabilities, is a minimum pension liability of $6.3 million as at March 31, 2005 and $6.6 million as at December 31, 2004, representing unrecognized prior service costs. There is an equal amount recorded in other assets. Under Canadian GAAP, a minimum pension liability and corresponding asset are not recorded. In addition, unrecognized actuarial gains or losses are not recorded under Canadian GAAP, whereas under U.S. GAAP, the Company has recorded an unrecognized actuarial loss against accumulated other comprehensive income for $1.6 million as at March 31, 2005 and as at December 31, 2004.

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)
(UNAUDITED)

19. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) IN THE UNITED STATES AND CANADA (cont'd)

RECONCILIATION TO CANADIAN GAAP

CONSOLIDATED STATEMENTS OF OPERATIONS

The following is a reconciliation of net earnings (loss) reflecting the differences between U.S. and Canadian GAAP:

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004
Net earnings (loss) in accordance with U.S. GAAP	$ 1,196	$ (896)
Depreciation of Fixed Assets(a)	--	(41)
Stock-based compensation(b)	(529)	(137)
Net earnings (loss) in accordance with Canadian GAAP	$ 667	$ (1,074)
Earnings (loss) per share (note 13):		
Earnings (loss) per share - basic and diluted:		
Net earnings (loss) from continuing operations	$ 0.02	$ (0.03)
Net earnings from discontinued operations	$ --	$ --
Net earnings (loss)	$ 0.02	$ (0.03)

CONSOLIDATED SHAREHOLDERS' EQUITY (DEFICIT)

The following is a reconciliation of shareholders' equity (deficit) reflecting the difference between Canadian and U.S. GAAP:

	MARCH 31, 2005	DECEMBER 31, 2004
Shareholders' equity (deficit) in accordance with U.S. GAAP	$ (39,835)	$ (42,376)
Unrecognized actuarial loss(c)	(1,584)	(1,584)
Shareholders' equity (deficit) in accordance with Canadian GAAP	$ (38,251)	$ (40,792)

20. FINANCIAL STATEMENT PRESENTATION

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

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

OVERVIEW

The Company's principal business is the design, manufacture, sale and lease of projector systems for giant screen theaters for customers including commercial theaters, museums and science centers, and destination entertainment sites. In addition, the Company designs and manufactures high-end sound systems and produces and distributes large format films. There are 250 IMAX theaters operating in 36 countries worldwide as of March 31, 2005. IMAX Corporation is a publicly traded company listed on both the TSX and NASDAQ.

ACCOUNTING POLICIES AND ESTIMATES

The Company reports its results under United States Generally Accepted Accounting Principles ("U.S. GAAP"). Significant differences between United States and Canadian Generally Accepted Accounting Principles are described in note 19 of the Consolidated financial statements.

The preparation of these financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, management evaluates its estimates, including those related to accounts receivable, net investment in leases, inventories, fixed and film assets, investments, intangible assets, income taxes, contingencies and litigation. Management bases its estimates on historical experience, future expectations and other assumptions that are believed to be reasonable at the date of the financial statements. Actual results may differ from these estimates due to uncertainty involved in measuring, at a specific point in time, events which are continuous in nature. The Company's significant accounting policies are discussed in note 2 of the Consolidated Financial Statements in the Company's most recent annual report on Form 10-K for the year ended December 31, 2004 and are summarized below.

SIGNIFICANT ACCOUNTING POLICIES

The Company considers the following critical accounting policies to have the most significant effect on its estimates, assumptions and judgements:

REVENUE RECOGNITION

SALES-TYPE LEASES OF THEATER SYSTEMS

Theater system leases that transfer substantially all of the benefits and risks of ownership to customers are classified as sales-type leases as a result of meeting the criteria established by FASB Statement of Financial Accounting Standards No. 13, "Accounting for Leases" ("FAS 13"). When revenue is recognized, the initial rental fees due under the contract, along with the present value of minimum ongoing rental payments, are recorded as revenues for the period, and the related theater system costs including installation expenses are recorded as cost of goods and services. Additional ongoing rentals in excess of minimums are recognized in future periods as revenue when reported by the theater operator, provided that collection is reasonably assured. Maintenance revenues are recognized when the services are rendered.

The Company recognizes revenues from sales and sales-type leases generally upon installation of the theater system. Revenue associated with a sale or sales-type lease is recognized when all of the following criteria are met: persuasive evidence of an agreement exists; the price is fixed or determinable; and collection is reasonably assured.

The timing of installation of the theater system is largely dependent on the timing of the construction of the customer's theater. Therefore, while revenue for theater systems is generally predictable on a long-term basis, it can vary from quarter to quarter or year to year depending on the timing of installation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

SALES-TYPE LEASES OF THEATER SYSTEMS (cont'd)

The critical estimates that the Company considers with respect to the Company's lease accounting are the determination of economic useful life and the fair value of the projection equipment, including its residual value. These estimates are based upon historical experience with all our projection systems. Residual values are established at lease inception using estimates of fair value at the end of the lease term with consideration for forecasted supply and demand for various systems, future product launch plans, end of lease customer behavior, refurbishment strategies and changes in technology.

The Company monitors the performance of the theaters to which it has leased equipment. When facts and circumstances indicate that it may need to change the terms of a lease, which had previously been recorded as a sales-type lease, the Company evaluates the likely outcome of such negotiations using the criteria under FAS 13. A provision is recorded against the net investment in leases if the Company believes that it is probable that the negotiation will result in a reduction in the minimum lease payments such that the lease will be reclassified as an operating lease. The provision is equal to the excess of the carrying value of the net investment in lease over the fair value of the equipment. Any adjustments which result from a change in classification from a sales-type lease to an operating lease are reported as a charge to income during the period the change occurs.

In the normal course of its business, the Company will from time to time determine that a provision it had previously taken against the net investment in leases in connection with a customer's lease agreement should be reversed due to a change in the circumstances that led to the original provision.

The Company generally enters into multi-year system lease agreements with customers that typically contain customer payment obligations prior to the scheduled installation of the system. During the period of time between lease signing and system installation, certain customers each year generally are unable, or elect not, to proceed with system installation for a number of reasons including business considerations, or the inability to obtain certain consents, approvals or financing. Once the determination is made that the customer will not proceed with installation, the customer and the Company may enter into a consensual lease buyout, whereby the parties are released from all their future obligations under the lease, the initial lease payments that the customer previously made to the Company are recognized as revenue and the geographic territory granted to the customer reverts to the Company. In addition, since the introduction of its new IMAX MPX theater system in 2003, the Company has agreed with several customers to terminate their existing lease agreements which were in the Company's backlog and sign new MPX system agreements.

OPERATING LEASES OF THEATER SYSTEMS

Leases that do not transfer substantially all of the benefits and risks of ownership to the customer are classified as operating leases. For these leases, initial rental fees and minimum lease payments are recognized as revenue on a straight-line basis over the lease term. Additional rentals in excess of minimum annual amounts are recognized as revenue when reported by theater operators, provided that collection is reasonably assured.

MULTIPLE ELEMENT ARRANGEMENTS

On occasion, the Company will include film licenses or other specified elements as part of system sales or lease agreements. When separate prices are listed in a multiple element arrangement, these prices may not be indicative of the fair values of those elements because the prices of the different components of the arrangements may be modified through negotiation although the aggregate consideration may not. Revenues under these arrangements are allocated based upon the estimated relative fair values of each element.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

MULTIPLE ELEMENT ARRANGEMENTS (cont'd)

In the normal course of its business, the Company will have customers who, for a number of reasons are unable to proceed with theater construction or wish to modify the terms of an existing arrangement. There is typically deferred revenue involved with these arrangements representing initial cash payments in advance of the default, settlement or modification of the arrangement. Where there are multiple elements involved in these arrangements, pursuant to the policies discussed above, the total consideration to be received in these situations is allocated to each individual element of the settlement or modification arrangement based on the relative fair values of each element. Upon allocation of value to each element, each element is accounted for based on applicable revenue recognition criteria.

SHORT-TERM INVESTMENTS

The Company has short-term investments, which generally have maturities of more than three months and less than one year from the date of purchase. The short-term investments are classified as held to maturity based on the Company's positive intent and ability to hold the securities to maturity. The Company invests primarily in Canadian and U.S. government securities and commercial paper rated "A1+" by Standard & Poor's and these investments are stated at amortized cost, which approximates fair market value. Income related to these securities is reported as a component of interest income. At March 31, 2005, the Company had $11.0 million in U.S. government securities and $4.0 million invested in commercial paper.

ACCOUNTS RECEIVABLE AND FINANCING RECEIVABLES

The allowance for doubtful accounts receivable and provision against the financing receivables are based on the Company's assessment of the collectibility of specific customer balances and the underlying asset value of the equipment under lease where applicable. If there is a deterioration in a customer's credit worthiness or actual defaults under the terms of the leases are higher than the Company's historical experience, the Company's estimates of recoverability for these assets could be adversely affected.

The evaluation of collectibility of customer accounts is typically done on an individual account basis. If, based on an evaluation of accounts, the Company concludes that it is probable that the customer will not be able to pay all amounts due, the Company estimates the expected loss. In developing the estimates for an allowance, the Company considers general and industry economic and market conditions as well as other credit information available for the customer. The Company only records recoveries of provisions when objective verifiable evidence supports the change in the original provision.

INVENTORIES

In establishing the appropriate provisions for theater systems inventory, management must make estimates of future events and conditions including the anticipated installation dates for the current backlog of theater system contracts, potential future signings, general economic conditions, technology factors, growth prospects within the customers' ultimate marketplace and the market acceptance of the Company's current and pending projection systems and film library. If management estimates of these events and conditions prove to be incorrect, it could result in inventory losses in excess of the provisions determined to be adequate as at the balance sheet date.

FILM ASSETS

Estimates of ultimate revenues are prepared on a title by title basis and reviewed regularly by management and revised where necessary to reflect the most current information. Ultimate revenue for films includes estimates of revenues over a period not to exceed 10 years following the date of initial release.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOODWILL

The Company performs an impairment test on at least an annual basis and additionally, whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. Impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using a discounted cash flows approach. If the carrying amount of the reporting unit exceeds its fair value, then a second step is performed to measure the amount of impairment loss, if any. Any impairment loss would be expensed in the statement of operations.

FIXED ASSETS

Management reviews the carrying values of its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. In performing its review for recoverability, management estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of impairment losses is based on the excess of the carrying amount of the asset over the fair value calculated using discounted expected future cash flows. If the actual future cash flows are less than the Company's estimates, future earnings could be adversely affected.

TAX ASSET VALUATION

As at March 31, 2005, the Company had net deferred income tax assets of $6.3 million, comprised of tax credit carryforwards, net operating loss and capital loss carryforwards and other deductible temporary differences, which can be utilized to reduce either taxable income or taxes otherwise payable in future years. The Company's management assesses realization of these net deferred income tax assets based on all available evidence and has concluded that it is more likely than not that these net deferred income tax assets will be realized. Positive evidence includes, but is not limited to, the Company's historical earnings, projected future earnings, contracted sales backlog at December 31, 2004, and the ability to realize certain deferred income tax assets through loss and tax credit carryback strategies. If and when the Company's operations in some jurisdictions were to reach a requisite level of profitability or where the Company's future profitability estimates increase due to changes in positive evidence, the Company would reduce all or a portion of the applicable valuation allowance in the period when such determination is made. This would result in an increase to reported earnings and a decrease to the Company's effective tax rate in such period. However, if the Company's projected future earnings do not materialize, or if the Company operates at a loss in certain jurisdictions, or if there is a material change in actual effective tax rates or time period within which the Company's underlying temporary differences become taxable or deductible, the Company could be required to increase the valuation allowance against all or a significant portion of the Company's deferred tax assets resulting in a substantial increase to the Company's effective tax rate for the period of the change and a material adverse impact on its operating results for the period.

The Company is subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, the Company may incur additional tax expense based upon the outcomes of such matters. In addition, when applicable, the Company adjusts tax expense to reflect both favorable and unfavorable examination results. The Company's ongoing assessments of the probable outcomes of examinations and related tax positions require judgement and can materially increase or decrease its effective rate as well as impact operating results.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2004, FASB issued a revision to Financial Accounting Standards No. 123 ("FAS 123R"). FAS 123R is focused primarily on the accounting for transactions in which a company obtains employee services in exchange for stock options or share-based payments. Currently, the Company grants stock options to their employees and discloses the pro forma effect of compensation expense for these stock options. Under FAS 123R, the Company will be required to record this compensation expense in the Company's results of operations. FAS 123R is effective for the beginning of the first annual reporting period that begins after June 15, 2005. The Company has evaluated the effect the adoption of FAS 123R and expects to adopt the pronouncement beginning on January 1, 2006. The Company estimates that based on the currently issued options, and not including any further grants which may occur in 2005, the compensation expense for the year ended December 31, 2006 will approximate $0.6 million before taxes.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2005 VERSUS THREE MONTHS ENDED MARCH 31, 2004

The Company reported net earnings from continuing operations of $0.9 million or $0.02 per share on a diluted basis for the first quarter of 2005, compared to net loss from continuing operations of $1.1 million or $0.03 per share on a diluted basis for the first quarter of 2004.

REVENUE

The Company's revenues for the first quarter of 2005 increased 26.2% to $31.4 million from $24.9 million in the same period last year.

Systems revenue increased to $22.1 million in the first quarter of 2005 from $16.0 million in the first quarter of 2004, an increase of 38.0%. Revenue from sales and leases increased to $16.5 million in the first quarter of 2005 from $10.4 million in 2003, an increase of 58.9%. This increase was due to a greater number of system recognitions, and higher revenue from consensual lease buyouts in the period, partially offset by lower average revenue per system. The Company recognized revenue on six theater systems in the first quarter of 2005, one of which was an operating lease, versus two theater systems in the first quarter of 2004. Average sales and sales-type lease revenue per-system decreased in the first quarter of 2005 versus the first quarter of 2004 by 33.0% primarily due to the introduction of the Company's IMAX MPX projection system, and a difference in the mix of projector systems recognized in each period as outlined in the table below:

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
IMAX 3D	1	1
IMAX 3D SR	3	1
IMAX MPX	2	-
	6	2

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

RESULTS OF OPERATIONS (cont'd)

THREE MONTHS ENDED MARCH 31, 2005 VERSUS THREE MONTHS ENDED MARCH 31, 2004 (cont'd)

REVENUE (cont'd)

The Company generally enters into multi-year system lease agreements with customers that typically contain customer payment obligations prior to the scheduled installation of the system. During the period of time between lease signing and system installation, certain customers each year generally are unable, or elect not, to proceed with system installation for a number of reasons, including business considerations, or the inability to obtain certain consents, approvals or financing. Once the determination is made that the customer will not proceed with installation, the customer and the Company may enter into a consensual lease buyout, whereby the parties are released from their future obligations under the lease, the initial lease payments that the customer previously made to the Company are recognized as revenue and the geographic territory granted to the customer reverts to the Company. In addition, since the introduction of its new IMAX MPX theater system in 2003, the Company has agreed with several customers to terminate their existing lease agreements which were in the Company's backlog and sign new MPX system agreements. Amounts relating to settlement revenue for the first quarter in 2005 total $7.1 million compared to $4.5 million for the same period in 2004. The settlement amounts are detailed as follows: $0.2 million in the first quarter of 2005 related to MPX conversion agreements compared to $1.6 million for the same period in 2004 and $6.9 million in the first quarter of 2005 related to consensual lease buyouts compared to $2.9 million for the same period in 2004. No revenue was recognized in respect of terminations of agreements after customer default in either the first quarter of 2005 or 2004. The Company anticipates that while MPX backlog upgrades may continue as MPX systems continue to prove popular with commercial customers, overall revenue from consensual lease buyouts and terminations of agreements by customer default will likely decrease throughout 2005 in comparison to 2004.

Ongoing rental revenue in the first quarter of 2005 increased 1.5% from the same period in 2004 and maintenance revenue was the same in the both the first quarters of 2005 and 2004. The Company expects to see an increase compared to 2004 in both ongoing rent and maintenance revenue as the Company's theater network continues to grow in 2005.

Film revenues increased to $4.9 million in the first quarter of 2005 from $4.5 million in the first quarter of 2004. IMAX DMR revenues, which are revenues to the Company generated from the gross box office performance of IMAX DMR films, increased to $1.5 million in 2005 from less than $0.1 million in 2004. The increase in DMR revenue was due to the continued successful performance of The Polar Express: The IMAX 3D Experience and due to the March 2005 release of Robots: The IMAX Experience. The increase in DMR revenues was partially offset by a decrease in film distribution revenues, which are revenues related to the release of films in the IMAX 15/70 library or new 15/70 productions to which the Company has distribution rights. Film distribution revenues decreased to $2.1 million in the first quarter 2005 from $3.2 million in the first quarter 2004, a decrease of 35.1%, primarily due to stronger performances in 2004 of NASCAR 3D: The IMAX Experience and SANTA VS. THE SNOWMAN 3D. Film production and post-production revenues increased to $1.4 million in the first quarter 2005 from $1.3 million in the first quarter 2004, an increase of 8.6% mainly due to an increase third party business at the Company's post-production unit.

The Company intends to release, in conjunction with studios, five films in 2005, including the already released Robots (March 2005), Batman Begins: The IMAX Experience (June 2005), Charlie and The Chocolate Factory: The IMAX Experience (July 2005), Magnificent Desolation 3D (September 2005) and Harry Potter and the Goblet of Fire: The IMAX Experience (November 2005); the Company additionally plans to re-release the hit film The Polar Express: The IMAX 3D Experience in December.

Theater operations revenue increased to $3.8 million in the first quarter of 2005 from $3.7 million in the first quarter of 2004, primarily due to an increase in the average ticket prices of 13.3% which were partially offset by an overall decrease in attendance of 3.6%.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

RESULTS OF OPERATIONS (cont'd)

THREE MONTHS ENDED MARCH 31, 2005 VERSUS THREE MONTHS ENDED MARCH 31, 2004 (cont'd)

REVENUE (cont'd)

Other revenue decreased to $0.5 million in the first quarter of 2005 from $0.6 million in the first quarter of 2004, a decrease of 21.8%. Other revenue primarily includes revenue generated from the Company's camera and rental business and after market sales of projection system parts.

Based on the Company's expectation of 2005 system installations and its estimate of films to be released throughout 2005, the Company believes it will continue to see higher revenues in 2005 in comparison to 2004.

GROSS MARGIN

Gross margin in the first quarter of 2005 was $16.1 million, or 51.5% of total revenue, compared to $12.4 million, or 49.7% of total revenue in the first quarter of 2004. The increase in gross margins for 2005 is primarily due to a combination of the recognition of six systems during the period, one of which was an operating lease, and the margin impact of higher consensual lease buyouts during the period. Average gross margin on sales and sales-type lease of projection systems decreased in the first quarter of 2005 versus the same period in 2004 by 42.3% primarily due to the difference in the mix of projector systems recognized. Included in gross margin are amounts for the first quarter of 2005 related to consensual lease buyouts ($6.9 million and, MPX backlog upgrades ($0.2 million) (an aggregate $7.1 million, compared to $4.5 million in 2004).

The Company's film gross margin increased in the first quarter of 2005 by 54.3%. During the first quarter of 2005, the Company and one of its studio partners released Robots: The IMAX Experience. The Company's DMR gross margin and its gross margin from the distribution of 15/70 library films and films to which the Company has distribution rights were consistent with the same period in 2004. The Company's film post-production unit gross margin increased mainly due to an increase in third party business.

The Company's owned and operated theater gross margin decreased in the first quarter of 2005 in comparison to the same period in 2004 as a result of higher rental fees paid to third parties and lower sponsorship revenues.

The Company anticipates higher gross margins throughout 2005 in comparison to 2004 due to a combination of higher system installations and its DMR film releases as commercial exhibitors continue to install new projection systems in their multiplexes.

OTHER

Selling, general and administrative expenses were $10.2 million in the first quarter of 2005 versus $8.3 million in the same period of 2004. Legal fees for the first quarter of 2005 increased by $0.4 million as the Company settled or pursued certain litigation matters. Compensation expense increased by $1.5 million in the first quarter of 2005 in comparison to the same period in 2004 due largely to a higher stock-based compensation charge in the current quarter along with a higher Canadian dollar denominated salary expense due to the strength of the Canadian dollar. In addition, the Company has slightly higher staffing levels in the current year quarter due to a higher level of theatre system signings and installations in the upcoming year. The Company recorded a foreign exchange loss of $0.3 million in each of the first quarters of 2005 and 2004. The Company records foreign exchange translation gains and losses primarily on a portion of its financing receivable balances which are denominated in Canadian dollars, Euros and Japanese Yen.

Amortization of intangibles remained consistent at $0.2 million in each of the first quarters of 2005 and 2004.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

RESULTS OF OPERATIONS (cont'd)

THREE MONTHS ENDED MARCH 31, 2005 VERSUS THREE MONTHS ENDED MARCH 31, 2004 (cont'd)

OTHER (cont'd)

Receivable provisions net of recoveries amounted to a net provision of $0.2 million in the first quarter of 2005 compared to a net recovery of $0.9 million in the first quarter of 2004. The Company recorded an accounts receivable provision of $0.3 million as compared to a recovery of $0.2 million in the first quarter of 2004. There was a net recovery of $0.1 million in the first quarter of 2005 on financing receivables as compared to a net recovery of $0.7 million in the first quarter of 2004 due to favorable outcomes on lease amendments.

Interest income increased to $0.2 million in the first quarter of 2005 from $0.1 million in the first quarter of 2004 primarily due to higher average cash balances and short-term investments, and overall higher yields.

Interest expense increased to $4.2 million in the first quarter of 2005 from $4.1 million in the first quarter of 2004. Included in interest expense is the amortization of deferred finance costs in the amount $0.3 million in the first quarter of 2005 and $0.2 million for the first quarter of 2004. The Company's policy is to defer and amortize all the costs relating to a debt financing over the life of the debt instrument.

INCOME TAXES

The Company's effective tax rate differs from the statutory tax rate and will vary from year to year primarily as a result of numerous permanent differences, the Canadian manufacturing and processing profits deduction, investments and other tax credits, the provision for income taxes at different rates in foreign and other provincial jurisdictions, enacted statutory tax rate increases or reductions in the year, changes in the Company's valuation allowance based on the Company's recoverability assessments of deferred tax assets, and favorable or unfavorable resolution of various tax examinations. The income tax expense (recovery) for the quarter is calculated by applying the estimated average annual effective tax rate of 10% for the 2005 year to quarterly pre-tax income. The first quarter of 2005 income tax recovery included a net $0.2 million refund related to the favorable resolution of a tax audit in the period which was not previously recorded. As of March 31, 2005, the Company had a gross deferred income tax asset of $51.4 million, against which the Company is carrying a $45.1 million valuation allowance.

RESEARCH AND DEVELOPMENT

Research and development expenses were $0.7 million in the first quarter of 2005 versus $1.1 million in the first quarter of 2004. The lower level of expenses in 2005 primarily reflects research and development activities pertaining to the Company's new IMAX MPX theater projection system which is now substantially completed. Through research and development, the Company continues to design and develop cinema-based equipment, software and other technologies to enhance its product offering, including the continued enhancement of a method of generating stereoscopic (3D) imaging data from a monoscopic (2D) source. The Company believes that the motion picture industry will be affected by the development of digital technologies, particularly in the areas of content creation (image capture), post-production (editing and special effects), digital re-mastering distribution and display. Consequently, the Company has made significant investments in digital technologies, including the development of a proprietary, patent-pending technology to digitally enhance image resolution and quality of 35mm motion picture films, and the conversion of monoscopic (2D) to stereoscopic (3D) images and holds a number of patents, patents pending and intellectual property rights in these areas. In addition, the Company holds numerous digital patents in the large-format field of use. However, there can be no assurance that the Company will be awarded patents covering its technology or that competitors will not develop similar technologies.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

RESULTS OF OPERATIONS (cont'd)

THREE MONTHS ENDED MARCH 31, 2005 VERSUS THREE MONTHS ENDED MARCH 31, 2004 (cont'd)

GAIN (LOSS) ON RETIREMENT OF NOTES

During the first quarter of 2004, the Company recorded a loss of $0.8 million related to costs associated with the redemption of $29.2 million of the Company's Old Senior Notes. This transaction had the effect of fully extinguishing the Old Senior Notes.

DISCONTINUED OPERATIONS

On December 23, 2003, the Company closed its owned and operated Miami IMAX theater. The Company abandoned or removed all of its assets from the theater in the first quarter of 2004. The Company is involved in a legal proceeding with the landlord of the theater with respect to the amount owing to the landlord by the Company for lease and guarantee obligations. The amount of loss to the Company has been estimated as between $0.8 million and $2.3 million. The Company paid out $0.8 million with respect to amounts owing to the landlord during 2003 and 2004. As the Company is uncertain as to the outcome of the proceeding, no additional amount has been recorded. The Company recorded $nil in net earnings from discontinued operations related to Miami IMAX theater in the first quarters of 2005 and 2004.

Effective December 11, 2001, the Company completed the sale of its wholly-owned subsidiary, Digital Projection International, including its subsidiaries (collectively "DPI"), to a company owned by members of DPI management. As part of the transaction, the Company restructured its advances to DPI, releasing DPI from obligations to repay any amounts in excess of $12.7 million previously advanced by the Company, and reorganized the remaining $12.7 million of debt owing to the Company into two separate loan agreements. The loans receivable are collateralized by fixed and floating charges over all DPI assets including intellectual properties. One of the loans is convertible, upon the occurrence of certain events, into shares representing 49% of the total share capital of DPI. During the first quarter of 2005, the Company recognized $0.2 million (2004 - $0.2 million) in income from discontinued operations for cash received. As of March 31,2005 the remaining balance of the loans and interest receivable is $13.6 million, which has been fully allowed for.

LIQUIDITY AND CAPITAL RESOURCES

CREDIT FACILITY

On February 6, 2004, the Company entered into a loan agreement for a secured revolving credit facility (the "Credit Facility") The Credit Facility is a three-year revolving credit facility with yearly renewal options thereafter, permitting maximum aggregate borrowings of $20.0 million, subject to a borrowing base calculation which includes the Company's financing receivables, and certain reserve requirements and further reduced by outstanding letters of credit. The Credit Facility bears interest at Prime + 0.25% per annum or Libor + 2.0% per annum and is collateralized by a first priority security interest in all of the current and future assets of the Company. The Credit Facility contains typical affirmative and negative covenants, including covenants that restrict the Company's ability to: incur certain additional indebtedness; make certain loans, investments or guarantees; pay dividends; make certain asset sales; incur certain liens or other encumbrances; conduct certain transactions with affiliates and enter into certain corporate transactions or dissolve. In addition, the Credit Facility contains customary events of default, including upon an acquisition or a change of control that has a material adverse effect on the Company's financial condition. The Credit Facility also requires the Company to maintain a minimum level of earnings before interest, taxes, depreciation and amortization, and cash collections. As at March 31, 2005, the Company has not drawn down on the Credit Facility, however, it has issued letters of credit for $6.2 million under the Credit Facility arrangement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

LIQUIDITY AND CAPITAL RESOURCES (cont'd)

CASH AND CASH EQUIVALENTS

As at March 31, 2005, the Company's principal sources of liquidity included cash and cash equivalents of $14.8 million, short-term investments of $15.0 million, the Credit Facility, trade accounts receivable of $22.5 million and anticipated collection from net investment in leases due in the next 12 months of $8.5 million. As at March 31, 2005, the Company had not drawn down any amounts under the Credit Facility.

The Company believes that cashflow from operations together with existing cash and borrowing available under the Credit Facility will be sufficient to meet operating needs for the foreseeable future. However, the Company's operating cashflow can be impacted if management's projections of future signings and installations are not realized. The Company forecasts its short-term liquidity requirements on a quarterly and annual basis. Since the Company's future cashflows are based on estimates and there may be factors that are outside of the Company's control, there is no guarantee the Company will continue to be able to fund its operations through cash flows from operations. Under the terms of the Company's typical theater system lease agreement, the Company receives substantial cash payments before the Company completes the performance of its obligations. Similarly, the Company receives cash payments for some of its film productions in advance of related cash expenditures.

The Company's net cash provided by (used in) operating activities is impacted by a number of factors, including the proceeds associated with new signings of theater system lease and sale agreements in the year, the box office performance of large format films distributed by the Company and/or exhibited in the Company's theaters, increases or decreases in the Company's operating expenses, and the level of cash collections received from its customers.

Cash provided by operating activities amounted to $0.1 million for the first quarter of 2005. Changes in other non-cash operating assets as compared to December 31, 2004 include an increase of $1.0 million in inventories, an increase of $0.2 million in financing receivables, a $2.6 million increase in accounts receivable and a $0.7 million increase in prepaid expenses which relates to prepaid film print costs which will be expensed over the period to be benefited. Changes in other non-cash operating liabilities as compared to December 31, 2004 include an increase in deferred revenue of $3.7 million, an increase in accounts payable of $1.2 million and a decrease of $4.1 million in accrued liabilities. Included in accrued liabilities for the first quarter of 2005 were $0.2 million in film finance proceeds which are required to be spent on a specific film project and an amount of $26.9 million in respect of accrued pension obligations which are long-term in nature.

Cash used in investing activities amounted to $15.6 million in the first quarter of 2005, which includes an increase in short-term investments of $15.0 million, purchases of $0.3 million in fixed assets, an increase in other assets of $0.2 million and an increase in other intangible assets of $0.2 million.

Cash provided by financing activities in the first quarter of 2005 amounted to $1.3 million due to the issuance of common shares through the exercise of stock options.

Capital expenditures including the purchase of fixed assets and investments in film assets were $2.4 million for the first quarter of 2005.

Cash provided by operating activities amounted to $5.7 million for the first quarter 2004 and included a decrease in restricted cash balances of $3.7 million. Also, changes in other non-cash operating assets and liabilities included an increase in deferred revenue of $1.8 million, and a decrease of $0.6 million in inventories. Cash used by investing activities for the first quarter of 2004 amounted to $0.5 million, primarily consisting of $0.2 million invested in fixed assets and $0.3 million invested in other assets. Cash used in financing activities included a $29.2 million retirement of its Old Senior Notes. The Company also received $0.2 million in cash on a note receivable from a discontinued operation. Capital expenditures including the purchase of fixed assets net of sales proceeds and investments in film assets were $0.2 million for the first quarter of 2004.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

LIQUIDITY AND CAPITAL RESOURCES (cont'd)

LETTERS OF CREDIT AND OTHER COMMITMENTS

As at March 31, 2005, the Company has letters of credit of $6.2 million outstanding of which the entire balance has been secured by the Credit Facility. In addition, the Company is required to expend $5.0 million towards the production of a future motion picture title. The Company has expended $4.8 million of these funds as at March 31, 2005.

SENIOR NOTES DUE 2010

In November 2004, the Company completed an exchange offer wherein $159.0 million of the Company's 9.625% senior notes due December 1, 2010 (the "Unregistered Senior Notes") were exchanged for 9.625% senior notes registered under the Securities Act of 1933, as amended (the "Registered Senior Notes"), pursuant to a registration statement on Form S-4 that had been declared effective by the Securities and Exchange Commission on September 30, 2004. Apart from the fact that the Registered Senior Notes have been registered under the Securities Act, the Unregistered Senior Notes and the Registered Senior Notes are substantially identical and are referred to herein as the "Senior Notes". The Senior Notes are unconditionally guaranteed, jointly and severally, by certain of the Company's wholly-owned subsidiaries.

The terms of the Company's Senior Notes impose certain restrictions on its operating and financing activities, including certain restrictions on the Company's ability to: incur certain additional indebtedness; make certain distributions or certain other restricted payments; grant liens; create certain dividend and other payment restrictions affecting the Company's subsidiaries; sell certain assets or merge with or into other companies; and enter into certain transactions with affiliates. The Company believes these restrictions will not have a material impact on its financial condition or results of operations.

As at March 31, 2005, the Company had outstanding $159.0 million aggregate principal of Registered Senior Notes and $1.0 million aggregate principal of Unregistered Senior Notes.

OLD SENIOR NOTES DUE 2005

In December 1998, the Company issued $200.0 million of senior notes due December 1, 2005 bearing interest at a rate of 7.875% per annum (the "Old Senior Notes").

During 2003, the Company retired an aggregate of $47.2 million principal amount of the Old Senior Notes and accrued interest of $0.7 million in exchange for the issuance of 5,838,353 of its common shares at an average value of $8.28 per share. The Company recorded additional charges of $0.3 million related to costs associated with this retirement. These transactions had the effect of reducing the principal amount of the Company's outstanding Old Senior Notes to $152.8 million. In December 2003, the Company completed a tender offer and consent solicitation for its remaining $152.8 million of the Old Senior Notes. In December 2003, $123.6 million in principal of the Old Senior Notes were redeemed pursuant to the tender offer. Notice of Redemption for all remaining outstanding Old Senior Notes was delivered on December 4, 2003 and the remaining $29.2 of outstanding Old Senior Notes were redeemed on January 2, 2004. A loss of $0.8 million related to the retirement was recorded in 2004.

PENSION OBLIGATIONS

The Company has a defined benefit pension plan covering its two Co-Chief Executive Officers. As at March 31, 2005, the Company had an unfunded and accrued projected benefit obligation of approximately $26.9 million (December 31, 2004 - $25.9 million) in respect of this defined benefit pension plan. The Company intends to use the proceeds of life insurance policies taken on its Co-Chief Executive Officers to satisfy, in whole or in part, benefits due and payable under the plan, although there can be no assurance that the Company will ultimately do so.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

OFF-BALANCE SHEET ARRANGEMENTS

There are currently no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on the Company's financial condition.

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 majority of the Company's revenue is denominated in U.S. dollars while a significant portion of its costs and expenses is denominated in Canadian dollars. A portion of the Company's net U.S. dollar flows is converted to Canadian dollars to fund Canadian dollar expenses through the spot market. In Japan, the Company has ongoing operating expenses related to its operations. Net Japanese yen flows are converted to U.S. dollars through the spot market. The Company also has cash receipts under leases denominated in Japanese yen, Euros and Canadian dollars. The Company plans to convert Japanese yen and Euros lease cash flows to U.S. dollars through the spot markets on a go-forward basis.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's Co-Chief Executive Officers and Chief Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d- 15(e)) as of the end of the period covered by this report, have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were adequate and effective. The Company will continue to periodically evaluate its disclosure controls and procedures and will make modifications from time to time as deemed necessary to ensure that information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As of the end of the period covered by this report there was no change in the Company's internal control over financial reporting that occurred during the period covered by this report that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

(a) 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. The complaint was subsequently amended to add claims for fraud based upon the same factual allegations underlying its prior claims. The Company filed counterclaims against Muvico for breach of contract, unjust enrichment, unfair competition and/or deceptive trade practices and theft of trade secrets, and brought claims against MegaSystems, Inc. ("MegaSystems"), a large-format theater system manufacturer, for tortious interference and unfair competition and/or deceptive trade practices and to enjoin Muvico and MegaSystems from using the Company's confidential and proprietary information. In May 2005, the parties reached agreement on the settlement of all claims.

(b) In March 2005, the Company, together with Three-Dimensional Media Group, Ltd. ("3DMG"), filed a complaint in the U.S. District Court for the Central District of California, Western Division, against In-Three, Inc. ("In-Three") alleging patent infringement. The Company and 3DMG allege that In-Three has deliberately infringed a patent which covers a proprietary 2D-to-3D film conversion process. 3DMG owns the patent in suit, under which the Company has an exclusive license in the theatrical motion picture field. The Company and 3DMG are seeking a preliminary and permanent injunction and damages. In April 2005, In-Three filed an Answer denying infringement and asserting that the patent in suit is invalid. In-Three also asserted counterclaims that seek declaratory relief, unspecified damages or both for non-infringement, invalidity, false advertising, false designation of origin, breach of contract, interference with prospective economic advantage and/or unfair competition. The Company will continue to vigorously pursue its claims and believes that the allegations made by In-Three are without merit. The Company further believes the amount of the loss, if any, suffered in connection with the counterclaims 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.

(c) In November 2001, the Company filed a complaint with the District Court of Munich against Big Screen, a German large-screen cinema owner in Berlin ("Big Screen"), demanding payment of rental payments and certain other amounts owed to the Company. Big Screen has raised a defense based on alleged infringement of German antitrust rules, relating mainly to an allegation of excessive pricing. Big Screen had brought a number of motions for restraining orders in this matter relating to the Company's provision of films and maintenance, all of which have been rejected by the courts, including the Berlin Court of Appeals, and for which all appeals have been exhausted. The Company believes that all of the allegations in Big Screen's individual defense are entirely without merit and will accordingly continue to prosecute this 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 any such litigation.

PART II OTHER INFORMATION (cont'd)

ITEM 1. LEGAL PROCEEDINGS (cont'd)

(d) In May, 2002, the Company filed a complaint with the District Court of Nuremberg-Furth, Germany against Siewert Holding in Wuerzburg ("Siewert"), demanding payment of rental obligations and other amounts owed to the Company. Siewert raised a defense based on alleged infringement of German antitrust rules. By judgement of December 20, 2002, the District Court rejected the defense and awarded judgement in documentary proceedings in favor of the Company and added further amounts that had fallen due. Siewert applied for leave to appeal to the German Supreme Court on matters of law, which was rejected by the German Supreme Court in March 2004. Siewert subsequently made a partial payment of amounts awarded to the Company. Siewert has filed follow up proceedings to the documentary proceedings in the District Court, essentially repeating the claims rejected in the documentary proceeding. On September 30, 2004, Siewert filed for insolvency with the Local Court in Wuerzburg. To the extent the lawsuit will be continued following the commencement of the insolvency proceedings, the Company will continue to vigorously pursue its claims and believes that the amount of loss, if any, suffered in connection with these proceedings 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 January 2004, the Company and IMAX Theatre Services Ltd., a subsidiary of the Company, commenced an arbitration seeking damages of approximately $3.7 million before the International Court of Arbitration of the International Chambers of Commerce (the "ICC") with respect to the breach by Electronic Media Limited ("EML") of its December 2000 agreement with the Company. In April 2004, EML filed an answer and counterclaim seeking the return of funds EML has paid to the Company, incidental expenses and punitive damages. In June 2004, the Company commenced a related arbitration before the ICC against EML's affiliate, E-CITI Entertainment (I) PVT Limited ("E-Citi"), seeking $17.8 million as a result of E-Citi's breach of a September 2000 lease agreement. E-Citi has responded to the arbitration demand and has asserted several defenses, including that the ICC does not have jurisdiction for the arbitration. The Company believes that the allegations made by EML in its counterclaim are entirely without merit and has requested that the counterclaim be dismissed on the basis that EML has advised the ICC that it has insufficient funds to pay its share of the arbitration costs. The Company believes that the amount of loss, if any, suffered in connection with the arbitration 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 addition to the matters described above, the Company is currently involved in other legal proceedings 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 proceedings.

PART II OTHER INFORMATION (cont'd)

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of the Company's shareholders held on April 13, 2005, shareholders represented at the meeting voted on the following matters:

ELECTION OF DIRECTORS

By a vote by way of show of hands, Garth M. Girvan, David W. Leebron and Marc A. Utay were elected as Class II directors of the Company for a term expiring in 2008. Management received proxies from the shareholders to vote for the three directors nominated for election as follows:

Director	Votes For	Votes Withheld
Garth M. Girvan	31,280,107	765,052
David W. Leebron	31,942,039	103,120
Marc A. Utay	31,447,110	598,049

In addition to the foregoing directors, the following directors continued in office: Neil S. Braun, Kenneth Copland, Michael Fuchs, Richard L. Gelfond, and Bradley J. Wechsler.

APPOINTMENT OF AUDITOR

By a vote by way of show of hands, PricewaterhouseCoopers, LLP ("PwC") were appointed auditors of the Company to hold office until the next annual meeting of shareholders and authorizing the directors to fix their remuneration. Management received proxies from the shareholders to vote for the re-appointment of PwC as follows:

	Votes For	Votes Withheld
Appointment of Auditor	31,899,200	74,507

ITEM 6. EXHIBITS

(a) EXHIBITS

31.1 Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002, dated May 5, 2005, by Bradley J. Wechsler.

31.2 Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002, dated May 5, 2005, by Richard L. Gelfond.

31.3 Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002, dated May 5, 2005, by Francis T. Joyce.

32.1 Certification Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002, dated May 5, 2005, by Bradley J. Wechsler.

32.2 Certification Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002, dated May 5, 2005, by Richard L. Gelfond.

32.3 Certification Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002, dated May 5, 2005, by Francis T. Joyce

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: May 5, 2005

By: /s/ Francis T. Joyce

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

Date: May 5, 2005

By: /s/ Kathryn A. Gamble

Kathryn A. Gamble
Vice President, Finance, Controller
(Principal Accounting Officer)

IMAX CORPORATION
Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES - OXLEY ACT OF 2002

I, Bradley J. Wechsler, Co- Chief Executive Officer of IMAX Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant, IMAX Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

   (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2005 By: "Bradley J. Wechsler"

Name: Bradley J. Wechsler
Title Co-Chief Executive Officer

IMAX CORPORATION
Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES - OXLEY ACT OF 2002

I, Richard L. Gelfond, Co- Chief Executive Officer of IMAX Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant, IMAX Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

   (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2005 By: "Richard L. Gelfond"

Name: Richard L. Gelfond
Title Co-Chief Executive Officer

IMAX CORPORATION
Exhibit 31.3

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES - OXLEY ACT OF 2002

I, Francis T. Joyce, Chief Financial Officer of IMAX Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant, IMAX Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

    (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2005   By: "Francis T. Joyce"

Name: Francis T. Joyce

Title Chief Financial Officer

IMAX CORPORATION
Exhibit 32.1

CERTIFICATIONS
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), I, Bradley J. Wechsler, Co-Chief Executive Officer of IMAX Corporation, a Canadian corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2005

"Bradley J. Wechsler"

Bradley J. Wechsler
Co-Chief Executive Officer

IMAX CORPORATION
Exhibit 32.2

CERTIFICATIONS
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), I, Richard L. Gelfond, Co-Chief Executive Officer of IMAX Corporation, a Canadian corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2005

"Richard L. Gelfond"

Richard L. Gelfond
Co-Chief Executive Officer

IMAX CORPORATION
Exhibit 32.3

CERTIFICATIONS
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), I, Francis T. Joyce, Chief Financial Officer of IMAX Corporation, a Canadian corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2005

"Francis T. Joyce"

Francis T. Joyce
Chief Financial Officer