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

FORM 8-K/A

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): SEPTEMBER 17, 1999

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)

ITEM 7. FINANCIAL STATEMENTS AND PRO FORMA FINANCIAL STATEMENTS

DIGITAL PROJECTION INTERNATIONAL
PLC

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1998

DELOITTE & TOUCHE
PO BOX 500
201 DEANSGATE
MANCHESTER
M60 2AT

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M Blackburn
B R Critchley
T J Cronin
D Green
M N Levi
D J Quinn
R Raworth * (Chairman)
C J Tennant *
* Non executive

SECRETARY

Mrs J M Humphreys

REGISTERED OFFICE

Greenside Way
Middleton
Manchester
M24 1XX

BANKERS

Lloyds Bank plc
PO Box 349
53 King Street
Manchester
M60 2LE

The British Linen Bank Limited
Ship Canal House
98 King Street
Manchester
M2 4WU

SOLICITORS

Garrett & Co.
Bank House
9 Charlotte Street
Manchester
M1 4EU

AUDITORS

Deloitte & Touche
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

ACTIVITIES

The principal activity of the group is the research, design, manufacture and sale of electronic projectors.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Digital Projection International produces and sells high brightness, large screen electronic projectors. These projectors utilise the Digital Micromirror Device produced by Texas Instruments, Dallas, USA. The company's headquarters are in Middleton, Manchester where products are developed and manufactured. Digital Projection Incorporated based in Atlanta, Georgia provides full sales and marketing, product service and support to the North American market.

The results for the second year following the management buyout from the Rank Group shows turnover more than double the previous year. The results further reflect the investment and expenses incurred in establishing and developing the company's worldwide operations.

During the year the company expended its product range through the launch of an XGA resolution range of projectors. Digital Projection's products continue to be widely acclaimed with a number of awards being received including two prestigious "Emmy" awards. The company will continue to expand and develop its products capitalising on its reputation for product innovation and performance.

DIVIDENDS AND TRANSFERS TO RESERVES

Details of the result for the year can be found on page 9. A dividend of (pound)872,700 (1998 - (pound)582,000) has accrued to the preference shareholders at 31 December 1998 and this has been charged in these accounts. The Directors do not recommend a final dividend on the `A' ordinary or ordinary shares.

FIXED ASSETS

Details of movements in fixed assets are set out on page 18.

SHARE CAPITAL

During the year the company issued 110,000 "A" ordinary shares to investors for a total consideration of (pound)82,500. In addition 2,417,500 "B" preference shares were issued for a consideration of (pound)2,417,500.

YEAR 2000

Digital Projection's business systems and products are planned to be Year 2000 compliant. To this end, the board reviews the status on compliance at each board meeting.

The following information is provided to indicate the importance Digital Projection place on these potential issues but it is provided without any warranty express or implied as to the effectiveness of our own or our business partners' actions to mitigate Year 2000 issues.

All our business computer systems have been tested and either have been or are in the process of being upgraded to products stated to be Year 2000 compliant. Certain non-compliant hardware is in the process of being replaced. None of our products embody real time clocks and therefore there is no impact from the date issues.

We are in continuing dialogue with all our suppliers on their status for compliance. All key sub-systems suppliers are at an advanced stage of their compliance programmes.

We have taken all reasonable and prudent steps to ensure our systems and our suppliers systems are compliant and continue to act on new information as it becomes available. The costs involved in this exercise are not considered to be significant.

DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

The group has devoted substantial resources to research and development during the period. This, together with contracts with outside parties, will enable the company to maintain its leading position in technology and design.

SUPPLIER CREDIT

Through its subsidiaries the company's policy is to follow the CBI Code of Practice regarding the prompt payment of suppliers. In particular, for all trade creditors it is the company's policy to:
o Agree the terms of payment at the start of business with the supplier.
o Ensure suppliers are aware of the terms of trade.
o Pay in accordance with its contractual and other legal obligations.
As the company itself does not trade the number of creditors days is nil.

DIRECTORS AND THEIR INTERESTS

The current directors of the Company together with their beneficial interest in the share capital of the Company are set out below:

		1998	1997
		ORDINARY SHARES OF 3P EACH	
J M Blackburn		333,900	333,900
B R Critchley		1,780,000	1,780,800
T J Cronin		185,500	111,300
D Green		333,900	333,900
M N Levi		333,900	333,900
R Raworth	(non-executive)	333,900	333,900
C J Tennant	(non-executive)	-	-
D J Quinn		333,900	333,900

Mr. R Raworth has, in addition to the above shareholding, a beneficial interest in 18,000 "A" Ordinary Shares and in 436,500 `A' Preference Shares which were held at 31 December 1997 and at the end of the financial year.
Mr. C J Tennant has a beneficial interest in 863 "A" Ordinary Shares and in 1,714 `A' Preference shares which were held at 31 December 1997 and at the end of the financial year.

Under the Articles of Association none of the directors are required to retire by rotation.
No director had any interest in a contract to which the Company or a subsidiary undertaking was a party during the accounting period.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Date: November 11, 1999

By: / S / T J Cronin

T J Cronin
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company as at the end of the financial year and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

|X| select suitable accounting policies and then apply them consistently;

|X| make judgements and estimates that are reasonable and prudent;

|X| state whether applicable accounting standards have been followed;

|X| prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 9 to 26 which have been prepared under the accounting policies set out on pages 14 and 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 7 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and company as at 31 December 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985;

- present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 1998 and 31 December 1997 and the results of their operations, total recognised gains and their cash flows for the years ended 31 December 1997 and 31 December 1998 in conformity with accounting principles generally accepted in the United Kingdom. The principles differ in certain respects from accounting principles generally accepted in the United States. The effect of the differences in determination of net income, shareholders' equity and cash flows is shown in note 23 to the financial statements.

DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
12 August 1999
(15 November 1999 for Notes 23 and 24)

DIGITAL PROJECTION INTERNATIONAL PLC

	NOTE	YEAR ENDED 31 DECEMBER 1998 (pound)	58 WEEKS ENDED 31 DECEMBER 1997 (pound)
TURNOVER	2	19,486,258	8,371,615
OPERATING LOSS	2,4	(3,801,275)	(3,468,724)
Interest receivable and similar income		43,584	45,275
Interest payable and similar charges	5	(743,107)	(248,466)
		(699,523)	(203,191)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,500,798)	(3,671,915)
Tax on loss on ordinary activities	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD		(4,500,798)	(3,671,915)
Preference dividends on non equity shares	7	(872,700)	(582,000)
LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		(5,373,498)	(4,253,915)
Ordinary dividends on equity shares	7	-	-
TRANSFERRED FROM RESERVES	17	(5,373,498)	(4,253,915)

The above results all relate to continuing operations.
Other than the result for the year there were no other recognised gains or losses.

	YEAR ENDED 31 DECEMBER 1998 (pound)	58 WEEKS ENDED 31 DECEMBER 1997 (pound)
Loss for the financial year attributable to the members	(4,500,798)	(3,671,915)
Share capital issued	2,500,000	10,137,358
Goodwill written off	-	(5,779,429)
Net (reduction)/increase in shareholders' funds	(2,000,798)	686,014
Shareholders' funds brought forward	686,014	-
Shareholders' funds carried forward	(1,314,784)	686,014

DIGITAL PROJECTION INTERNATIONAL PLC

CONSOLIDATED BALANCE SHEET
31 DECEMBER 1998

	NOTE		1998		1997
		(pound)	(pound)	(pound)	(pound)
FIXED ASSETS					
Tangible assets	9		2,522,947		2,413,174
CURRENT ASSETS					
Stocks	11	5,094,175		3,043,238	
Debtors	12	4,606,705		2,983,128	
Cash at bank and in hand		1,696,412		644,511	
		11,397,292		6,670,877	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(7,235,023)		(3,398,037)	
NET CURRENT ASSETS			4,162,269		3,272,840
TOTAL ASSETS LESS CURRENT LIABILITIES			6,685,216		5,686,014
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Loans	14		(8,000,000)		(5,000,000)
PROVISIONS FOR LIABILITIES AND CHARGES	15		-		-
			(1,314,784)		686,014
CAPITAL AND RESERVES					
Called up share capital - equity	16		162,300		151,300
Called up share capital - non-equity	16		12,118		9,700
Share premium account	17		12,462,940		9,976,358
Other reserve	17		1,454,700		582,000
Profit and loss account	17		(15,406,842)		(10,033,344)
			(1,314,784)		686,014
Equity shareholders' funds			(14,958,484)		(9,595,986)
Non-equity shareholders' funds			13,643,700		10,282,000
			(1,314,784)		686,014

These financial statements were approved by the board of Directors on
12 August 1999
Signed on behalf of the Board of Directors

By: / S / T J Cronin

T J Cronin
Director

DIGITAL PROJECTION INTERNATIONAL PLC

COMPANY BALANCE SHEET
31 DECEMBER 1998

	NOTE		1998		1997
		(pound)	(pound)	(pound)	(pound)
FIXED ASSETS					
Investments	10		100		100
CURRENT ASSETS					
Debtors	12	9,859,179		13,983,619	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(2,799,913)		(29,533)	
NET CURRENT ASSETS			7,059,266		13,954,086
TOTAL ASSETS LESS CURRENT LIABILITIES			7,059,366		13,954,186
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14		(8,000,000)		(5,000,000)
PROVISIONS FOR LIABILITIES AND CHARGES	15		-		-
			(940,634)		8,954,186
CAPITAL AND RESERVES					
Called up share capital - equity	16		162,300		151,300
- non-equity	16		12,118		9,700
Share premium account	17		12,462,940		9,976,358
Other reserve	17		1,454,700		582,000
Profit and loss account	17		(15,032,692)		(1,765,172)
			(940,634)		8,954,186
Equity shareholders' funds			(14,584,334)		(1,327,814)
Non-equity shareholders' funds			13,643,700		10,282,000
			(940,634)		8,954,186

These financial statements were approved by the Board of Directors on
12 August 1999
Signed on behalf of the Board of Directors

By: / S / T J Cronin

T J Cronin
Director

DIGITAL PROJECTION INTERNATIONAL PLC

COMPANY BALANCE SHEET
31 DECEMBER 1998

	NOTE	YEAR ENDED 31 DECEMBER 1998 (pound)	(pound)	58 WEEKS ENDED 31 DECEMBER 1997 (pound)	(pound)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19		(5,743,330)		(6,525,501)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		43,584		45,275	
Interest paid		(514,007)		(248,466)	
Net cash outflow from returns on investments and servicing of finance			(470,423)		(203,191)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		(757,219)		(1,533,620)	
Disposal of tangible fixed assets		-		13,190	
Net cash outflow for capital expenditure and financial investment			(757,219)		(1,520,430)
ACQUISITIONS AND DISPOSALS					
Purchase of business		-		(6,244,367)	
Net cash acquired with subsidiaries		-		299	
Net cash outflow for acquisitions and disposals			-		(6,244,068)
FINANCING					
Issue of ordinary share capital		82,500		450,000	
Issue of preference share capital		2,417,500		9,700,000	
New medium term bank loans		3,000,000		5,000,000	
Expenses paid in connection with shares issued		-		(12,642)	
Net cash inflow from financing			5,500,000		15,137,358
(DECREASE)/INCREASE IN CASH	20		(1,470,972)		644,168

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	1998 (pound)	1997 (pound)
Decrease in cash	(1,470,972)	644,168
Cash inflow from change in debt	(3,000,000)	(5,000,000)
Change in net debt	(4,470,972)	(4,355,832)
Net debt at 31 December 1997	(4,355,832)	-
Net debt at 31 December 1998	(8,826,804)	(4,355,832)

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

CONSOLIDATION AND RESULTS

For all subsidiary undertakings the accounts include the results of those companies controlled throughout the period or to the date of disposal or from the date of acquisition as appropriate.

ACQUISITIONS

In accordance with FRS6 and 7, on the acquisition of a business, fair values are attributed to the assets and liabilities of the acquired business. Any excess of purchase consideration over the fair value of the assets acquired is purchased goodwill. Prior to the issue of FRS10 goodwill was permitted to be written off directly to reserves. As a matter of accounting policy this is the treatment adopted by the company on its acquisitions prior to 1 January 1998.

TANGIBLE FIXED ASSETS

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Plant and machinery	15% per annum
Motor vehicles	25% per annum
Experimental and test equipment	20% per annum
Fixtures, fittings, tools and computer equipment	Between 7.5% and 33.3% per annum

INVESTMENTS

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

STOCKS

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

DEFERRED TAXATION

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

LEASES

Operating lease rentals are charged to income in equal annual amounts over the lease term.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES (CONTINUED)

RESEARCH AND DEVELOPMENT

Expenditure is charged to the profit and loss account in the year it is incurred.

PENSION COSTS

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end or related forward contract rates. Trading results are translated at the average exchange rates for the year.

Profits and losses arising in the normal course of trading and realised exchange differences arising on the conversion or repayment of foreign currency borrowings are dealt with in the profit and loss account. Unrealised exchange differences arising on the translation of overseas net assets are taken direct to reserves.

2. TURNOVER AND OPERATING LOSS

Turnover represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, is attributable to one activity. A geographical analysis of the turnover and profit has not been provided due to commercial sensitivity.

The operating loss is arrived at as follows:

	YEAR ENDED 31 DECEMBER 1998 (pound)	58 WEEKS ENDED 31 DECEMBER 1997 (pound)
Cost of sales	12,562,450	4,787,305
Gross profit	6,923,808	3,584,310
Distribution costs	2,312,731	2,624,180
Administrative expenses	8,412,352	4,428,854

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	YEAR ENDED 31 DECEMBER 1998 (pound)	58 WEEKS ENDED 31 DECEMBER 1997 (pound)
DIRECTORS' EMOLUMENTS		
Salaries	434,174	421,448
Benefits in kind	51,404	34,100
	485,578	455,548

Four of the directors were members of the group's defined benefit scheme. The company contributes to a defined contribution scheme in respect of two of the directors. Total contributions were (pound)10,236.

The remuneration of the highest paid director was(pound)126,048 (1997 -(pound)114,198). The highest paid director was not a member of the defined benefit scheme.

	YEAR ENDED 31 DECEMBER 1998 NO	58 WEEKS ENDED 31 DECEMBER 1997 NO
AVERAGE NUMBER OF PERSONS EMPLOYED		
Production	33	27
Sales and distribution	31	14
Administration	13	7
	77	48
	(pound)	(pound)
STAFF COSTS DURING THE YEAR (INCLUDING DIRECTORS)		
Wages and salaries	2,485,399	1,642,516
Social security costs	232,061	124,190
Pension costs	143,643	115,879
	2,861,103	1,882,585

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

4. OPERATING LOSS

		YEAR ENDED 31 DECEMBER 1998 (POUND)	58 WEEKS ENDED 31 DECEMBER 1997 (POUND)
Operating loss is after charging:			
Management buyout and financing costs		-	795,000
Depreciation and amortisation			
Owned assets		647,446	468,357
Rentals under operating leases			
Hire of plant and machinery		28,404	8,185
Other operating leases		196,277	52,419
Auditors' remuneration	- audit	13,000	12,500
	- non audit	15,000	7,259
		=======	=======

5. INTEREST PAYABLE AND SIMILAR CHARGES

	YEAR ENDED 31 DECEMBER 1998 (POUND)	58 WEEKS ENDED 31 DECEMBER 1997 (POUND)
Bank loans, overdrafts and other loans repayable within five years	743,107	248,466
	=======	=======

6. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge in the current year due to losses within the Group.

7. DIVIDENDS

	YEAR ENDED 31 DECEMBER 1998 (POUND)	58 WEEKS ENDED 31 DECEMBER 1997 (POUND)
Dividend on `A' and `B' preference shares at 8 pence per share	872,700	582,000
	=======	=======

No dividend has been paid or is proposed to be paid to the holders of the `A' ordinary or ordinary shares.

8. PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption contained in section 230 of the Companies Act 1985 in not disclosing the profit and loss account of the parent company. The parent company's loss for the financial year was (pound)12,394,820 (1997 - (pound)1,183,172).

DIGITAL PROJECTION INTERNATIONAL PLC

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

9. TANGIBLE FIXED ASSETS

The Group has tangible fixed assets as detailed below:

GROUP	SHORT-TERM LEASEHOLD IMPROVE-MENTS (POUND)	PLANT AND MACHINERY (POUND)	DEVELOP-MENT AND TEST EQUIPMENT (POUND)	MOTOR VEHICLES, FIXTURES, FITTINGS, TOOLS AND EQUIPMENT (POUND)	TOTAL (POUND)
Cost					
At 1 January 1998	372,553	698,379	1,569,001	238,554	2,878,487
Additions	20,230	320,857	107,604	308,528	757,219
At 31 December 1998	392,783	1,019,236	1,676,605	547,082	3,635,706
Accumulated depreciation					
At 1 January 1998	57,048	79,596	298,284	30,385	465,313
Charge for the year	77,688	145,020	325,119	99,619	647,446
At 31 December 1998	134,736	224,616	623,403	130,004	1,112,759
Net book value					
At 31 December 1998	258,047	794,620	1,053,202	417,078	2,522,947
At 31 December 1997	315,505	618,783	1,270,717	208,169	2,413,174

The company has no tangible fixed assets.

10. INVESTMENTS HELD AS FIXED ASSETS

	SHARES IN SUBSIDIARIES (POUND)
Cost and net book value	
Additions	100
At 31 December 1998	100

INTERESTS IN SUBSIDIARIES
The investment represents 100% of the issued ordinary share capital of Digital Projection Limited, a company registered in England and Wales. The principal activity of Digital Projection Limited is the design, manufacture and sale of electronic projectors.

The company also owns, through Digital Projection Limited, 100% of the issued ordinary share capital of Digital Projection Inc., a company registered in the United States of America whose principal activity is the sale of electronic projectors.

DIGITAL PROJECTION INTERNATIONAL PLC

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

11. STOCKS

	GROUP 1998 (POUND)	GROUP 1997 (POUND)
Raw materials and consumables	3,232,431	1,992,455
Finished goods and goods for resale	1,861,744	1,050,783
	5,094,175	3,043,238

There is no stock in the company.

12. DEBTORS

	GROUP		COMPANY	
	1998 (POUND)	1997 (POUND)	1998 (POUND)	1997 (POUND)
Trade debtors	4,085,967	2,371,676	--	--
Amounts owed by subsidiary undertakings	--	--	9,859,179	13,983,544
Other debtors	321,259	520,653	--	75
Prepayments and accrued income	199,479	90,799	--	--
	4,606,705	2,983,128	9,859,179	13,983,619

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	1998 (POUND)	1997 (POUND)	1998 (POUND)	1997 (POUND)
Bank overdraft	2,523,216	343	2,523,216	343
Trade creditors	3,734,383	2,475,026	--	4,400
Other creditors including taxation and social security	476,860	663,091	21,604	24,790
Accruals and deferred income	500,564	259,577	255,093	--
	7,235,023	3,398,037	2,799,913	29,533

DIGITAL PROJECTION INTERNATIONAL PLC

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

14. LOANS AND OVERDRAFTS

	GROUP AND COMPANY 1998 (POUND)	GROUP AND COMPANY 1997 (POUND)
Due within one year	2,523,216	343
Due after more than one year	8,000,000	5,000,000
	10,523,216	5,000,343

The above secured obligations are the subject of a fixed and floating charge over the company's assets.

The overdraft and loans are repayable as follows:

Within one year	2,523,216	343
Between one and two years	-	-
Between two and five years	8,000,000	5,000,000
After five years	-	-
	10,523,216	5,000,343

15. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

There is no deferred taxation to be provided in the group or company. The amounts of unprovided deferred taxation are as follows:

	GROUP NOT PROVIDED 1998 (POUND)	COMPANY NOT PROVIDED 1998 (POUND)
Capital allowances in advance of depreciation	81,232	-
Other timing differences	(2,292,307)	(343,400)
	(2,211,075)	(343,400)

DIGITAL PROJECTION INTERNATIONAL PLC

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

16. CALLED UP SHARE CAPITAL

		1998 (POUND)	1997 (POUND)
Authorised			
8,000,000	ordinary shares of 3 pence each	240,000	240,000
1,000,000	`A' ordinary shares of 10 pence each	100,000	100,000
50,000,000	`A' preference shares of 0.1 pence each	50,000	50,000
2,500,000	`B' preference shares of 0.1 pence each	2,500	-
		392,500	390,000
Called up, allotted and fully paid			
3,710,000	ordinary shares of 3 pence each	111,300	111,300
510,000	`A' ordinary shares of 10 pence each	51,000	40,000
9,700,000	`A' preference shares of 0.1 pence each	9,700	9,700
2,417,500	`B' preference shares of 0.1 pence each	2,418	-
		174,418	161,000

Movements in share capital during the year were:

	`A' ORDINARY NO	`B' PREFERENCE NO
Allotment on funding by directors/investors	110,000	2,417,500
	(POUND)	(POUND)
The consideration for the shares issued was as follows	82,500	2,417,500

The respective rights of the shares are as follows:

`A' preference shares

- to receive a fixed cumulative preferential net cash dividend of 8 pence per annum on each share.
- on a winding up of the company to receive (pound)1 per share together with a sum equal to any arrears on accruals of the preference dividend.
- provided all `B' preference shares have been redeemed, 15% of `A' preference shares will be redeemed at the paid up amount on 31 December 2003 with the balance on 31 December 2004, although earlier redemption is provided for in the Articles.
- to vote only on those matters affecting the rights of the `A' preference shareholders.

DIGITAL PROJECTION INTERNATIONAL PLC

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

16. CALLED UP SHARE CAPITAL (CONTINUED)

`B' preference shares

- to receive a fixed cumulative preferential net cash dividend of 8 pence per annum on each share.
- on a winding up of the company to receive(pound)1 per share together with a sum equal to any arrears on accruals of the preference dividend.
- to vote only on those matters affecting the rights of the `B' preference shareholders.
- to be redeemed at the paid up amount on 31 December 2003 although provisions are made in the company's Articles to redeem earlier if permitted.

`A' ordinary shares and ordinary shares

- to receive, after payment of the `A' preference dividend, a cumulative preferential net cash dividend based on the relationship between 20% of net profit and the preference dividend.
- after distribution to the `A' preference shareholders, the remaining capital is distributed to the holders of the `A' and ordinary shares in the proportion that the two classes are entitled to vote at general meetings.
- the shares are not redeemable
- the `A' ordinary shareholders have one vote per share, the ordinary shareholders having 1/18.55 of the vote per share.

17. RESERVES

GROUP	SHARE PREMIUM ACCOUNT (POUND)	OTHER RESERVE (POUND)	PROFIT AND LOSS ACCOUNT (POUND)	TOTAL (POUND)
Brought forward at 1 January 1998	9,976,358	582,000	(10,033,344)	525,014
Premium on shares issued in the year	2,486,582	--	--	2,486,582
Retained loss for the year	--	--	(5,373,498)	(5,373,498)
Dividend on non equity shares	--	872,700	--	872,700
	12,462,940	1,454,700	(15,406,842)	(1,489,202)

	(POUND)
Total reserves can be split as follows:	
Available for distribution	(10,205,355)
Not available for distribution	8,716,153
	(1,489,202)

DIGITAL PROJECTION INTERNATIONAL PLC

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

17. RESERVES (CONTINUED)

COMPANY	SHARE PREMIUM ACCOUNT (POUND)	OTHER RESERVE (POUND)	PROFIT AND LOSS ACCOUNT (POUND)	TOTAL (POUND)
Brought forward at 1 January 1998	9,976,358	582,000	(1,765,172)	8,793,186
Premium on shares issued in period	2,486,582	-	-	2,486,582
Retained loss for the period	-	-	(13,267,520)	(13,267,520)
Dividends on non equity shares	-	872,700	-	872,700
	12,462,940	1,454,700	(15,032,692)	(1,115,052)

18. FINANCIAL COMMITMENTS

	1998 (POUND)	1997 (POUND)
CAPITAL COMMITMENTS		
Contracted for but not provided	12,728	13,800
Authorised but not yet contracted for	122,872	316,635

OPERATING LEASE COMMITMENTS

	LAND AND BUILDINGS (POUND)	OTHER (POUND)
Leases which expire:		
Within one year	-	68,631
Within 2 to 5 years	75,817	84,718
After 5 years	-	-
	75,817	153,349

19. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	YEAR ENDED 31 DECEMBER 1998 (POUND)	58 WEEKS ENDED 31 DECEMBER 1997 (POUND)
Operating loss	(3,801,275)	(3,468,724)
Depreciation	647,446	468,357
Increase in stock	(2,050,937)	(3,043,238)
Increase in debtors	(1,623,577)	(2,869,478)
Increase in creditors	1,085,013	2,387,582
Net cash outflow from continuing operating activities	(5,743,330)	(6,525,501)

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

20. ANALYSIS OF NET DEBT

	1998 (POUND)	1997 (POUND)
Cash at bank and in hand	1,696,412	644,511
Bank overdrafts	(2,523,216)	(343)
	(826,804)	644,168
Loans	(8,000,000)	(5,000,000)
	(8,826,804)	(4,355,832)

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in FRS8 "Related Party Disclosure", in not disclosing transactions with its wholly owned subsidiaries.

There were no other related party transactions.

22. PENSIONS

The Group operates a funded defined benefit scheme. The assets of the scheme are held in a separate trustee administered fund.

The scheme is subject to a triennial valuation by independent actuaries, the last valuation having been performed at 5 April 1999 using the projected unit method. The following actuarial assumptions were applied:

Investment returns	5.71%
Salary growth	5.34%
Pension increases	2.84%

At 5 April 1999 the market value of the assets of UK scheme was (pound)957,018 and was sufficient to cover 87% of the benefits which had accrued to members. The employers contributions rate over the average remaining service lives of the members takes account of the deficit.

The total pension cost in the year was (pound)143,643.

23. SUMMARY OF DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), which differs in certain respects from generally accepted accounting principles in the United States (US GAAP). Differences which have a significant effect on the consolidated net income and shareholders' equity of the group are set out below. While this is not a comprehensive summary of all differences between UK and US GAAP, other differences would not have a significant effect on the consolidated net income or shareholders' equity of the group.

(A) PENSIONS

Under UK and US GAAP, pension costs are determined on a systematic basis over the length of service of employees. US GAAP is more prescriptive in the application of the actuarial method, actuarial assumptions to be applied in the calculation of pension costs and the allocation of costs to accounting periods.

23. SUMMARY OF DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (CONTINUED)

(B) GOODWILL

Under UK GAAP, goodwill arising on acquisitions after 1 January 1998 will be treated in accordance with Financial Reporting Standard 10 and capitalised and amortised as it would be in accordance with US GAAP. Prior to that date goodwill was and remains written off against retained earnings in the consolidated balance sheet in the year of acquisition. Under US GAAP, goodwill is capitalised on the balance sheet and amortised by charges against income over its estimated useful life, not to exceed 40 years. For US GAAP, goodwill has been amortised over 20 years.

(C) SOFTWARE DEVELOPMENT COSTS

Under UK GAAP costs incurred in the development of computer software are written off as incurred. Under US GAAP, costs incurred internally in creating a computer software product to be sold, leased or otherwise are expensed as incurred until technological feasibility is established. After that, all software production costs are capitalised. Amortisation of these costs is based on current and future revenue. Capitalisation ceases when the product is available for general release to customers.

(D) EFFECT ON NET INCOME OF DIFFERENCES BETWEEN UK AND US GAAP

For the year/period ending 31 December

	NOTE	1998 (POUND)'000	1997 (POUND)'000
Net loss in accordance with UK GAAP		(4,501)	(3,672)
US GAAP adjustments -			
Pension costs	23(a)	(15)	(21)
Amortisation of goodwill	23(b)	(289)	(289)
Software development costs	23(c)	131	-
Net loss in accordance with US GAAP		(4,674)	(3,982)

(E) CUMULATIVE EFFECT ON SHAREHOLDER'S EQUITY OF DIFFERENCES BETWEEN UK AND US GAAP

At 31 December

	NOTE	1998 (POUND)'000	1997 (POUND)'000
Shareholders' equity in accordance with UK GAAP		(14,958)	(9,596)
UK GAAP adjustments -			
Pensions	23(a)	(36)	(21)
Goodwill	23(b)	5,201	5,490
Software development costs	23(c)	131	-
Shareholders' equity in accordance with US GAAP		(9,662)	(4,127)

23. SUMMARY OF DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (CONTINUED)

(F) CLASSIFICATION DIFFERENCES BETWEEN UK AND US GAAP

Dividends on preferred shares

Under UK GAAP, dividends on preferred shares of (pound)1.45m are included as an `other reserve' as the group does not have the ability to pay the dividend in the next accounting period. Under US GAAP these dividends would be included in accruals.

Preferred shares

Under UK GAAP preference shares are included as part of total shareholders' funds. Under US GAAP these shares are disclosed between liabilities and shareholders' equity.

(G) CASH FLOWS

Under UK GAAP the group complies with Financial Reporting Standard No.1 (FRS1), the objective and principles of which are similar to those set out in Statement of Financial Accounting Standard No.95 (SFAS95). The principal difference between the two standards is in respect of classification.

Set out below, for illustrative purposes, is a summary consolidated statement of cash flows under US GAAP.

	1998 (POUND)'000	1997 (POUND)'000
Net cash provided by operating activities	(6,066)	(6,729)
Net cash used in investing activities	(905)	(7,764)
Net cash provided in financing activities	5,500	15,137
Net (decrease)/increase in cash and cash equivalents	(1,471)	644
Cash and cash equivalent at start of year	644	-
Cash and cash equivalents at end of year	(827)	644

24. POST BALANCE SHEET EVENT

On 3 September 1999, Imax Corporation, a company incorporated in Canada, acquired the whole of the issued share capital of Digital Projection International plc.

IMAX CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

On September 3, 1999, Imax Corporation (the "Company") acquired all of the outstanding common and preferred shares of Digital Projection International ("DPI") in a transaction accounted for under the purchase method.

The following unaudited pro forma consolidated statements of operations combine the historical results of the Company and DPI for the year ended December 31, 1998 and the six months ended June 30, 1999, adjusted to give effect to the transaction in both cases as if the acquisition had occurred on January 1, 1998.

The unaudited pro forma consolidated statements of operations are presented for informational purposes only. They do not purport to be indicative of the financial results that actually would have resulted had the transaction occurred on January 1, 1998, nor the results that may result from future operations. The unaudited pro forma consolidated statements of operations should be read in conjunction with the historical financial statements and notes thereto of DPI included elsewhere in the 8-K/A of the Company, the Company's form 10-K for the year ended December 31, 1998, and the Company's forms 10-Q for the quarters ended March 31, 1999, June 30, 1999 and September 30, 1999.

IMAX CORPORATION

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
IN ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
FOR THE SIX MONTHS ENDED JUNE 30, 1999
(in thousands of U.S. dollars)
(unaudited)

	HISTORICAL COMPANY	DPI	COMBINED	PRO FORMA ADJUSTMENTS (NOTE 2)		PRO FORMA CONSOLIDATED
REVENUE						
Systems	$ 41,309	$	$ 41,309	$		$ 41,309
Films	19,066		19,066			19,066
Other	10,626	12,753	23,379			23,379
	71,001	12,753	83,754			83,754
COSTS AND EXPENSES	38,757	11,867	50,624	(d)	(38)	50,586
GROSS MARGIN	32,244	886	33,130		38	33,168
Loss from equity accounted investees	162		162			162
Selling, general and administrative expenses	16,258	3,321	19,579	(d)	(13)	19,566
Research and development	1,287	893	2,180			2,180
Amortization of intangibles	945	233	1,178	(a)	(233)	1,584
				(b)	436	
				(c)	203	
EARNINGS (LOSS) FROM OPERATIONS	13,592	(3,561)	10,031		(355)	9,676
Interest income	5,269		5,269			5,269
Interest expense	(11,014)	(806)	(11,820)	(e)	806	(11,014)
Foreign exchange gain (loss)	213		213			213
EARNINGS (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	8,060	(4,367)	3,693		451	4,144
Provision for income taxes	(3,144)		(3,144)	(f)	1,044	(2,100)
NET EARNINGS (LOSS) BEFORE MINORITY INTEREST	4,916	(4,367)	549		1,495	2,044
Minority interest	(707)		(707)			(707)
NET EARNINGS (LOSS)	$ 4,209	$ (4,367)	$ (158)	$	1,495	$ 1,337
NET EARNINGS (LOSS) PER SHARE						
Basic	$ 0.14					$ 0.05
Diluted	$ 0.14					$ 0.04
WEIGHTED AVERAGE NUMBER OF SHARES						
Basic	29,581					29,581
Diluted	30,435					30,435

IMAX CORPORATION

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
IN ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
FOR THE YEAR ENDED DECEMBER 31, 1998
(in thousands of U.S. dollars)
(unaudited)

	HISTORICAL COMPANY	HISTORICAL DPI	COMBINED		PRO-FORMA ADJUSTMENTS (NOTE 2)	PRO FORMA CONSOLIDATED
REVENUE						
Systems	$ 140,874	$	$ 140,874		$	$ 140,874
Films	30,824		30,824			30,824
Other	18,657	32,357	51,014			51,014
	190,355	32,357	222,712			222,712
COSTS AND EXPENSES	111,784	29,569	141,353	(d)	(78)	141,275
GROSS MARGIN	78,571	2,788	81,359		78	81,437
Loss from equity accounted investees	6,763		6,763			6,763
Selling, general and administrative expenses	38,777	6,813	45,590	(d)	(27)	45,563
Research and development	2,745	1,966	4,711			4,711
Amortization of intangibles	5,948	797	6,745	(a)	(797)	
				(b)	900	
				(c)	420	7,268
EARNINGS (LOSS) FROM OPERATIONS	24,338	(6,788)	17,550		(418)	17,132
Interest income	5,320		5,320			5,320
Interest expense	(14,646)	(1,161)	(15,807)	(e)	1,161	(14,646)
Foreign exchange gain	588		588			588
EARNINGS (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	15,600	(7,949)	7,651		743	8,394
Provision for income taxes	(9,810)		(9,810)	(f)	1,892	(7,918)
EARNINGS (LOSS) BEFORE MINORITY INTEREST	5,790	(7,949)	(2,159)		2,635	476
Minority interest	(1,895)		(1,895)			(1,895)
EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEM	3,895	(7,949)	(4,054)		2,635	(1,419)
Extraordinary loss on early retirement of debt, net of income tax benefit of $ 1,588	(2,095)		(2,095)			(2,095)
NET EARNINGS (LOSS)	$ 1,800	$ (7,949)	$ (6,149)		$ 2,635	$ (3,514)
EARNINGS (LOSS) PER SHARE						
EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEM						
Basic	$ 0.10					$ (0.05)
Diluted	$ 0.09					$ (0.05)
NET EARNINGS (LOSS)						
Basic	$ 0.03					$ (0.12)
Diluted	$ 0.03					$ (0.12)
WEIGHTED AVERAGE NUMBER OF SHARES						
Basic	29,281					29,281
Diluted	30,474					29,281

IMAX CORPORATION
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1999 AND THE YEAR ENDED DECEMBER 31, 1998
(in U.S. dollars)
(unaudited)

1. ACQUISITION

On September 3, 1999, the Company paid $27.2 million to acquire all of the Ordinary and Preference Shares of DPI in an acquisition accounted for as a purchase. The excess of the purchase price over the book value of the net assets acquired has been allocated to assets and liabilities to record them at their preliminary estimated fair values at September 3, 1999 as follows:

	000's
Cash	$ 1,526
Accounts receivable	3,875
Inventory	6,771
Capital assets	3,056
Other assets	4,000
Accounts payable and accrued liabilities	(11,104)
Deferred income tax	1,714
Goodwill	17,412
	$ 27,250

2. PRO FORMA ADJUSTMENTS

The unaudited pro forma consolidated statements of operations for the six months ended June 30, 1999 and the year ended December 31, 1998 reflect:

(a) the elimination of the amortization of DPI's acquired goodwill of $233,000 and $797,000 respectively;

(b) the amortization of goodwill on a straight line basis over 20 years being $436,000 and $900,000 respectively;

(c) the amortization of other assets on a straight line basis over 7 and 13 years, being $203,000 and $420,000 respectively;

(d) a decrease in the amortization of capital assets on a straight line basis over 5 years, being $51,000 and $105,000 respectively;

(e) the elimination of interest expense of $806,000 and $1,161,000 respectively on DPI's long-term debt extinguished at acquisition; and,

(f) the tax effect of the above entries and the tax effect of the six month and annual loss of DPI not previously tax effected.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IMAX CORPORATION

Date: November 16, 1999

By: / S / John M. Davison

John M. Davison
Chief Operating Officer and
Chief Financial Officer
(Principal Financial Officer)

By: / S / Mark J. Thornley

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