IMAX CORP
Form 10-Q
November 05, 2009

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 10-Q

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

For the quarterly period ended September 30, 2009

OR

o **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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o	Smaller reporting Company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

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 October 31, 2009**
Common stock, no par value	62,303,748

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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 and technology strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of business, operations and technology, 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, financial and technological 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, including the length and severity of the current economic downturn; the effect of the current economic downturn and credit market disruption on the Company s movie exhibitor customers; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other companies; the performance of IMAX DMR films; conditions in the in-home and out-of-home entertainment industries; the signing of theater system agreements; changes in laws or regulations; conditions, changes and developments in the commercial exhibition industry; the failure to convert theater system backlog into revenue; risks associated with the Company s transition to a digitally-based projector; 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; risks related to foreign currency fluctuations; risks related to the Company s prior restatements and the related litigation and ongoing inquiries by the Securities and Exchange Commission (the SEC) and the Ontario Securities Commission (the OSC); and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this annual 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.

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subsidiaries that are registered or otherwise protected under laws of various jurisdictions.

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IMAX CORPORATION
PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

The following Condensed Consolidated Financial Statements are filed as part of this Report:

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IMAX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
In accordance with United States Generally Accepted Accounting Principles
(In thousands of U.S. dollars)

	September 30, 2009 (unaudited)	December 31, 2008
Assets		
Cash and cash equivalents	$ 98,692	$ 27,017
Accounts receivable, net of allowance for doubtful accounts of $2,969 (December 31, 2008 $2,901)	21,427	22,982
Financing receivables (note 3)	58,711	56,138
Inventories (note 4)	14,315	19,822
Prepaid expenses	2,368	1,998
Film assets	2,892	3,923
Property, plant and equipment (note 5)	52,724	39,405
Other assets (notes 17(a) and 19(c))	16,692	16,074
Goodwill	39,027	39,027
Other intangible assets (note 6)	2,117	2,281
Total assets	$ 308,965	$ 228,667
Liabilities		
Bank indebtedness (note 8)	$ 20,000	$ 20,000
Accounts payable	12,391	15,790
Accrued liabilities (notes 7, 9(a), 9(c), 10, 14(a), 15(c), 17(a) and 17(c))	72,213	58,199
Deferred revenue	59,689	71,452
Senior Notes due December 2010 (note 7)	104,437	160,000
Total liabilities	268,730	325,441
Commitments and contingencies (notes 9 and 10)		
Shareholders equity (deficiency)		
Capital stock (note 15) common shares no par value. Authorized unlimited number.		
Issued and outstanding 62,269,486 (December 31, 2008 43,490,631)	276,201	141,584
Other equity	5,946	5,183
Deficit	(246,027)	(247,009)
Accumulated other comprehensive income	4,115	3,468
Total shareholders equity (deficiency)	40,235	(96,774)
Total liabilities and shareholders equity (deficiency)	$ 308,965	$ 228,667

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

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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 September 30,		Nine Months Ended September 30,	
	2009	**2008** (note 20(a))	**2009**	**2008** (note 20(a))
Revenues				
Equipment and product sales	$ 18,217	$ 7,154	$ 38,714	$ 18,089
Services (note 11(c))	19,445	22,103	58,449	48,777
Rentals (note 11(c))	4,283	2,532	15,528	5,712
Finance income	1,052	1,079	3,125	3,234
Other	646		1,862	611
	43,643	32,868	117,678	76,423
Costs and expenses applicable to revenues				
Equipment and product sales (note 11(a))	8,727	4,097	19,793	10,028
Services (notes 11(a) and (c))	13,903	12,124	36,542	31,994
Rentals (note 11(a))	1,961	1,691	7,293	3,388
Other	390		635	98
	24,981	17,912	64,263	45,508
Gross margin	18,662	14,956	53,415	30,915
Selling, general and administrative expenses (note 11(b))	12,756	10,531	35,917	34,185
(including share-based compensation expense of $3.2 million and $7.8 million for the three and nine months ended September 30, 2009, respectively (2008 - ($0.2) million and $1.4 million, respectively))				
Research and development	998	1,619	2,731	6,155
Amortization of intangibles	144	119	424	389
Receivable provisions, net of recoveries (note 13)	89	265	1,078	1,114
Income (loss) from operations	4,675	2,422	13,265	(10,928)
Interest income	23	82	49	282
Interest expense	(3,094)	(4,471)	(11,592)	(13,307)
(Loss) gain on repurchase of Senior Notes due December 2010 (note 7)	(220)		224	
	1,384	(1,967)	1,946	(23,953)

Income (loss) from continuing operations before income taxes				
Provision for income taxes	(344)	(229)	(885)	(755)
Income (loss) from continuing operations	1,040	(2,196)	1,061	(24,708)
Income (loss) from discontinued operations (note 20)	22	89	(79)	149
Net Income (loss)	$ 1,062	$ (2,107)	$ 982	$ (24,559)
Net income (loss) per share Basic and Diluted: (note 15(d))				
Net income (loss) per share from continuing operations	$ 0.02	$ (0.05)	$ 0.02	$ (0.58)
Net income (loss) per share from discontinued operations				
	$ 0.02	$ (0.05)	$ 0.02	$ (0.58)
Comprehensive income (loss) consists of:				
Net income (loss)	$ 1,062	$ (2,107)	$ 982	$ (24,559)
Amortization of prior service cost (credits)	37	(28)	110	(136)
Amortization of actuarial gain on defined benefit plan	(171)		(512)	
Unrealized hedging gain	1,184		1,968	
Realization of hedging gains upon settlement	(764)		(1,077)	
Income tax recovery (expense) related to items of comprehensive income (loss) (note 14(b))	37	(17)	158	50
Comprehensive income (loss), net of income taxes	$ 1,385	$ (2,152)	$ 1,629	$ (24,645)

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

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IMAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
In accordance with United States Generally Accepted Accounting Principles
(In thousands of U.S. dollars)
(Unaudited)

	Nine Months Ended September 30,	
	2009	**2008**
		(note 20(a))
Cash provided by (used in):		
Operating Activities		
Net income (loss)	$ 982	$ (24,559)
Net loss (income) from discontinued operations	79	(149)
Items not involving cash:		
Depreciation and amortization (note 12(c))	14,629	12,799
Write-downs, net of recoveries (note 12(d))	1,712	1,824
Change in deferred income taxes	158	51
Stock and other non-cash compensation	9,030	2,821
Foreign currency exchange (gain) loss	(1,078)	753
Gain on sale of property, plant and equipment		(43)
Gain on repurchase of Senior Notes due December 2010	(224)	
Change in cash surrender value of life insurance	(306)	(251)
Investment in film assets	(6,881)	(7,038)
Changes in other non-cash operating assets and liabilities (note 12(a))	(4,883)	8,730
Net cash provided by operating activities from discontinued operations (note 20)	61	118
Net cash provided by (used in) operating activities	13,279	(4,944)
Investing Activities		
Purchase of property, plant and equipment	(754)	(2,325)
Investment in joint revenue sharing equipment	(18,147)	(9,580)
Proceeds from sale of property, plant and equipment		43
Acquisition of other assets	(561)	(835)
Acquisition of other intangible assets	(208)	(322)
Net cash used in investing activities	(19,670)	(13,019)
Financing Activities		
Increase in bank indebtedness		20,000
Repurchase of Senior Notes due December 2010 (note 7)	(54,692)	
Common shares issued public offerings, net of offering expenses paid	130,850	
Common shares issued private offering		17,931
Shelf registration fees paid	(150)	
Common shares issued stock options exercised	3,288	1,123
Net cash provided by financing activities	79,296	39,054

Effects of exchange rate changes on cash	(1,230)	(341)
Increase in cash and cash equivalents during the period	71,675	20,750
Cash and cash equivalents, beginning of period	27,017	16,901
Cash and cash equivalents, end of period	$ 98,692	$ 37,651

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

IMAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
In accordance with U.S. Generally Accepted Accounting Principles
(Tabular amounts in thousands of U.S. dollars unless otherwise stated)
(Unaudited)

1. Basis of Presentation

IMAX Corporation, together with its wholly-owned subsidiaries (the Company), reports its results under United States Generally Accepted Accounting Principles (U.S. GAAP).

The condensed consolidated financial statements include the accounts of the Company, except for subsidiaries which the Company has identified as variable interest entities (VIEs) where the Company is not the primary beneficiary. 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. In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through November 5, 2009, which was the date this Form 10-Q was filed.

The Company has evaluated its various variable interests to determine whether they are VIEs as required by the Consolidation Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC or Codification). The Company has 7 film production companies that are VIEs. As the Company is exposed to the majority of the expected losses for 2 of the film production companies, the Company has determined that it is the primary beneficiary of these entities. The Company continues to consolidate these entities, with no material impact on the operating results or financial condition of the Company, as these production companies have total assets and total liabilities of less than $0.1 million as at September 30, 2009 (December 31, 2008 less than $0.1 million). For the other 5 film production companies which are VIEs, the Company did not consolidate these film entities since it does not bear the majority of the expected losses or expected residual returns. The Company equity accounts for these entities. As at September 30, 2009, these 5 VIEs have total assets of $0.2 million (December 31, 2008 less than $0.1 million) and total liabilities of $0.2 million (December 31, 2008 less than $0.1 million). Earnings of the investees included in the Company s condensed consolidated statement of operations amounted to $nil for the three and nine months ended September 30, 2009, respectively (2008 $nil). The carrying value of these investments in VIEs that are not consolidated is $nil at September 30, 2009 (December 31, 2008 $nil). A loss in value of an investment other than a temporary decline is recognized as a charge to the condensed consolidated statement of operations.

All significant intercompany accounts and transactions, including all unrealized intercompany profits on transactions with equity-accounted investees, have been eliminated.

The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

These interim financial statements should be read in conjunction with the consolidated financial statements included in the Company s 2008 Annual Report on Form 10-K for the year ended December 31, 2008 (the 2008 Form 10-K) 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, 2008, except as noted below.

2. Changes in Accounting Policies

ASC 820, Fair Value Measurements and Disclosures, provides a consistent definition of fair value that focuses on exit price, prioritizes the use of market-based inputs over entity-specific inputs for measuring fair value and establishes a three-level hierarchy for fair value measurements. On January 1, 2008, the Company adopted the applicable sections of ASC 820 for financial assets and financial liabilities and for nonfinancial assets and nonfinancial liabilities that are remeasured at least annually. At that time, the Company elected to defer adoption of ASC 820 for one year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. On January 1, 2009, the Company adopted the sections of ASC 820 regarding nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The applicable sections of ASC 820 were applied prospectively. The adoption of the various sections of ASC 820 on January 1, 2008 and 2009 did not have a material impact on the Company s financial condition or results of operations.

In December 2007, the Financial Accounting Standards Board (FASB) issued amendments to ASC 810, Consolidation, to significantly change the accounting for and reporting of business combination transactions and noncontrolling (minority) interests in consolidated financial statements. The objective of the guidance is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company adopted the provisions of this guidance on January 1, 2009. The application of this guidance did not have an effect on the Company s financial condition or results of operations.

In December 2007, the FASB issued ASC 808, Collaborative Arrangements . The objective of the ASC 808 is to define collaborative arrangements and establish reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties that are not specifically addressed within the scope of other authoritative accounting literature. ASC 808 also establishes the appropriate income statement presentation and classification for joint operating activities and payments between participants, as well as the sufficiency of the disclosures related to these arrangements. ASC 808 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008. ASC 808 is to be applied as a change in accounting principle through retrospective application to all prior periods presented for all collaborative arrangements existing as of the effective date, unless it is impracticable to do so. The Company adopted ASC 808 on January 1, 2009. The application of ASC 808 did not have an effect on the Company s financial condition or results of operations. In accordance with ASC 808, the Company has expanded its disclosures as presented in note 11(c).

In March 2008, the FASB issued disclosure guidance which applies to all derivative instruments and non-derivative instruments that are designated and qualify as hedging instruments and related hedged items. The disclosure guidance requires entities to provide greater transparency through additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect an entity s financial position, results of operations, and cash flows. The provisions of this guidance require qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts and gains and losses on derivative instruments, and disclosures about credit risk related contingent features in derivative agreements. This disclosure guidance is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. On January 1, 2009, the Company adopted the provisions of this guidance and, accordingly, has expanded its disclosures as presented in note 19.

In April 2008, the FASB issued amendments to ASC 275, Risks and Uncertainties, and ASC 350, Intangibles Goodwill and Other, that address the determination of the useful life of intangible assets. These sections address the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. Specifically, the Company is required to use its own historical experience in renewing

or extending the estimated life of an intangible asset as opposed to legal, regulatory or contractual provisions that enable renewal or extension of the asset s legal or contractual life without substantial cost. This guidance is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years, on a prospective basis. Early adoption is prohibited. Intangible assets acquired after January 1, 2009 are accounted for in accordance with the provisions of these sections and the required disclosure is presented in note 6.

In April 2009, the FASB updated sections of ASC 825, Financial Instruments. This update requires disclosures about the fair value of financial instruments for interim reporting periods and annual financial statements. This section update does not require disclosures for earlier periods presented for comparative purposes at initial adoption. This accounting standard update is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, on a prospective basis. The Company has adopted the provisions of this guidance for the interim period ended June 30, 2009 and, accordingly, has expanded its disclosures as presented in note 19(b).

In April 2009, the FASB updated sections of ASC 820, Fair Value Measurements and Disclosures. This update provides additional guidance for estimating fair value when an asset or liability experiences a significant decrease in volume and activity in relation to their normal market activity. Additionally, this update provides guidance on identifying circumstances that may indicate if a transaction is not orderly and is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, on a prospective basis. The Company has adopted this accounting standard update for the interim period ended June 30, 2009. The application of the provisions in this guidance did not have a material impact on the Company s financial condition or results of operations.

In April 2009, the FASB amended sections of ASC 320, Investments Debt and Equity Securities. This section of the Codification revises guidance for determining how and when to recognize other-than-temporary impairments of debt securities for which changes in fair value are not regularly recognized in earnings and the financial statement presentation of such impairments. This section also expands and increases the frequency of disclosures related to other-than-temporary impairments of both debt and equity securities and is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, on a prospective basis. . The Company has adopted the provisions of this guidance for the interim period ended June 30, 2009. The application of this accounting standard update did not have a material impact on the Company s financial condition or results of operations.

In May 2009, the FASB issued subsequent event accounting guidance that establishes general standards for and disclosure of events that occur after the balance sheet date but before the financial statements are issued. It is effective for interim and annual periods ending after June 15, 2009 and applies to all entities. The Company has adopted this subsequent event guidance for the interim period ended June 30, 2009. The application did not have an effect on the Company s financial condition or results of operations and the Company slightly modified disclosures in note 1 to identify the date up to which events were considered.

On July 1, 2009, the Company adopted Accounting Standards Update (ASU) No. 2009-1, Topic 105 Generally Accepted Accounting Principles, which amended ASC 105, Generally Accepted Accounting Principles, to establish the Codification as the source of authoritative GAAP recognized by FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The ASC is not intended to change or alter existing U.S. GAAP; however the way authoritative literature is referred to has changed effective in the third quarter of 2009. On the effective date, the Codification superseded all then-existing non-SEC accounting and reporting standards. All previous references to the superseded standards in the Company s condensed consolidated financial statements have been replaced by references to the applicable sections of the Codification. The adoption of these sections did not have a material impact on the Company s condensed consolidated financial statements.

In June 2009, the FASB issued ASU No. 2009-02, Omnibus Update- Amendments to Various Topics for Technical Corrections (ASU 2009-02). The amendments affected paragraphs 715-10-15-8 Compensation Retirement Benefits , 805-10-65-1 Business Combinations-Open and Effective Date Information, 810-10-30-6 Consolidation Initial Measurement, 810-10-50-3 Consolidation-Disclosure, 810-10-55-9 Consolidation Implementation Guidance and Illustrations and paragraph 320-10-65-1 Investments Debt & Equity Securities-Transition and open Effective Date information . The amendment affected transition links to paragraphs and updates to the master glossary of the

Codification and is effective for financial statements issued for interim and annual periods ending after June 15, 2009. The Company has adopted ASU 2009-02 for the interim period ended September 30, 2009. The application of ASU 2009-02 did not have a material impact on the Company s financial condition or results of operations.

In August 2009, the FASB issued ASU No. 2009-05, Codification Amendment to Topic 820, Fair Value Measurements and Disclosures (ASU 2009-05).The objective of Subtopic 820-10 is to reduce the potential ambiguity in financial reporting when measuring the fair value of liabilities providing preparers, investors and other users of the financial statement with a better understanding of how the fair value of liabilities was measured. The update clarified the techniques to be used in circumstances in which a quoted price in an active market for the identical liability is not available and clarified that, when estimating the fair value of a liability, an entity is not required to include a separate input relating to the existence of a restriction that prevents the transfer of a liability. The update is effective for the first reporting period (including interim periods) beginning after issuance with early application permitted if financial statements for prior periods have not been issued. The Company has adopted ASU 2009-05 for the interim period ended September 30, 2009, which had no impact on the Company s condensed consolidated financial statements.

In September 2009, the FASB issued ASU No. 2009-06, Income Taxes (Topic 740) Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities (ASU 2009-06). The implementation guidance improves current accounting practices to achieve consistent application of accounting for uncertainty in income taxes among entities, and is effective for financial statements issued for interim and annual periods ending September 15, 2009. The Company has adopted ASU 2009-06 for the interim period ended September 30, 2009. The application of ASU 2009-06 did not have an impact on the Company s financial condition or results of operations.

In September 2009, the FASB issued ASU No. 2009-07, Accounting for Various Topics Technical Corrections to SEC Paragraphs (ASU 2009-07). The amendment updated references to paragraphs 810-10-S99-4 Intercompany Items and Transactions and 310-10-S50-2 Disclosure Requirements for Accounts and Notes Receivables. The reference changes are effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company has adopted ASU 2009-07 for the interim period ended September 30, 2009. The application of ASU 2009-07 did not have a material impact on the Company s financial condition or results of operations.

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3. Financing Receivables

Financing receivables, consisting of net investment in sales-type leases and receivables from financed sales of theater systems are as follows:

	September 30, 2009	December 31, 2008
Gross minimum lease payments receivable	$ 67,704	$ 72,100
Unearned finance income	(20,401)	(23,558)
Minimum lease payments receivable	47,303	48,542
Accumulated allowance for uncollectible amounts	(5,698)	(4,884)
Net investment in leases	41,605	43,658
Gross financed sales receivables	25,439	18,515
Unearned finance income	(8,187)	(6,035)
Financed sales receivables	17,252	12,480
Accumulated allowance for uncollectible amounts	(146)	
Net financed sales receivables	17,106	12,480
Total financing receivables	$ 58,711	$ 56,138
Net financed sales receivables due within one year	$ 2,768	$ 1,948
Net financed sales receivables due after one year	$ 14,338	$ 10,532

As at September 30, 2009, the financed sale receivables had a weighted average effective interest rate of 9.8% (December 31, 2008 9.5%).

4. Inventories

	September 30, 2009	December 31, 2008
Raw materials	$ 4,370	$ 6,392
Work-in-process	807	1,863
Finished goods	9,138	11,567
	$ 14,315	$ 19,822

At September 30, 2009, finished goods inventory for which title had passed to the customer and revenue was deferred amounted to $3.5 million (December 31, 2008 $5.5 million).

Inventories at September 30, 2009 include provisions for excess and obsolete inventory based upon current estimates of net realizable value considering future events and conditions of $3.1 million (December 31, 2008 $5.3 million).

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5. Property, Plant and Equipment

	As at September 30, 2009		
	Cost	Accumulated Depreciation	Net Book Value
Equipment leased or held for use			
Theater system components[1][2]	$ 61,867	$ 29,387	$ 32,480
Camera equipment[5]	5,954	5,954	
	67,821	35,341	32,480
Assets under construction[3]	6,976		6,976
Other property, plant and equipment			
Land	1,593		1,593
Buildings	14,723	8,279	6,444
Office and production equipment[4]	28,469	25,693	2,776
Leasehold improvements	8,404	5,949	2,455
	53,189	39,921	13,268
	$ 127,986	$ 75,262	$ 52,724

	As at December 31, 2008		
	Cost	Accumulated Depreciation	Net Book Value
Equipment leased or held for use			
Theater system components[1][2]	$ 48,474	$ 29,007	$ 19,467
Camera equipment[5]	5,954	5,953	1
	54,428	34,960	19,468
Assets under construction[3]	5,063		5,063
Other property, plant and equipment			
Land	1,593		1,593
Buildings	14,723	7,902	6,821
Office and production equipment[4]	28,006	24,371	3,635
Leasehold improvements	8,272	5,447	2,825
	52,594	37,720	14,874
	$ 112,085	$ 72,680	$ 39,405

(1) Included in theater system components are

assets with costs of $23.2 million (December 31, 2008 $23.5 million) and accumulated depreciation of $21.8 million (December 31, 2008 $21.3 million) that are leased to customers under operating leases.

(2) Included in theater system components are assets with costs of $34.4 million (December 31, 2008 $20.8 million) and accumulated depreciation of $4.3 million (December 31, 2008 $4.5 million) that are used in joint revenue sharing arrangements.

(3) Included in assets under construction are components with costs of $6.4 million (December 31, 2008 $4.8 million) that will be utilized to construct assets to be used in joint revenue sharing

arrangements.

(4) Included in office and production equipment are assets under capital lease with costs of $1.5 million (December 31, 2008 $1.5 million) and accumulated depreciation of $1.3 million (December 31, 2008 $1.1 million).

(5) Fully amortized camera equipment is still in use by the Company.

6. Other Intangible Assets

	As at September 30, 2009		
	Cost	Accumulated Amortization	Net Book Value
Patents and trademarks	$ 6,419	$ 4,355	$ 2,064
Intellectual property rights	100	47	53
Other	250	250	
	$ 6,769	$ 4,652	$ 2,117

	As at December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Patents and trademarks	$ 6,357	$ 4,137	$ 2,220
Intellectual property rights	100	39	61
Other	250	250	
	$ 6,707	$ 4,426	$ 2,281

The Company expects to amortize approximately $0.1 million of other intangible assets for the remainder of 2009 and $0.5 million for each of the next 5 years, respectively. Fully amortized other intangible assets are still in use by the Company.

During the nine months ended September 30, 2009, the Company acquired $0.2 million in patents and trademarks. The residual value of these patents and trademarks was $0.2 million as at September 30, 2009. The weighted average amortization period for these additions was 10 years.

During the three and nine months ended September 30, 2009, the Company did not incur costs to renew or extend the term of acquired other intangible assets.

7. Senior Notes due December 2010

As at September 30, 2009, the Company had outstanding $104.4 million (December 31, 2008 $160.0 million) in principal amount of Senior Notes due December 1, 2010 (the Senior Notes).

The Senior Notes bear interest at a rate of 9.625% per annum and are unsecured obligations that rank equally with all of the Company s existing and future senior indebtedness and senior to all of the Company s existing and future subordinated indebtedness. The payment of principal, premium, if any, and interest on the Senior Notes is unconditionally guaranteed, jointly and severally, by certain of the Company s wholly-owned subsidiaries. Interest is paid on a semi-annual basis on June 1 and December 1. The Senior Notes are subject to redemption for cash by the Company, in whole or in part, from July 1, 2009 to November 30, 2009 at 102.406%, together with accrued and unpaid interest thereon to the redemption date. Beginning December 1, 2009, and thereafter, the Senior Notes will be redeemable by the Company at 100.000%, together with accrued and unpaid interest thereon to the redemption date. If certain changes were to result in the imposition of withholding taxes under Canadian law, the Senior Notes are subject to redemption at the Company s option, in whole but not in part, at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest to the date of redemption. In the event of a change in control, the Company will be required to make an offer to repurchase the Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase.

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; make certain dividends 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.

In 2009, the Company repurchased $55.6 million aggregate principal amount of the Company s 9.625% Senior Notes. The Company paid cash to reacquire its bonds, thereby releasing the Company from further obligations to various holders under the Indenture governing the Senior Notes. The Company accounted for the bond repurchase in accordance with the Debt Topic of the FASB Accounting Standards Codification whereby the net carrying amount of the debt extinguished was the face value of the bonds adjusted for any unamortized premium, discount and costs of issuance, which resulted in a loss of $0.2 million and a gain of $0.2 million in the three and nine months ended September 30, 2009.

On October 2, 2009, the Company provided notice of its intent to redeem $75.0 million principal amount of its Senior Notes on December 1, 2009.

8. Credit Facility

Under the indenture, dated as at December 4, 2003, and as thereafter amended and supplemented, governing the Company s Senior Notes due December 2010 (the Indenture), the Company is permitted to incur indebtedness on a secured basis pursuant to a credit agreement, or the refinancing or replacement of a credit facility, provided that the aggregate principal amount of indebtedness thereunder outstanding at any time does not exceed the greater of: (a) $30.0 million minus the amount of any such indebtedness retired with the proceeds of an Asset Sale (as defined in the Indenture); and (b) 15% of Total Assets (as defined in the Indenture) of the Company. Amongst other indebtedness, the Indenture also permits the Company to incur indebtedness solely in respect of performance, surety or appeal bonds, letters of credit and letters of guarantee as required in the ordinary course of business in accordance with customary industry practices.

On February 6, 2004, the Company entered into a Loan Agreement for a secured revolving credit facility, as amended on June 30, 2005, May 16, 2006, November 7, 2007, December 5, 2007 and May 5, 2008 (the Credit Facility). The Credit Facility is a revolving credit facility expiring on October 31, 2010.

The Credit Facility permits maximum aggregate borrowings equal to the lesser of:

(i) $40.0 million,

(ii) a collateral calculation based on percentages of the book values for the Company s net investment in sales-type leases, financing receivables, finished goods inventory allocated to backlog contracts and the appraised values of the expected future cash flows related to operating leases and of the Company s owned real property, reduced by certain accruals and accounts payable, and

(iii) a minimum level of trailing cash collections in the preceding twenty-six week period ($216.6 million as at September 30, 2009),

reduced for outstanding letters of credit and advance payment guarantees and subject to maintaining a minimum Excess Availability (as defined in the Credit Facility) of $5.0 million.

The Credit Facility, which is collateralized by a first priority security interest in all of the current and future assets of the Company, 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. In addition, the Credit Facility agreement contains customary events of default, including upon an acquisition or a change of control that may have a material adverse effect on the Company or a guarantor. As at September 30, 2009, the Company was in compliance with all covenants under the agreement.

On May 5, 2008, the Company entered into an amendment to the Credit Facility, effective January 1, 2008, whereby the minimum Cash and Excess Availability (as defined in the Credit Facility) requirement was reduced from $15.0 million to $7.5 million. The Credit Facility had previously required the Company to maintain, over a period of time, a minimum level of adjusted earnings before interest, taxes, depreciation and amortization including film asset amortization, stock and non-cash compensation, write downs (recoveries), asset impairment charges, and other non-cash uses of funds on a trailing four quarter basis calculated quarterly, of not less than $20.0 million (the EBITDA Requirement). Under the current terms of Credit Facility, the Company shall not be subject to an EBITDA Requirement so long as the Company is in compliance with the Cash and Excess Availability requirement. The

amendment also provided for a one-year extension of the expiration of the Credit Facility to October 31, 2010 and adjusted the collateral calculation for certain finished goods inventory items to be installed under joint revenue sharing arrangements, which could result in an increase to maximum aggregate borrowings of up to $3.0 million in the future. Under the amended terms of the Credit

Facility, in the event that the Company s Excess Availability falls below the $5.0 million requirement, the excess borrowings above the minimum availability requirement must be remedied immediately. Failure to remedy would result in a Cash Dominion Event and an Event of Default (as defined in the Credit Facility). The failure to comply with the Cash and Excess Availability requirement of $7.5 million would also result in an immediate Cash Dominion Event and an Event of Default. If the Credit Facility were to be terminated by either the Company or the lender, the Company would have the right to pursue another source of secured financing pursuant to the terms of the Indenture.

As at September 30, 2009, the Company s current borrowing capacity under the Credit Facility (which may be limited under the terms of the Indenture) was $10.5 million after deduction for outstanding borrowings of $20.0 million, letters of credit and advance payment guarantees of $0.3 million and the minimum Excess Availability reserve of $5.0 million, compared with a borrowing capacity, as at December 31, 2008, of $10.5 million after deduction for outstanding borrowings of $20.0 million, letters of credit and advanced payment guarantees of $1.4 million and the minimum Excess Availability reserve of $5.0 million.

The Credit Facility bears interest at the applicable prime rate per annum or LIBOR plus a margin as specified therein. As at September 30, 2009, outstanding borrowings bear interest at the LIBOR rate plus an applicable margin. The effective interest rates for the three and nine months ended September 30, 2009 were 2.03% and 2.15%, respectively under the Credit Facility (2008 4.49% and 4.43%, respectively).

On November 4, 2009, the Company entered into a commitment letter (the Commitment Letter) with Wachovia Capital Finance Corporation (Canada) (Wachovia), pursuant to which Wachovia, with the participation of Export Development Canada (EDC), has committed to provide the Company with up to a $75.0 million senior secured credit facility (the Proposed Credit Facility). The Proposed Credit Facility, with a scheduled maturity of October 31, 2013, will consist of revolving loans of up to $40.0 million, subject to a borrowing base calculation (as described below) and a term loan of $35.0 million. Under the terms of the Commitment Letter, the Company will amend and restate its prior credit agreement with Wachovia (such amended and restated agreement being the Proposed Credit Agreement) and enter into related security arrangements. Certain of the Company s subsidiaries will serve as guarantors of the Company s obligations under the Proposed Credit Facility and enter into related security arrangements.

The revolving portion of the Proposed Credit Facility will permit maximum aggregate borrowings equal to the lesser of:

(i) $40.0 million, and

(ii) a collateral calculation based on the percentages of the book values of the Company s net investment in sales-type leases, financing receivables, certain trade accounts receivable, finished goods inventory allocated to backlog contracts and the appraised values of the expected future cash flows related to operating leases and the Company s owned real property, reduced by certain accruals and accounts payable and subject to other conditions, limitations and reserve right requirements.

The revolving portion of the Proposed Credit Facility will bear interest, at the Company s option, at either (i) LIBOR plus a margin of 2.75% per annum, or (ii) Wachovia s prime rate plus a margin of 1.25% per annum. The term loan portion of the Proposed Credit Facility will bear interest, at the Company s option, at either (i) LIBOR plus a margin of 3.75% per annum, or (ii) Wachovia s prime rate plus a margin of 2.25% per annum. The revolving portion of the Proposed Credit Facility will include a sub-limit of $20.0 million for letters of credit.

The Proposed Credit Facility, which will be collateralized by a first priority security interest in all of the current and future assets of the Company, will provide that so long as the term loan remains outstanding, the Company will be required to maintain: (i) a ratio of funded debt (to be defined in the Proposed Credit Agreement) to EBITDA (to be defined in the Proposed Credit Agreement) of not more than 2:1 through December 31, 2010, and (ii) a ratio of funded debt to EBITDA of not more than 1.75:1 thereafter. If the Company will have repaid the term loan in full, it will remain subject to such ratio requirements only if Excess Availability (to be defined in the Proposed Credit Agreement) is less than $10.0 million or Cash and Excess Availability (to be defined in the Proposed Credit Agreement) is less than $15.0 million. The Company will also be required to maintain a Fixed Charge Coverage Ratio (to be defined in the Proposed Credit Agreement) of not less than 1.1:1.0; provided, however, that if the Company will have repaid the term loan in full, it will remain subject to such ratio requirement only if Excess Availability is less than $10.0 million or Cash and Excess Availability is less than $15.0 million. At all times, under the terms of the Proposed Credit

Facility, the Company will be required to maintain minimum Excess Availability of not less than $5.0 million and minimum Cash and Excess Availability of not less than $15.0 million.

The Proposed Credit Agreement will contain typical affirmative and negative covenants, including covenants that limit or restrict the ability of IMAX and the guarantors to: incur certain additional indebtedness; make certain loans, investments or guarantees; pay

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dividends; make certain asset sales; incur certain liens or other encumbrances; conduct certain transactions with affiliates and enter into certain corporate transactions.

Wachovia s obligations under the Commitment Letter, which expire on December 31, 2009, are subject to various conditions including the negotiation of legal documentation and the satisfaction of customary conditions precedent for financings of this type.

Bank of Montreal Facilities

As at September 30, 2009, the Company has available a $10.0 million facility (December 31, 2008 $10.0 million) with the Bank of Montreal for use solely in conjunction with the issuance of performance guarantees and letters of credit fully insured by EDC (the Bank of Montreal Facility). As at September 30, 2009, the Company has letters of credit outstanding of $5.1 million as compared to $5.2 million as at December 31, 2008 under the Bank of Montreal Facility.

As at September 30, 2009, the Company has available a $5.0 million (December 31, 2008 $5.0 million) facility solely used to cover the Company s settlement risk on its purchased foreign currency forward contracts. The facility is fully insured by EDC. As at September 30, 2009, the settlement risk on its foreign currency forward contracts was $nil (December 31, 2008 $nil) as the fair value exceeded the notional value of the forward contracts.

9. Commitments

(a) The Company s lease commitments consist of rent and equipment under operating leases. The Company accounts for any incentives provided over the term of the lease. Total minimum annual rental payments to be made by the Company under operating leases as at September 30, 2009 for each of the years ended December 31, are as follows:

2009 (three months remaining)	$ 1,541
2010	6,417
2011	6,284
2012	6,008
2013	2,151
Thereafter	3,120
	$ 25,521

Rent expense was $1.2 million and $3.8 million for three and nine months ended September 30, 2009, respectively (2008 $1.5 million and $4.2 million, respectively) net of sublease rental of $0.1 million and $0.3 million, respectively (2008 $0.1 million and $0.1 million, respectively).

Recorded in the accrued liabilities balance as at September 30, 2009 is $5.8 million (December 31, 2008 $6.2 million) related to accrued rent and lease inducements being recognized as an offset to rent expense over the term of the lease.

Purchase obligations under long-term supplier contracts as at September 30, 2009 were $6.7 million (December 31, 2008 $4.8 million).

(b) As at September 30, 2009, the Company has letters of credit and advance payment guarantees of $0.3 million (December 31, 2008 $1.4 million) outstanding, of which the entire balance has been secured by the Credit Facility. As at September 30, 2009, the Company also has letters of credit outstanding of $5.1 million as compared to $5.2 million as at December 31, 2008, under the Bank of Montreal Facility.

(c) The Company compensates its sales force with both fixed and variable compensation. Commissions on the sale or lease of the Company s theater systems are payable in graduated amounts from the time of collection of the customer s first payment to the Company up to the collection of the customer s last initial payment. At September 30, 2009, $0.5 million (December 31, 2008 $0.5 million) of commissions have been accrued and will be payable in future periods.

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10. Contingencies and Guarantees

The Company is involved in lawsuits, claims, and proceedings, including those identified below, which arise in the ordinary course of business. In accordance with the Contingencies Topic of the FASB Accounting Standards Codification 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 the Company s 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 judgment or be settled for significant amounts, they could have a material adverse effect on the Company s results of operations, cash flows, and financial position in the period or periods in which such a change in determination, settlement or judgment occurs.

The Company expenses legal costs relating to its lawsuits, claims and proceedings as incurred.

(a) 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. On March 10, 2006, the Company and In-Three entered into a settlement agreement settling the dispute between the Company and In-Three. On June 12, 2006, the U.S. District Court for the Central District of California, Western Division, entered a stay in the proceedings against In-Three pending the arbitration of disputes between the Company and 3DMG. On May 15, 2006, the Company initiated arbitration against 3DMG before the International Centre for Dispute Resolution in New York, alleging breaches of the license and consulting agreements between the Company and 3DMG. On June 15, 2006, 3DMG filed an answer denying any breaches and asserting counterclaims that the Company breached the parties license agreement. On June 21, 2007, the Arbitration Panel unanimously denied 3DMG s Motion for Summary Judgment filed on April 11, 2007 concerning the Company s claims and 3DMG s counterclaims. The proceeding was suspended on May 4, 2009 due to failure of 3DMG to pay fees associated with the proceeding. The ICDR is scheduled to report back to the parties regarding the status of the suspension in November 2009. The Company will continue to pursue its claims vigorously and believes that all allegations made by 3DMG are without merit. The Company further believes that the amount of 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 the arbitration.

(b) In January 2004, the Company and IMAX Theatre Services Ltd., a subsidiary of the Company, commenced an arbitration seeking damages 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 June 2004, the Company commenced a related arbitration before the ICC against EML s affiliate, E-CITI Entertainment (I) PVT Limited (E-Citi), seeking damages as a result of E-Citi s breach of a September 2000 lease agreement. An arbitration hearing took place in November 2005 against E-Citi which considered all claims by the Company. On February 1, 2006, the ICC issued an award on liability finding unanimously in the Company s favor on all claims. Further hearings took place in July 2006 and December 2006. On August 24, 2007, the ICC issued an award unanimously in favor of the Company in the amount of $9.4 million, consisting of past and future rents owed to the Company under its lease agreements, plus interest and costs. In the award, the ICC upheld the validity and enforceability of the Company s theater system contract. The Company thereafter submitted its application to the arbitration panel for interest and costs. On March 27, 2008, the Panel issued a final award in favor of the Company in the amount of $11,309,496, plus an additional $2,512 each day in interest from October 1, 2007 until the date the award is paid, which the Company is seeking to enforce and collect in full.

(c) In June 2004, Robots of Mars, Inc. (Robots) initiated an arbitration proceeding against the Company in California with the American Arbitration Association pursuant to an arbitration provision in a 1994 film production agreement between Robots predecessor-in-interest and a subsidiary of the Company, asserting claims for breach of contract, fraud, breach of fiduciary duty and intentional interference with the contract. Robots is seeking an accounting of the Company s revenues and an award of all sums alleged to be due to Robots under the production

agreement, as well as punitive damages. The arbitration hearing of this matter occurred on June 1 through June 5, 2009, with closing arguments occurring on October 16, 2009. The parties are currently awaiting a ruling from the arbitrator. The Company believes the amount of the loss, if any, that may be suffered in connection with this proceeding will not have a material impact on the financial position or results of operations of the Company, although no assurance can be given with respect to the ultimate outcome of such arbitration.

(d) The Company and certain of its officers and directors were named as defendants in eight purported class action lawsuits filed between August 11, 2006 and September 18, 2006, alleging violations of U.S. federal securities laws. These eight actions were filed in the U.S. District Court for the Southern District of New York. On January 18, 2007, the Court consolidated all eight class action lawsuits and appointed Westchester Capital Management, Inc. as the lead plaintiff and Abbey Spanier Rodd & Abrams, LLP as lead plaintiff s counsel. On October 2, 2007, plaintiffs filed a consolidated amended class action complaint. The amended complaint, brought on behalf of shareholders who purchased the Company s common stock between February 27, 2003 and July 20, 2007, alleges primarily that the defendants engaged in securities fraud by disseminating materially false and misleading statements during the class period regarding the Company s revenue recognition of theater system installations, and failing to disclose material information concerning the Company s revenue recognition practices. The amended complaint also added PricewaterhouseCoopers LLP, the Company s auditors, as a defendant. The lawsuit seeks unspecified compensatory damages, costs, and expenses. The defendants filed a motion to dismiss the amended complaint on December 10, 2007. On September 16, 2008, the Court issued a memorandum opinion and order, denying the motion. On October 6, 2008, the defendants filed an answer to the amended complaint. On October 31, 2008, the plaintiffs filed a motion for class certification. Fact discovery on the merits commenced on November 14, 2008 and is ongoing. On March 13, 2009, the Court granted a second prospective lead plaintiff s request to file a motion for reconsideration of the Court s order naming Westchester Capital Management, Inc. as the lead plaintiff and issued an order denying without prejudice plaintiff s class certification motion pending resolution of the motion for reconsideration. On June 29, 2009, the Court granted the motion for reconsideration and appointed Snow Capital Investment Partners, L.P. as the lead plaintiff and Coughlin Stoia Geller Rudman & Robbins LLP as lead plaintiff s counsel. Westchester Capital Management, Inc, appealed this decision, but the U.S. Court of Appeals for the Second Circuit denied its petition on October 1, 2009. The lawsuit is at an early stage and as a result the Company is not able to estimate a potential loss exposure at this time. The Company will vigorously defend the matter, although no assurances can be given with respect to the outcome of such proceedings. The Company s directors and officers insurance policy provides for reimbursement of costs and expenses incurred in connection with this lawsuit as well as potential damages awarded, if any, subject to certain policy limits and deductibles.

(e) A class action lawsuit was filed on September 20, 2006 in the Ontario Superior Court of Justice against the Company and certain of its officers and directors, alleging violations of Canadian securities laws. This lawsuit was brought on behalf of shareholders who acquired the Company s securities between February 17, 2006 and August 9, 2006. The lawsuit is in an early stage and seeks unspecified compensatory and punitive damages, as well as costs and expenses. As a result, the Company is unable to estimate a potential loss exposure at this time. The plaintiffs require leave of the Court before they are permitted to proceed with certain claims they have made pursuant to the Securities Act (Ontario) and have filed a motion to obtain leave, along with a separate motion for certification of the action as a class proceeding. The Company has opposed both of these motions and a hearing on the motions took place during the week of December 15, 2008. It is not known when the Court will render a decision on these motions. The Company believes the allegations made against it in the statement of claim are meritless and will vigorously defend the matter, although no assurance can be given with respect to the ultimate outcome of such proceedings. The Company s directors and officers insurance policy provides for reimbursement of costs and expenses incurred in connection with this lawsuit as well as potential damages awarded, if any, subject to certain policy limits and deductibles.

(f) On September 7, 2007, Catalyst Fund Limited Partnership II (Catalyst), a holder of the Company s Senior Notes, commenced an application against the Company in the Ontario Superior Court of Justice for a declaration of oppression pursuant to sections 229 and 241 of the Canada Business Corporations Act (CBCA) and for a declaration that the Company is in default of the Indenture governing its Senior Notes. In its application against the Company, Catalyst challenged the validity of the consent solicitation through which the Company requested and obtained a waiver of any and all defaults arising from a failure to comply with the reporting covenant under the Indenture and alleged common law fraud. On September 26, 2008, on the Company s motion, the Ontario Superior Court stayed Catalyst s application in Canada on the basis of Catalyst having brought similar claims against the Company in the State of New York, and ordered Catalyst to pay the Company s costs associated with the motion. On April 27, 2009, the Supreme Court of the State of New York disposed of Catalyst s claims against the Company in the State of New

York (see note 10(g) for additional information). At this stage of the litigation, the Company is not able to estimate a potential loss exposure. The Company believes this application is entirely without merit and plans to contest it vigorously and seek costs from Catalyst, although no assurances can be given with respect to the outcome of the proceedings. The Company s directors and officers insurance policy provides for reimbursement of costs and expenses incurred in connection with this lawsuit as well as potential damages awarded, if any, subject to certain policy limits and deductibles.

(g) In a related matter, on December 21, 2007, U.S. Bank National Association, trustee under the Indenture, filed a complaint in the Supreme Court of the State of New York against the Company and Catalyst, requesting a declaration that the theory of default asserted by Catalyst before the Ontario Superior Court of Justice is without merit and further that Catalyst has failed to satisfy certain prerequisites to bondholder action, which are contained in the Indenture (the U.S. Bank Action). On February 6, 2008, the Company

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served a Verified Answer to the U.S. Bank Action. On February 22, 2008, Catalyst served a Verified Answer to the U.S. Bank Action and filed several Cross-Claims against the Company in the same proceeding. The allegations asserted and relief requested through the Cross-Claims were substantially similar to those asserted in Catalyst s application in the Ontario Superior Court of Justice. On July 1, 2008, Catalyst moved for summary judgment on the Cross-Claims. The Company opposed this motion and requested that summary judgment be granted in its favor. On January 16, 2009, the Company moved for summary judgment, seeking a ruling that the Company satisfies the terms of the declaratory relief requested by the Trustee and the dismissal of the Cross-Claims.

On April 27, 2009, the Court denied Catalyst s motion for partial summary judgment and granted the Company s motion for summary judgment, disposing of the Cross-Claims. Specifically, the Court held that the consent solicitation conducted by the Company in April 2007 was valid, effective, and not tainted by fraud, and that the Annual Report on Form 10-K for the year-ended December 31, 2006 was filed in accord with the terms of the Indenture, and made in good faith. The Court further found that no Event of Default occurred under the Indenture, and thus no acceleration of maturity has occurred. The Court considered all of the other arguments made by Catalyst and deemed them to be without merit. On May 7, 2009, Catalyst filed a notice of appeal of the Court s ruling on summary judgment. The Company believes that the amount of loss, if any, would not have a material impact on the financial position or results of operations of the Company, although no assurance can be given with respect to the ultimate outcome of the arbitration.

(h) Since June 2006, the Company has been subject to ongoing informal inquiries by the U.S. Securities and Exchange Commission and the Ontario Securities Commission. The Company has been cooperating with these inquiries and believes that they principally relate to the timing of recognition of the Company s theater system installation revenue in 2005 and related matters. Although the Company cannot predict the timing of developments and outcomes in these inquiries, they could result at any time in developments (including charges or settlement of charges) that could have material adverse effects on the Company. These effects could include payments of fines or disgorgement or other relief with respect to the Company or its officers or employees that could be material to the Company. Such developments could also have an adverse effect on the Company s defense of the class action lawsuits referred to above. See Risk Factors in Item 1A in the Company s 2008 Form 10-K for further discussion of these inquiries and their potential impact on the Company, including the ongoing expenses incurred in connection with cooperating with the authorities.

(i) On November 4, 2009, the Company became aware that Cinemark USA, Inc. (Cinemark) filed a complaint in the United States District Court for the Eastern District of Texas on November 3, 2009, against the Company seeking a declaratory judgment that Cinemark is not infringing certain of the Company s patents related to theater geometry and that such patents are invalid. The complaint does not set forth a claim by Cinemark for monetary damages against the Company. The lawsuit is at an early stage and as a result the Company is not able to estimate a potential loss exposure, if any, at this time. The Company will vigorously defend any and all challenges to its patents and other intellectual property rights.

(j) 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.

(k) In the normal course of business, the Company enters into agreements that may contain features that meet the definition of a guarantee. The Guarantee Topic of the FASB Accounting Standards Codification defines a guarantee to be a contract (including an indemnity) that contingently requires the Company to make payments (either in cash, financial instruments, other assets, shares of its stock or provision of services) to a third party based on (a) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, a liability or an equity security of the counterparty, (b) failure of another party to perform under an obligating agreement or (c) failure of another third party to pay its indebtedness when due.

Financial Guarantees

The Company has provided no significant financial guarantees to third parties.

Product Warranties

The following summarizes the accrual for product warranties that was recorded as part of accrued liabilities in the condensed consolidated balance sheets:

Balance as at December 31, 2008	$ 33
Payments	(41)
Warranties issued	90
Revisions	(72)
Balance as at September 30, 2009	$ 10

Director/Officer Indemnifications

The Company s General By-law contains an indemnification of its directors/officers, former directors/officers and persons who have acted at its request to be a director/officer of an entity in which the Company is a shareholder or creditor, to indemnify them, to the extent permitted by the *Canada Business Corporations Act*, against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by them in connection with any action, suit or proceeding in which the directors and/or officers are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the Company. The nature of the indemnification prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The Company has purchased directors and officers liability insurance. No amount has been accrued in the condensed consolidated balance sheet as at September 30, 2009 with respect to this indemnity.

Other Indemnification Agreements

In the normal course of the Company s operations, the Company provides indemnifications to counterparties in transactions such as: theater system lease and sale agreements and the supervision of installation or servicing of the theater systems; film production, exhibition and distribution agreements; real property lease agreements; and employment agreements. During the second quarter of 2009, the Company provided an indemnity to a third party in connection with a terminated service arrangement. These indemnification agreements require the Company to compensate the counterparties for costs incurred as a result of litigation claims that may be suffered by the counterparty as a consequence of the transaction or the Company s breach or non-performance under these agreements. While the terms of these indemnification agreements vary based upon the contract, they normally extend for the life of the agreements. A small number of agreements do not provide for any limit on the maximum potential amount of indemnification however, virtually all of the Company s system lease and sale agreements limit such maximum potential liability to the purchase price of the system. The fact that the maximum potential amount of indemnification required by the Company is not specified in some cases prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Historically, the Company has not made any significant payments under such indemnifications and less than $0.1 million has been accrued in the accompanying condensed consolidated financial statements with respect to the contingent aspect of these indemnities.

11. Condensed Consolidated Statements of Operations Supplemental Information

(a) Selling Expenses

The Company defers direct selling costs such as sales commissions and other amounts related to its sale and sales-type lease arrangements until the related revenue is recognized. These costs, included in costs and expenses applicable to revenues-equipment and product sales, totaled $0.8 million and $1.4 million for the three and nine months ended September 30, 2009, respectively (2008 $0.3 million and $0.6 million, respectively).

Film exploitation costs, including advertising and marketing, totaled $0.7 million and $1.7 million for the three and nine months ended September 30, 2009, respectively (2008 $0.6 million and $1.0 million, respectively) and are recorded in costs and expenses applicable to revenues-services as incurred.

Commissions are recognized as costs and expenses applicable to revenues-rentals in the month they are earned. These costs totaled $0.1 million and $1.1 million for the three and nine months ended September 30, 2009, respectively (2008 $0.3 million and $0.3 million, respectively). Direct advertising and marketing costs for each theater are charged to costs and expenses applicable to revenues-rental as incurred. These costs totaled $0.2 million and $1.4 million for the three and nine months ended September 30, 2009, respectively (2008 less than $0.1 million and less than $0.1 million, respectively).

(b) Foreign Exchange

Included in selling, general and administrative expenses for the three and nine months ended September 30, 2009 is $1.0 million and $2.3 million, respectively, for net foreign exchange gains related to the translation of foreign currency denominated monetary assets and liabilities (including $0.8 million and $1.8 million, respectively of appreciation on foreign exchange forward contracts) compared with a translation loss of $0.6 million and $0.8 million for the three and nine months ended September 30, 2008, respectively. See note 19(c) for additional information.

(c) Collaborative Arrangements

Joint Revenue Sharing Arrangements

In a joint revenue sharing arrangement, the Company receives a portion of a theater s box-office and concession revenues in exchange for placing a theater system at the theater operator s venue. Under joint revenue sharing arrangements, the customer has the ability and the right to operate the hardware components or direct others to operate them in a manner determined by the customer. The Company s joint revenue sharing arrangements are typically non-cancellable for 7 to 10 years with renewal provisions. Title to equipment under joint revenue sharing arrangements does not transfer to the customer. The Company s joint revenue sharing arrangements do not contain a guarantee of residual value at the end of the term. The customer is required to pay for executory costs such as insurance and taxes and is required to pay the Company for maintenance and extended warranty throughout the term. The customer is responsible for obtaining insurance coverage for the theater systems commencing on the date specified in the arrangement s shipping terms and ending on the date the theater systems are delivered back to the Company.

The Company has signed joint revenue sharing agreements with 6 exhibitors for a total of 157 theater systems, of which 96 theaters were operating, the terms of which are similar in nature, rights and obligations. The accounting policy for the Company s joint revenue sharing arrangements is disclosed in note 2(n) of the Company s 2008 Form 10-K.

Amounts attributable to transactions arising between the Company and its customers under joint revenue sharing arrangements are included in Rentals revenue and for the three and nine months ended September 30, 2009 amounted to $3.4 million and $12.5 million, respectively (2008 $1.2 million and $2.0 million, respectively).

IMAX DMR

In an IMAX DMR arrangement, the Company transforms conventional motion pictures into the Company s large screen format, allowing the release of Hollywood content to the IMAX theater network. In a typical IMAX DMR film arrangement, the Company will absorb its costs for the digital re-mastering and then recoup this cost from a percentage of the gross box-office receipts of the film, which generally range from 10-15%. The Company does not typically hold distribution rights or the copyright to these films.

For the nine months ended September 30, 2009, 11 IMAX DMR films were exhibited through the IMAX theater network. The Company has entered into arrangements with film producers to convert 4 additional films which are expected to be released during the remainder of 2009, the terms of which are similar in nature, rights and obligations. The accounting policy for the Company s IMAX DMR arrangements is disclosed in note 2(n) of the Company s 2008 Form 10-K.

Amounts attributable to transactions arising between the Company and its customers under IMAX DMR arrangements are included in Services revenue and for the three and nine months ended September 30, 2009 amounted to $7.8 million and $23.7 million, respectively (2008 $9.2 million and $14.6 million, respectively).

Co-Produced Film Arrangements

In certain film arrangements, the Company co-produces a film with a third party whereby the third party retains the copyright and rights to the film, except that the Company obtains exclusive theatrical distribution rights to the film. Under these arrangements, both parties contribute funding to the Company s wholly-owned production company for the production of the film and for associated exploitation costs. Clauses in the film arrangements generally provide for the third party to take over the production of the film if the cost of the production exceeds its approved budget or if it appears as though the film will not be delivered on a timely basis.

The accounting policies relating to co-produced film arrangements are disclosed in notes 2(a) and 2(n) of the Company s 2008 Form 10-K.

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At September 30, 2009, the Company has 2 significant co-produced film arrangements and 2 other co-produced film arrangements, the terms of which are similar.

For the three and nine months ended September 30, 2009, amounts totaling $1.7 million and $5.5 million, respectively (2008 $1.3 million and $3.3 million, respectively) attributable to transactions between the Company and other parties involved in the production of the films have been included in cost and expenses applicable to revenues-services.

12. Condensed Consolidated Statements of Cash Flows Supplemental Information

(a) Changes in other non-cash operating assets and liabilities are comprised of the following:

	Nine Months Ended September 30,	
	2009	**2008**
Decrease (increase) in:		
Accounts receivable	$ 2,945	$ (251)
Financing receivables	(3,436)	787
Inventories	4,510	2,375
Prepaid expenses	(353)	(730)
Commissions and other deferred selling expenses	275	(499)
Insurance recoveries	76	563
Increase (decrease) in:		
Accounts payable	(3,666)	(1,281)
Accrued and other liabilities	6,529	(657)
Deferred revenue	(11,763)	8,423
	$ (4,883)	$ 8,730

(b) Cash payments made on account of:

	Nine Months Ended September 30,	
	2009	**2008**
Income taxes	$ 311	$ 417
Interest	$ 8,463	$ 8,025

(c) Depreciation and amortization are comprised of the following:

	Nine Months Ended September 30,	
	2009	**2008**
Film assets[(1)]	$ 6,749	$ 6,599
Property, plant and equipment		
Joint revenue sharing arrangements	3,236	1,490
Other property, plant and equipment	3,292	3,254
Other intangible assets	424	389
Deferred financing costs	928	1,067
	$ 14,629	$ 12,799

(1) Included in film asset amortization is a charge of $0.2 million (2008 $1.1 million) relating to changes in estimates based on the ultimate recoverability of future films.

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(d) Write-downs, net of recoveries, are comprised of the following:

	Nine Months Ended September 30,	
	2009	2008
Accounts receivables	26	543
Financing receivables	1,490	741
Inventories[(1)]	196	540
	$ 1,712	$ 1,824

(1) In the nine months ended September 30, 2009, the Company recorded a charge of $0.1 million (2008 $0.5 million) in costs and expenses applicable to revenues equipment and product sales and $0.1 million (2008 $nil) in costs and expenses applicable to revenues services, primarily for its film-based projector inventories due to lower net realizable values resulting from the Company s development of a digital projection system.

13. Receivable Provisions, Net of Recoveries

Three Months	Nine Months

	Ended September 30,		Ended September 30,	
	2009	2008	2009	2008
Accounts receivable provisions, net of recoveries	$ (83)	$ 6	$ 26	$ 373
Financing receivables, net of recoveries	172	259	1,052	741
Receivable provisions, net of recoveries	$ 89	$ 265	$ 1,078	$ 1,114

14. Income Taxes

(a) 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, investment 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. There was no change in the Company s estimates of projected future earnings and the recoverability of its deferred tax assets based on an analysis of both positive and negative evidence.

On March 12, 2009, the Government of Canada enacted Bill C-10, which included legislation allowing corporations to elect to file their Canadian corporate tax returns in the corporation s functional currency. The Company has submitted an election to file the 2008 and subsequent Canadian corporate tax returns in U.S. dollars. As a result of the election and its impact on the Company s opening 2008 tax return balances in Canada, the Company has recorded an increase in the gross deferred tax asset of $15.6 million, which has been fully offset by a corresponding valuation allowance.

As at September 30, 2009, the Company had net deferred income tax assets of $nil (December 31, 2008 $nil). As at September 30, 2009, the Company had a gross deferred income tax asset of $80.0 million (December 31, 2008 $62.4 million), against which the Company is carrying a $80.0 million valuation allowance (December 31, 2008 $62.4 million).

As at September 30, 2009 and December 31, 2008, the Company had total unrecognized tax benefits of $4.9 million and $4.4 million for international withholding taxes, respectively. All of the unrecognized tax benefits could impact the Company s effective tax rate if recognized. While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could differ from the Company s accrued position. Accordingly, additional provisions on federal, state, provincial and foreign tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

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Consistent with its historical financial reporting, the Company has elected to classify interest and penalties related to income tax liabilities, when applicable, as part of the interest expense in its condensed consolidated statement of operations rather than income tax expense. The Company recognized approximately $0.1 million and $0.2 million in potential interest and penalties associated with uncertain tax positions for the three and nine months ended September 30, 2009, respectively (2008 $0.1 million and $0.2 million, respectively).

(b) Income Tax Effect on Comprehensive Income (Loss)

The income tax recovery (expense) related to the following items comprising other comprehensive income (loss) are:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Amortization of prior service cost (credits)	(10)	(17)	(30)	50
Amortization of actuarial gain on defined benefit plan	47		141	
Unrealized hedging gain			47	
Realization of hedging gains upon settlement				
	$ 37	$ (17)	$ 158	$ 50

15. Capital Stock

(a) Authorized

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares. The following is a summary of the rights, privileges, restrictions and conditions of the common shares.

The holders of common shares are entitled to receive dividends if, as and when declared by the directors of the Company, subject to the rights of the holders of any other class of shares of the Company entitled to receive dividends in priority to the common shares.

The holders of the common shares are entitled to one vote for each common share held at all meetings of the shareholders.

(b) Changes during the Period

On June 5, 2009 and August 17, 2009, the Company completed public offerings of 9,800,000 and 5,882,353 common shares, respectively, pursuant to a registration statement declared effective by the SEC. On June 26, 2009 and August 31, 2009, the Company completed the sale of an additional 1,470,000 and 882,353 common shares, respectively, pursuant to the over-allotment options exercised in full by the underwriter of the offerings. The 11,270,000 common shares sold in the June offerings were sold at a public offering price of $7.15. The 6,764,706 common shares sold in the August offerings were sold at a public offering price of $8.50. The Company expects the aggregate net proceeds of the offerings, once all offering expenses are paid, to be approximately $130.6 million. The Company stated that it intends to use the proceeds of the offerings for the repayment of debt, including a portion of the Senior Notes, and for general corporate purposes.

(c) Stock-Based Compensation

The Company has five stock-based compensation plans that are described below. The compensation costs recorded in the condensed consolidated statement of operations for these plans were $3.2 million and $7.9 million for the three and nine months ended September 30, 2009, respectively (2008 a recovery of $0.2 million and expense of $1.5 million, respectively). No income tax benefit is recorded in the condensed consolidated statement of operations for these costs.

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Stock Option Plan

The Company s Stock Option Plan, which is shareholder approved, permits the grant of options to employees, directors and consultants. The Company recorded an expense of $0.3 million and $1.2 million for the three and nine months ended September 30, 2009, respectively (2008 $0.2 million and $0.6 million, respectively), related to grants issued to employees and directors in the plan.

The Company s policy is to issue new shares from treasury to satisfy stock options which are exercised.

The Company utilizes a lattice-binomial option-pricing model (Binomial Model) to determine the fair value of stock-based payment awards. The fair value determined by the Binomial Model is affected by the Company s stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the Company s expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The Binomial Model also considers the expected exercise multiple which is the multiple of exercise price to grant price at which exercises are expected to occur on average. Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions and are fully transferable. Because the Company s employee stock options have certain characteristics that are significantly different from traded options, and because changes in the subjective assumptions can materially affect the estimated value, in management s opinion, the Binomial Model best provides a fair measure of the fair value of the Company s employee stock options.

The weighted average fair value of all common share options, granted to employees for the three and nine months ended September 30, 2009 at the measurement date was $3.99 per share and $3.70 per share, respectively (2008 $2.21 per share and $2.26 per share, respectively). The following assumptions were used:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2009	**2008**	**2009**	**2008**
Average risk-free interest rate	3.11%	3.22%	3.11%	3.30%
Expected option life (in years)	5.83	4.72 - 4.75	5.41 - 5.85	3.49 - 4.75
Expected volatility	62%	61%	62%	61% - 62%
Annual termination probability	0% - 10.01%	10.40% - 11.20%	0% - 10.30%	0% - 11.20%
Dividend yield	0%	0%	0%	0%

As at September 30, 2009, the Company has reserved a total of 12,453,897 (December 31, 2008 8,698,126) common shares for future issuance under the Stock Option Plan, of which options in respect of 6,004,662 common shares are outstanding at September 30, 2009. All awards of stock options are made at fair market value of the Company s Common Shares on the date of grant. Fair Market Value of a Common Share on a given date means the higher of the closing price of a Common Share on the grant date (or the most recent trading date if the grant date is not a trading date) on the NASDAQ Global Market, the Toronto Stock Exchange (the TSX) and such national exchange, as may be designated by the Company s Board of Directors. The options generally vest between one and 5 years and expire 10 years or less from the date granted. The Stock Option Plan provides that vesting will be accelerated if there is a change of control, as defined in the plan. At September 30, 2009, options in respect of 3,987,190 common shares were vested and exercisable.

The following table summarizes certain information in respect of option activity under the Stock Option Plan for the nine month periods ended September 30:

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	Number of Shares		Weighted Average Exercise Price Per Share	
	2009	2008	2009	2008
Options outstanding, beginning of year	6,686,182	5,908,080	$ 5.97	$ 6.71
Granted	306,858	524,663	6.52	6.80
Exercised	(744,149)	(312,776)	4.42	3.59
Forfeited	(22,750)	(67,808)	5.94	5.94
Expired	(212,229)	(158,000)	16.18	23.95
Cancelled	(9,250)	(84,518)	18.51	7.84
Options outstanding, end of period	6,004,662	5,809,641	5.81	6.41
Options exercisable, end of period	3,987,190	4,345,087	6.22	6.53

During the three and nine months ended September 30, 2009, the Company cancelled nil and 9,250 stock options, respectively from its Stock Option Plan (2008 5,967 and 84,518, respectively) surrendered by Company employees for $nil consideration. Compensation cost which is fully recognized at the cancellation date was not reversed for options cancelled.

As at September 30, 2009, 5,644,367 options were fully vested or are expected to vest with a weighted average exercise price of $5.84, aggregate intrinsic value of $21.9 million and weighted average remaining contractual life of 4.1 years. As at September 30, 2009, options that are exercisable have an intrinsic value of $14.4 million and a weighted average remaining contractual life of 3.1 years. The intrinsic value of options exercised in the three and nine months ended September 30, 2009 was $1.9 million and $2.2 million, respectively (2008 $0.2 million and $1.1 million, respectively).

Options to Non-Employees

During the three and nine months ended September 30, 2009, an aggregate of nil and 100,000 common share options to purchase the Company s common stock with an average exercise price of $4.05 were granted to certain advisors and strategic partners of the Company. These options have a maximum contractual life of 6 years. The option vesting ranges from immediately to five years. These options were granted under the Stock Option Plan. There were no common share options granted to non-employees during the three and nine months ended September 30, 2008.

As at September 30, 2009, non-employee options outstanding amounted to 233,268 options (2008 203,439) with a weighted average exercise price of $6.87 (2008 $7.41). 154,434 options (2008 163,344) were exercisable with an average weighted exercise price of $8.31 (2008 $8.11) and the vested options have an aggregate intrinsic value of $0.2 million (2008 less than $0.1 million). The weighted average fair value of options granted to non-employees during the nine months ended September 30, 2009 at the measurement date was $2.34 per share, utilizing a Binomial Model with the following underlying assumptions for periods ended September 30:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Average risk-free interest rate	N/A	N/A	2.03%	N/A
Contractual option life	N/A	N/A	6 years	N/A
Average expected volatility	N/A	N/A	62%	N/A
Dividend yield	N/A	N/A	0%	N/A

For the three and nine months ended September 30, 2009, the Company recorded a charge of less than $0.1 million and $0.1 million, respectively (2008 less than $0.1 million and $0.1 million, respectively) to cost and expenses applicable to revenues services related to the non-employee stock options.

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Restricted Common Shares

Under the terms of certain employment agreements dated July 12, 2000, the Company is required to issue either 160,000 restricted common shares or pay their cash equivalent. The restricted shares are required to be issued, or payment of their cash equivalent, upon request by the employees at any time. The aggregate intrinsic value of the awards outstanding at September 30, 2009 is $1.5 million (December 31, 2008 $0.7 million). The Company accounts for the obligation as a liability, which is classified within accrued liabilities. The Company has recorded an expense of $0.2 million and $0.8 million for the three and nine months ended September 30, 2009, respectively (2008 recovery of $0.1 million and $0.1 million, respectively), due to the changes in the Company s stock price during the period.

Stock Appreciation Rights

There were no stock appreciation rights (SARs) granted during the three and nine months ended September 30, 2009 and 2008. During 2007, 2,280,000 SARs with a weighted average exercise price of $6.20 per right were granted to certain Company executives. As at September 30, 2009, all 2,280,000 SARs were outstanding, of which 1,716,000 SARs were exercisable. The SARs vesting period ranges from immediately to 5 years, with a remaining contractual life ranging from 4.25 to 8.26 years at September 30, 2009. The SARs were measured at fair value at the date of grant and are remeasured each period until settled. At September 30, 2009, the SARs had an average fair value of $3.84 per right (December 31, 2008 $1.22). The Company accounts for the obligation of these SARs as a liability (September 30, 2009 $7.7 million, December 31, 2008 $1.9 million), which is classified within accrued liabilities. The Company has recorded a $2.6 million and $5.8 million expense for the three and nine months ended September 30, 2009, respectively (2008 a recovery of $0.3 million and expense of $0.9 million, respectively) to selling, general and administrative expenses related to these SARs. None of the SARs have been exercised. The following assumptions were used for measuring the fair value of the SARs:

	As at September 30, 2009	**As at December 31, 2008**
Average risk-free interest rate	1.03%	1.95%
Expected option life (in years)	0.71 - 3.82	3.54 - 5.82
Expected volatility	62%	62%
Annual termination probability	0% - 10.01%	0% - 10.01%
Dividend yield	0%	0%

Warrants

There were no warrants issued during the three and nine months ended or outstanding as at September 30, 2009 and 2008.

(d) Income (loss) per Share

Reconciliations of the numerator and denominator of the basic and diluted per-share computations are comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net income (loss) from continuing operations applicable to common shareholders	$ 1,062	$ (2,107)	$ 982	$ (24,559)
Weighted average number of common shares (000 s):				
Issued and outstanding, beginning of period	55,024	43,415	43,491	40,423
Weighted average number of shares issued during the period	3,366	23	6,083	1,603
Weighted average number of shares used in computing basic income (loss) per share	58,390	43,438	49,574	42,026
Assumed exercise of stock, net of shares assumed	2,320		1,360	
Weighted average number of shares used in computing diluted income (loss) per share	60,710	43,438	50,934	42,026

The calculation of diluted income (loss) per share for the three and nine months ended September 30, 2008 excludes all shares that are issuable upon exercise of options as the impact of these exercises would be antidilutive.

(e) Shareholders Equity

The following summarizes the movement of Shareholders Equity for the nine months ended September 30, 2009:

Balance as at December 31, 2008	$ (96,774)
Issuance of common shares from public offerings, net of offering costs of $7.5 million	130,624
Issuance of common shares for stock options exercised	3,288
Net income	982
Adjustment to other equity for employee stock options granted	1,285
Adjustment to other equity for non-employee stock options granted	183
Adjustment to capital stock for stock options exercised	705
Adjustment to other equity for stock options exercised	(705)
Adjustments to accumulated other comprehensive income to amortize the prior service costs related to pensions and to record the prior service cost	80
Adjustments to accumulated other comprehensive income to amortize defined benefit pension plan actuarial gains	(371)
Adjustments to accumulated other comprehensive income to record unrealized hedging gains	2,015
Adjustments to accumulated other comprehensive income to record the realization of hedging gains upon settlement	(1,077)
Balance as at September 30, 2009	$ 40,235

16. Segmented Information

The Company has eight reportable segments identified by category of product sold or service provided: IMAX systems; theater system maintenance; joint revenue sharing arrangements; film production and IMAX DMR; film distribution; film post-production; theater operations; and other. The IMAX systems segment designs, manufactures, sells or leases IMAX theater projection system equipment. The theater system maintenance segment maintains IMAX theater projection system equipment in the IMAX theater network. The joint revenue sharing arrangements segment

provides IMAX theater projection system equipment to an exhibitor in exchange for a share of the box-office and concession revenues. The film production and IMAX DMR segment produces films and performs film re-mastering services. The film distribution segment distributes films for which the Company has distribution rights. The film post-production segment provides film post-production and film print services. The theater operations segment owns and operates certain IMAX theaters. The Company refers to all theater using the IMAX theater system as IMAX theaters. The other segment includes camera rentals and other miscellaneous items. The accounting policies of the segments are the same as those described in note 2 to the audited consolidated financial statements included in the Company s 2008 Form 10-K.

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The Company s Chief Operating Decision Maker (CODM), as defined in the Segment Reporting Topic of the FASB Accounting Standards Codification, assesses segment performance based on segment revenues, gross margins and film performance. Selling, general and administrative expenses, research and development costs, amortization of intangibles, receivables provisions (recoveries), interest revenue, interest expense and tax provision (recovery) are not allocated to the segments.

In the fourth quarter of 2008, based on the Segment Reporting Accounting Standard, the Company identified a change in internal reporting and business activities resulting in theater system maintenance and joint revenue sharing arrangements becoming new reportable segments, separate and distinct from the IMAX systems reportable segment. Prior year amounts have been restated to conform to the current reportable segment presentation.

Transactions between the film production and IMAX DMR segment and the film post-production segment are valued at exchange value. Inter-segment profits are eliminated upon consolidation, as well as for the disclosures below.

Transactions between the other segments are not significant.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2009	**2008**	**2009**	**2008**
Revenue				
IMAX systems	$ 20,070	$ 8,731	$ 44,861	$ 23,172
Theater system maintenance	4,502	4,156	13,295	11,989
Joint revenue sharing arrangements	3,432	1,246	12,532	2,027
Films				
Production and IMAX DMR	7,822	9,174	23,658	14,580
Distribution	3,339	2,412	10,075	7,472
Post-production	1,368	1,433	2,755	4,955
Theater operations	2,414	4,928	8,666	9,782
Other	696	788	1,836	2,446
Total	$ 43,643	$ 32,868	$ 117,678	$ 76,423
Gross margins				
IMAX systems[(1)]	$ 11,190	4,848	$ 24,620	13,862
Theater system maintenance	2,109	2,063	6,740	5,180
Joint revenue sharing arrangements[(1)]	1,749	79	6,729	6
Films				
Production and IMAX DMR[(1)]	2,840	6,282	12,524	6,012
Distribution[(1)]	675	538	1,664	2,658
Post-production	211	355	906	2,740
Theater operations	(293)	741	72	194
Other	181	50	160	263
Total	$ 18,662	$ 14,956	$ 53,415	$ 30,915

(1) IMAX systems include commission costs of

$0.8 million and $1.4 million for the three and nine months ended September 30, 2009, respectively (2008 $0.3 million and $0.6 million, respectively). Joint revenue sharing arrangements segment margins include advertising, marketing and commission costs of $0.3 million and $2.5 million for the three and nine months ended September 30, 2009, respectively (2008 $0.3 million and $0.3 million, respectively). Production and DMR segment margins include marketing costs of $0.5 million and $1.1 million for the three and nine months ended September 30, 2009, respectively (2008 $0.4 million and $0.7 million, respectively). Distribution segment

margins include marketing costs of $0.2 million and $0.6 million for the three and nine months ended September 30, 2009, respectively (2008 $0.2 million and $0.4 million, respectively).

	September 30, 2009	December 31, 2008
Assets		
IMAX systems	$ 101,324	$ 107,640
Theater system maintenance	14,754	14,120
Joint revenue sharing arrangements	56,442	37,145
Films		
Production and IMAX DMR	9,897	14,891
Distribution	4,632	5,106
Post-production	2,759	3,086
Theater operations	813	873
Other	811	845
Corporate and other non-segment specific assets	117,533	44,961
Total	$ 308,965	$ 228,667

17. Employees Pension and Postretirement Benefits

(a) Defined Benefit Plan

The Company has an unfunded U.S. defined benefit pension plan, the SERP, covering Richard L. Gelfond, Chief Executive Officer (CEO) of the Company and Bradley J. Wechsler, Chairman of the Company s Board of Directors. The SERP provides for a lifetime retirement benefit from age 55 determined as 75% of the member s best average 60 consecutive months of earnings over the member s employment history. The benefits were 50% vested as at July 2000, the SERP initiation date. The vesting percentage increases on a straight-line basis from inception until age 55. As at September 30, 2009, the benefits of Mr. Wechsler were 100% vested while the benefits of Mr. Gelfond were approximately 95.9% vested. The vesting percentage of a member whose employment terminates other than by voluntary retirement or upon a change in control shall be 100%. Upon a termination for cause, prior to a change of control, the executive shall forfeit any and all benefits to which such executive may have been entitled, whether or not vested.

Under the terms of the SERP, if Mr. Gelfond s employment terminates other than for cause prior to August 1, 2010, he is entitled to receive SERP benefits in the form of monthly annuity payments until the earlier of a change of control or August 1, 2010, at which time he is entitled to receive remaining benefits in the form of a lump sum payment. If Mr. Gelfond s employment terminates other than for cause on or after August 1, 2010, he is entitled to receive SERP benefits in the form of a lump sum payment. SERP benefit payments to Mr. Gelfond are subject to a deferral for six months after the termination of his employment, at which time Mr. Gelfond will be entitled to receive interest on the deferred amount credited at the applicable federal rate for short-term obligations.

Under the terms of the SERP, monthly annuity payments payable to Mr. Wechsler, whose employment as Co-CEO terminated effective April 1, 2009, were deferred for six months and were paid in the form of a lump sum plus interest on the deferred amount on October 1, 2009. Thereafter, in accordance with the terms of the SERP, Mr. Wechsler is entitled to receive monthly annuity payments until the earlier of a change of control or August 1, 2010, at which time he is entitled to receive remaining benefits in the form of a lump sum payment.

On March 8, 2006, the Company and Messrs. Gelfond and Wechsler negotiated an amendment to the SERP which reduced the related pension expense to the Company effective January 1, 2006. Under the terms of the SERP amendment, to reduce ongoing costs to the Company, the cost of living adjustment and surviving spouse benefits previously owed to Messrs. Gelfond and Wechsler are each reduced by 50%, subject to a recoupment of a percentage of such benefits upon a change of control of the Company, and the net present value of the reduced pension benefit payments is accelerated and paid out upon a change of control of the Company. The amendment resulted in reduction of the accrued pension liability by $6.2 million, a reduction in other assets of $3.4 million and a past services credit of

$2.8 million.

On May 4, 2007, the Company amended the SERP to provide for the determination of benefits to be 75% of the member s best average 60 consecutive months of earnings over the member s employment history from 75% of the member s best average 60 consecutive months of earnings over the past 120 months. The actuarial liability was remeasured to reflect this amendment. The amendment resulted in a $1.0 million increase to the pension liability and a corresponding $1.0 million charge to other comprehensive income.

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The amounts accrued for the SERP are determined as follows:

	Nine Months Ended September 30, 2009
Projected benefit obligation:	
Obligation, beginning of period	$ 26,381
Service cost	482
Interest cost	1,006
Obligation, end of period and unfunded status	$ 27,869

The following table provides disclosure of pension expense for the SERP:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Service cost	$ 161	$ 199	$ 482	$ 595
Interest cost	335	312	1,006	938
Amortization of prior service cost (credit)	37	(62)	110	(186)
Amortization of actuarial gain	(171)		(512)	
Pension expense	$ 362	$ 449	$ 1,086	$ 1,347

The accumulated benefit obligation for the SERP was $27.9 million at September 30, 2009, and $26.4 million at December 31, 2008.

The following amounts were included in accumulated other comprehensive income (AOCI) and will be recognized as components of net periodic benefit cost in future periods:

	September 30, 2009	December 31, 2008
Prior service cost	$ 35	$ 145
Unrecognized actuarial gain	(3,356)	(3,868)
	$ (3,321)	$ (3,723)

No contributions are expected to be made for the SERP during 2009 except to meet benefit payment obligations as they come due. The Company expects prior service costs of less than $0.1 million and amortization of actuarial gains of $0.2 million to be recognized as a component of net periodic benefit cost during the remainder of 2009.

The following benefit payments are expected to be made as per the current SERP assumptions and the terms of the SERP in each of the next 5 years, and in the aggregate:

2009 (three months remaining)	$ 861
2010	15,342(1)
2011	13,970
2012	

2013	
Thereafter	
	$ 30,173

(1) The SERP assumptions include that Mr. Wechsler will receive a lump sum payment at August 1, 2010 and that Mr. Gelfond will receive a lump sum payment in 2011 upon retirement at the end of the current term of his employment agreement, although Mr. Gelfond has not informed the Company that he intends to retire at that time.

At the time the Company established the SERP, it also took out life insurance policies on Messrs. Gelfond and Wechsler with coverage amounts of $21.5 million in aggregate to which the Company is the beneficiary. The Company may use the cash surrender value or the proceeds of the life insurance policies taken on Messrs. Gelfond and Wechsler to be applied towards the benefits due and payable under the SERP, although there can be no assurance that the Company will ultimately do so. At September 30, 2009, the cash surrender value of the insurance policies is $7.1 million (December 31, 2008 $6.2 million) and has been included in other assets.

(b) Defined Contribution Plan

The Company also maintains defined contribution pension plans for its employees, including its executive officers. The Company makes contributions to these plans on behalf of employees in an amount up to 5% of their base salary subject to certain prescribed maximums. During the three and nine months ended September 30, 2009, the Company contributed and expensed an aggregate of $0.2 million and $0.6 million, respectively (2008 $0.2 million and $0.7 million, respectively), to its Canadian plan and an aggregate of less than $0.1 million and $0.1 million, respectively (2008 less than $0.1 million and $0.1 million, respectively), to its defined contribution employee pension plan under Section 401(k) of the U.S. Internal Revenue Code.

(c) Postretirement Benefits

The Company has an unfunded postretirement plan covering Messrs. Gelfond and Wechsler. The plan provides that the Company will maintain health benefits for Messrs. Gelfond and Wechsler until they become eligible for Medicare and, thereafter, the Company will provide Medicare supplement coverage as selected by Messrs. Gelfond and Wechsler. The postretirement benefits obligation as at September 30, 2009 is $0.4 million (December 31, 2008 $0.4 million). The Company has expensed less than $0.1 million and less than $0.1 million for the three and nine months ended September 30, 2009, respectively (2008 less than $0.1 million and less than $0.1 million, respectively).

The following benefit payments are expected to be made as per the current plan assumptions in each of the next 5 years:

2009 (three months remaining)	$10
2010	$14
2011	$30
2012	$34
2013	$37

18. FASB Accounting Standard Codification Updates

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 166, Accounting for Transfers of Financial Assets an amendment to FASB Statement No. 140 (SFAS 166). SFAS 166 amends FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS 140) to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor s continuing involvement in transferred financial assets. It also removes the concept of qualifying special-purpose entities (SPEs) from SFAS 140 and removes the exception from applying FIN 46R to VIEs that are qualifying SPEs. SFAS 166 applies to all entities and is effective for the first annual reporting period beginning after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter, with earlier application prohibited. The Company is currently evaluating the potential impact of SFAS 166 on its consolidated financial statements.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 167, Amendments to FASB Interpretation No. 46(R) (SFAS 167). SFAS 167 amends certain requirements of FIN 46R to improve financial reporting by enterprises involved with VIEs and provides more relevant and reliable information to users of financial statements. Specifically, SFAS 167 eliminates the quantitative approach previously required under FIN 46R for determining the primary beneficiary of a VIE. SFAS 167 has the same scope as FIN 46R, with the addition of entities previously considered qualifying SPEs and is effective for the first annual reporting period beginning after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual

reporting periods thereafter, with earlier application prohibited. The Company is currently evaluating the potential impact of SFAS 167 on its consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements (a consensus of the FASB Emerging Issues Task Force) (ASU 2009-13) which amends ASC 605-25, Revenue Recognition: Multiple-Element Arrangements. ASU 2009-13 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how to allocate consideration to each unit of accounting in the arrangement. This ASU replaces all references to fair value as the measurement criteria with the term selling price and establishes a hierarchy for determining the selling price of a deliverable. ASU No. 2009-13 also eliminates the use of the residual value method for determining the allocation of arrangement consideration. Additionally, ASU 2009-13 requires expanded disclosures and is effective for fiscal years beginning on or after June 15, 2010. Earlier application is permitted with required transition disclosures based on the period of adoption. The Company is currently evaluating the potential impact of ASU 2009-13 on its consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-14, Software (Topic 985): Certain Revenue Arrangements That Include Software Elements (a consensus of the FASB Emerging Issues Task Force) (ASU 2009-14). ASU 2009-14 amends ASC 985-605, Software: Revenue Recognition, such that tangible products, containing both software and non-software components that function together to deliver the tangible product s essential functionality, are no longer within the scope of ASC 985-605. It also amends the determination of how arrangement consideration should be allocated to deliverables in a multiple-deliverable revenue arrangement. The amendments in this update are effective, on a prospective basis, for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Earlier application is permitted with required transition disclosures based on the period of adoption. Furthermore, Both ASU 2009-13 and ASU 2009-14 must be adopted in the same period and must use the same transition disclosures. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

19. Financial Instruments

(a) Financial Instruments

The Company maintains cash with various major financial institutions. The Company s cash is invested with highly rated financial institutions.

The Company s accounts receivables and financing receivables are subject to credit risk. The Company s accounts receivable and financing receivables are concentrated with the theater exhibition industry and film entertainment industry. To minimize the Company s credit risk, the Company retains title to underlying theater systems leased, performs initial and ongoing credit evaluations of its customers and makes ongoing provisions for its estimate of potentially uncollectible amounts. The Company believes it has adequately provided for related exposures surrounding receivables and contractual commitments. The Company s policy is to not use any financial instruments for trading or other speculative purposes.

(b) Fair Value Measurements

The carrying values of the Company s cash and cash equivalents, accounts receivable, borrowings under the Credit Facility, accounts payable and accrued liabilities due within one year approximate fair values due to the short-term maturity of these instruments. The Company s other financial instruments are comprised of the following:

	As at September 30, 2009		As at December 31, 2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Senior Notes due December 2010	$104,437	$105,873	$160,000	$122,800
Financed sales receivable	$ 17,106	$ 17,115	$ 12,480	$ 11,957
Net investment in sales-type leases	$ 41,605	$ 41,469	$ 43,658	$ 42,671
Foreign exchange contracts designated forwards	$ 1,062	$ 1,062	$ 172	$ 172
	$ 943	$ 943	$ 226	$ 226

Foreign exchange contracts non-designated forwards

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The estimated fair values of the Senior Notes due December 2010 are estimated based on traded prices (Level 1 input in accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification hierarchy) as at September 30, 2009.

The estimated fair values of the Financed sales receivable and Net investment in sales-type leases are estimated based on discounting future cash flows at currently available interest rates with comparable terms (Level 2 input in accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification hierarchy) as at September 30, 2009.

The fair value of foreign currency derivatives are determined using quoted prices in active markets (Level 1 input in accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification hierarchy) for identical instruments at the measurement date.

(c) Foreign Exchange Risk Management

The Company is exposed to market risk from changes in foreign currency rates. A majority portion of the Company s revenues is denominated in U.S. dollars while a substantial portion of its costs and expenses is denominated in Canadian dollars. A portion of the net U.S. dollar cash flows of the Company is periodically 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 in Japanese yen. Net Japanese yen cash flows are converted to U.S. dollars generally through the spot market. The Company also has cash receipts under leases denominated in Japanese yen, Canadian dollar and Euros which are converted to U.S. dollars generally through the spot market.

Beginning in the fourth quarter of 2008 and continuing in 2009, the Company entered into a series of foreign currency forward contracts to manage the Company s risks associated with the volatility of foreign currencies. Certain of these foreign currency forward contracts met the criteria required for hedge accounting under the Derivatives and Hedging Topic of the FASB Accounting Standards Codification at inception, and continue to meet hedge effectiveness tests at September 30, 2009 (the Foreign Currency Hedges), with settlement dates throughout 2009 and 2010. In addition, at September 30, 2009, the Company held foreign currency forward contracts to manage foreign currency risk on future anticipated Canadian dollar expenditures that were not considered Foreign Currency Hedges by the Company. Foreign currency derivatives are recognized and measured in the balance sheet at fair value. Changes in the fair value (gains or losses) are recognized in the condensed consolidated statement of operations except for derivatives designated and qualifying as foreign currency hedging instruments. For foreign currency hedging instruments, the effective portion of the gain or loss in a hedge of a forecasted transaction is reported in other comprehensive income (OCI) and reclassified to the condensed consolidated statement of operations when the forecasted transaction occurs. Any ineffective portion is recognized immediately in the consolidated statement of operations.

The following tabular disclosures reflect the impact that derivative instruments and hedging activities have on the Company s condensed consolidated financial statements:

Notional value foreign exchange contracts as at:

	September 30, 2009	December 31, 2008
Derivatives designated as hedging instruments:		
Foreign exchange contracts Forwards	$ 6,801	$ 13,072
Derivatives not designated as hedging instruments:		
Foreign exchange contracts Forwards	9,150	17,050
	$ 15,951	$ 30,122

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Fair value of foreign exchange contracts as at:

		Balance Sheet Location		September 30, 2009		December 31, 2008
Derivatives designated as hedging instruments:						
Foreign exchange contracts	Forwards	Other assets	$	1,062	$	172
Derivatives not designated as hedging instruments:						
Foreign exchange contracts	Forwards	Other assets		943		226
			$	2,005	$	398

Derivatives in Foreign Currency Hedging relationships for the three and nine months ended September 30:

		Three Months Ended September 30,				Nine Months Ended September 30,			
		2009		2008		2009		2008	
Foreign exchange contracts Forwards	Derivative Gain(Loss) Recognized in OCI (Effective Portion)	$	1,184	$		$	1,968	$	
		$	1,184	$		$	1,968	$	

	Location of Derivative Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Foreign exchange contracts Forwards	&nbs				