



## ATLANTIS REPORTS FISCAL 2009 FINANCIAL RESULTS

*This news release may contain forward-looking statements. Reference should be made to "Forward-looking Statements" at the end of this news release. All amounts are stated in Canadian dollars except where otherwise noted.*

**Toronto, Ontario, April 30, 2010**, Atlantis Systems Corp. (NEX: AIQ.H), a globally recognized training integrator in the military and commercial aviation markets, today announced its financial and operating results for the fourth quarter and fiscal year ended December 31, 2009. Results are available on [www.sedar.com](http://www.sedar.com).

Mark Rivers, Chairman of the Board, had the following comments.

"In May 2008 ComVest Capital advanced a new financing package for AIQ.H and in June 2008 a new Board of Directors was voted in, led by shareholders unhappy with the ongoing trend and performance of the company. Recognizing the challenges of the company, at least superficially, the shareholders appointed a new Board with the financial capability to ensure that between ComVest new financing and the resources on the Board, the company could focus on operating and growing the business. As I have expressed several times in the opportunities I have had to communicate with shareholders and other stakeholders we, (the Board of Directors and ComVest) got more than we bargained for. The company was in far worse condition than any due diligence or representations indicated. As a result, we engaged in a more rigorous involvement than was anticipated. We have now finished our first full financial year with the company and though the financial results show further deterioration from prior year, the indicators and drivers for profitable growth going forward are very positive and I am proud of the entire team that has been involved with the company over the last 18 months. It has been challenging and, at times, nail biting, as we managed through ongoing slippage of some expected contracts and continuing negative financial performance and resulting cash pressures – however, in spite of everything that was against us, we have successfully strengthened and grown our strategic customer relationships and closed significant business across a broader base of customers for the first time in many years. We have restructured and refreshed our leadership and management team which will start to show positive results in the current year. Our ASE division is expected to triple its revenue and substantially grow its profitability this year and our ASI subsidiary has recently closed some significant contracts which is a positive shot in the arm for the team who has borne the brunt of the cost cutting and expense management. We have continued to extract non-value add costs and expenses from the business, and continue to work on further refining our cost base. Our last remaining large cost base is the corporate overhead, where we carry costs and compensations that need to be refined. This is more challenging as a public company but we are actively investigating ways to maximize the value and profitability of the enterprise and reduce or eliminate unnecessary corporate overhead. We have turned the corner from survival and turnaround to focusing more on organic growth and, as a result, some of our fees will be reduced or eliminated."

“It is very gratifying to be able to spend our time thinking about growth and bringing in new people – to walk into our offices and see new faces as we ramp up to support our booked backlog for this year, and to know that we are starting the year with a strong backlog and growing funnel rather than hanging onto the hope that a particular contract is going to close before year end to make our plan. “

“Our plans going forward are to continue to support our strategic customers and develop new ones along with expanding our work with the Canadian DND in new and growing segments, such as the Army and more Navy while working to grow our established base with the Air force. As the DND and our other customers continue to adapt and grow we are committed to investing in talent and technology to better support them. Our investments into new locations to provide local support to our customers also expands the value of our IRB contribution. ASC has a physical presence now virtually across the nation from Western Canada to the Maritimes which puts us close to our key customers and enhances our IRB and political value.”

“With our first quarter under our belt and just being finalized, this year we expect we will turn a positive EBITDA and we will continue to invest in, and focus on, maximizing the value of Atlantis – when I took over as Chairman I expressed the reasons for my commitment and faith in the company:

1. We had and have a growing market where Public private partnerships continue to gain momentum
2. Loyal customers,
3. Very good technology,
4. Great loyal talent
5. And, if not a little surprisingly, we have continued to have a very loyal shareholder following;

“These assets and business fundamentals make this a valuable and exciting company with a lot of potential just waiting for the right leadership to unlock it – that has been proven in the last 18 months.”

“As your Board of Directors, we remain committed to continuing to explore and pursue corporate and organic initiatives to maximize the value of enterprise for everyone involved. I gave my word to the shareholders, customers and staff that we would see it through to success and that their faith in us would be worth it. The foundation of that is building a healthy organic business – we have done that, now to create the most value which is where we now turn our attention. In a company that truly should not have made it despite significant dilution the shareholders still have nearly a third of the company and we are growing and have options. Though this is not a time to lessen our resolve it is appropriate to recognize the efforts and risks and support all those who have stuck with the program and contributed to where we are today. Without the ongoing support of ComVest Capital, our loyal staff new and old, our new management team, our customers and the leadership : -

Thank you for your faith and support – and well done to everyone who has contributed to where we are today.”

“As always I remain available and open to our shareholders who have questions or want to discuss any questions you may have regarding Atlantis”

### **Additional Information**

For more information about the Company's fourth quarter and year-end results, please refer to the 2009 Management's Discussion and Analysis filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **About Atlantis Systems Corp.**

Atlantis Systems (NEX: AIQ,H) uses its core capabilities in simulation-aided design and engineering and e-learning, combined with various technology tools, to help customers in military aviation, civil aviation ensure the feasibility, capability, and effective utilization of their complex assets. Simply stated our business is leveraging partnerships and technology to put competent people on the job consistently, faster. In more than 30 years of operation, Atlantis has developed a solid reputation for its creative workforce and innovative solutions in supporting global OEM customers and defence organizations. To learn more, please visit the Company's web site at [www.atlantissi.com](http://www.atlantissi.com).

### **Forward-Looking Statements**

*Certain statements in this release are considered "forward-looking". These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. The material factors and assumptions that were applied in making the forward-looking statements in this release include but are not limited to assumptions regarding: our ability to obtain financing to fund our losses and continue to operate as a going concern; our ability to retain our current banking relationship; our eligibility for investment tax credits; our ability to win new projects and to successfully complete ongoing negotiations with new and existing customers for new work and to accurately forecast the timing of such wins; our current order backlog and the timing of its recognition; our ability to secure spinoff programs to the CFTS program; the stability and growth of military markets and expenditures worldwide and expected developments in the energy and aerospace industries; the stability and growth of markets for simulation-based training products; the ability to retain our TSX listing or find a suitable alternate market for our shares; the availability of skilled personnel and that our cost reduction plan will not affect this availability; the level of spending on the Company's direct U.S. market initiative; our ability to meet contractual obligations under the CFTS and SMHP programs or any other major program; our ability to complete new and existing projects on time and on budget; the performance of subcontractors; our ability to protect and exploit our intellectual property; the value of the Canadian dollar relative to foreign currencies, in particular, the U.S. dollar; the level of capital programs to be completed and the accuracy of our projections of infrastructure spending at our facilities; and ASA's capability to deliver e-learning and other programs on time and on budget. Material factors that could cause Atlantis' actual results to differ materially from the forward-looking statements in this release include risks and uncertainties relating to: our ability to meet debt obligations as required by our lending arrangements or secure waivers; our ability to source capital to fund our operations; our ability to continue to operate as a going concern; our ability to convert sales, negotiations and marketing pursuits into actual awards and order backlog; our inability to repay bank debt on demand; the current global financial crisis; the level of military expenditures and developments in the energy and aerospace industries; our continued reliance on key customers for existing and new work including our ability to leverage off the CFTS program; the availability of skilled personnel to ramp up new programs and complete existing programs; our reliance on subcontractors; our ability to protect the ownership of our technology and intellectual property; and the volatility of foreign exchange rates. Atlantis cannot provide any assurance*

*that the predictions of forward-looking statements will materialize. Atlantis assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or any other reason. Additional information regarding risks and uncertainties that could affect Atlantis' business is contained in the Business Risk Factors section of Atlantis's Annual MD&A and the Description of the Business - Risk Factors section in Atlantis' Annual Information Form, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).*

**For further information:**

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**ATLANTIS SYSTEMS CORP.****Consolidated Statements of Operations, Comprehensive Loss and Deficit****Years ended December 31, 2009 and 2008****(Expressed in thousands of Canadian dollars except per share amounts)**

	<u>2009</u>	<u>2008</u>
Revenue (notes 4, 5, 20 and 21)	\$ 9,804	\$ 12,586
Cost of revenue (note 4)	8,225	9,909
Gross margin	1,579	2,677
Expenses		
General and administrative	4,347	5,298
Selling and marketing	992	1,769
Stock options	127	196
	5,466	7,263
Operating loss before the undernoted items	(3,887)	(4,586)
Depreciation and amortization	1,434	1,922
Interest and financing costs, net (note 11)	2,152	930
Currency exchange (gain) loss on foreign debt	(1,149)	790
Write off of mortgage receivable (note 8)	167	
Write off of deferred development costs (note 9)	-	1,087
Write off of goodwill (note 10)	-	11,735
Net loss from continuing operations	(6,491)	(21,050)
Net loss from discontinued operations (note 4)	(230)	(2,367)
Net loss and comprehensive loss	(6,721)	(23,417)
Deficit, beginning of period	(102,380)	(78,963)
Deficit, end of period	\$ (109,101)	\$ (102,380)
Net loss per share (note 18)		
Basic and diluted:		
Continuing operations	\$ (0.12)	\$ (0.38)
Discontinued operations	-	(0.04)
Net Loss	(0.12)	(0.42)
Weighted average number of shares		
Basic and diluted	55,993,929	55,993,929

The accompanying notes are an integral part of these consolidated statements.

**ATLANTIS SYSTEMS CORP.**  
**Consolidated Balance Sheets**  
**As at December 31, 2009 and 2008**  
**(Expressed in thousands of Canadian dollars)**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 161	\$ 1,041
Trade receivables (note 5)	2,089	503
Unbilled revenue (note 5)	2,376	1,571
Inventory (note 6)	489	315
Prepaid expenses	143	242
Core technology, net (note 9)	797	-
Current assets of discontinued operations (note 4)	16	191
	<b>6,071</b>	<b>3,863</b>
Capital assets, net (note 7)	667	976
Long-term prepaid expenses	54	57
Other long-term assets	77	77
Mortgage receivable (note 8)	-	164
Core technology, net (note 9)	-	1,859
Long-lived assets of discontinued operations (note 4)	-	168
	<b>798</b>	<b>3,301</b>
	<b>\$ 6,869</b>	<b>\$ 7,164</b>
<b>LIABILITIES</b>		
Current liabilities		
Operating line of credit and over-advances (notes 12 and 14)	\$ 5,555	\$ 3,258
Accounts payable and accrued liabilities	4,162	3,238
Accrued costs on percentage completion	-	424
Deferred revenue	3,367	990
Bridge loans, net (notes 12 and 14 )	898	-
Term debt (notes 12, 14 and 20)	2,733	2,197
Current liabilities of discontinued operations (note 4)	11	347
	<b>16,726</b>	<b>10,454</b>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital and warrants (notes 13 and 14)	89,917	89,890
Contributed surplus	9,327	9,200
Deficit	(109,101)	(102,380)
	<b>(9,857)</b>	<b>(3,290)</b>
	<b>\$ 6,869</b>	<b>\$ 7,164</b>

Going concern (Note 2)  
 Commitments, contingencies and guarantees (Note 22)  
 Subsequent events (Note 26)

On behalf of the Board:

"Mark Rivers"  
 Director

"Henrik Noesgaard"  
 Director

The accompanying notes are an integral part of these consolidated statements.

**ATLANTIS SYSTEMS CORP.**  
**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2009 and 2008**  
**(Expressed in thousands of Canadian dollars)**

	2009	2008
Cash flows provided by (used in) :		
<b>Operating activities :</b>		
Net loss	\$ (6,721)	\$ (23,417)
Net loss from discontinued operations	(230)	(2,367)
Net loss from continuing operations	(6,491)	(21,050)
Items not affecting cash:		
Depreciation and amortization	1,434	1,922
Write off of mortgage receivable (note 8)	167	-
Stock options expensed	127	196
Accretion on term debt	238	261
Write-off of un-accreted financing costs (note 12)	594	-
Financing costs related to common share purchase warrants	26	-
Write off of deferred development costs (note 9)	-	1,087
Write off of goodwill (note 10)	-	11,735
	(3,905)	(5,849)
Interest on mortgage receivable	(4)	(14)
Decrease in long-term prepaid expenses	3	8
Net change in non-cash working capital (note 23)	411	2,684
Cash used in discontinued operations	(313)	(2,768)
	(3,808)	(5,939)
<b>Investing activities :</b>		
Investment in capital assets	(51)	(43)
Proceeds from mortgage principal payment	-	249
Cash provided by discontinued operations	21	3
	(30)	209
<b>Financing activities :</b>		
Net change in operating line of credit	2,297	3,258
Old term debt repayment	-	(2,660)
Term debt proceeds	820	2,613
Financing costs	-	(385)
Bridge loan proceeds, net	898	-
Principal payment on term debt	(821)	(98)
	3,194	2,728
Net cash (used in) provided by foreign exchange loss on term debt	(295)	382
Net decrease in cash	(939)	(2,620)
Cash, beginning of period - continuing operations	1,041	3,605
Cash, beginning of period - discontinued operations	59	115
Cash, end of period	\$ 161	\$ 1,100
Cash, end of period - continuing operations	161	1,041
Cash, end of period - discontinued operations	-	59

**SUPPLEMENTAL INFORMATION**

Interest paid	\$ 1,179	\$ 526
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these consolidated statements.

