



ATLANTIS

ATLANTIS SYSTEMS CORP.

2008 Annual and Special Meeting

August 25, 2009



ATLANTIS

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Mark Rivers
Chairman

Agenda

- Introduction
- Election of Directors
- Appointment of Auditors
- Approval of Stock Option Plan
- Chairman's Comments
- Management Presentation
- Q&As

Forward-looking Statements

This presentation contains statements about expected future events and financial and operating results that are forward-looking and subject to uncertainties. Actual results, performance or achievement could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Atlantis Systems Corp. disclaims any intention or obligation to update or revise any existing or forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

- i. Objective
- i. AIQ Background
- ii. AIQ State of the Union
- iii. What we did
- iv. Results and Progress to date

Objective

Facilitate a turnaround and rebuild the AIQ Value for Shareholders and all stakeholders

- I. Implement operational and organic changes to rebuild our credibility with, and support from staff and clients to ensure the long-term viability of AIQ
- II. Research and pursue corporate initiatives that allows AIQ to realize significant cost savings transforming the profitability and value of AIQ

AIQ Background

- Atlantis is a Globally recognized provider of solutions that accelerate and enhance our OEM and end-user clients ability to deploy and maintain their assets;
 - simulation-based capability and performance development technology
 - advanced learning technology and practices
 - Strategic Partnerships
 - Full turnkey solutions (such as outsourced school houses)
- Primarily targeted to the military and commercial aviation industries - our solutions support mission critical and high risk assets that involve significant capital investment, where failure can lead to loss of life or significant capital loss or impairment
- Uses innovative and proprietary technology to provide rapid competency development
- 30 year old Canadian company doing business globally

AIQ - State of the Union

- Framework;
 - What we were told
 - What we found
 - What did we do
 - What we have accomplished

AIQ - State of the Union - What we were told

- Due Diligence process: - November 07 - March 31/08
 - The company was over-governed (48 board meetings in 1 year), Risk adverse and conservative
 - 36.0 million dollar budget for 2008
 - Large established sales funnel
 - Sales were imminent
 - Just need a little more funding to bridge the gap
 - Existing bank un-cooperative
 - Eduplus leadership weak and uncooperative
 - ASC Leadership was strong and committed

AIQ - State of the Union - What we were told

- Due Diligence process: - November 07 - March 31/08
 - Senior management had strong well established healthy customer relationships
 - Business dependent on the CEO
 - ASA should be a service bureau
 - Soon to be signed Nuclear deal a “company making” deal that will transform the value or the business

AIQ - State of the Union - What we discovered

- Inaccurate data and basically insolvent
 - Poor Sales and Customer Relationships
 - Poor at risk customer relationships
 - Burned bridges and broken promises
 - Poor delivery
 - Weak program management
 - Non- existent contract management - millions of dollars left on the table
 - Largely inflated and unrealistic sales funnel
 - Sales organization inexperienced in industry and lacked credibility
 - No significant orders in three years

AIQ - State of the Union - What we discovered

- Senior management not connected to the industry
- Inconsistent follow-through on initiatives
- Limited and adversarial communications between offices
- Unfocused and opportunistic direction
- Dot-com style strategy with no real sense of what it took to implement strategic ideas
 - E.g. nuclear and medical - no SME's and no presence or credibility in the industries
- No internal management meetings or reporting
- ASE leadership was actually strong and essential to keeping the operation and strategic customers
- Yes people promoted, proven strong talent either removed or sidelined

AIQ - State of the Union - What we discovered

- Lacked credibility in market and customers eyes - trying to be more than we could credibly be
- Unreliable budgeting and forecasting - missed last three years by over 100%
- Poor execution
- Senior management major barriers to change and unwilling to drive key cost and restructuring decisions
- Blame culture
- The company was effectively insolvent
- Lost 23.4 million on 14.6 million in sales year end 2008
- Banking relationship out of covenant from first month of new relationship
- ASA not a viable short term asset

AIQ - State of the Union – What we did.



- Our Process - the first twelve months
 - 1st 90 days
 - Strategic and operational review of business
 - Meet with key clients
 - Visit branch offices
 - Develop strategic plan
 - Start communicating with employees and shareholders
 - Engaged and work closely with ComVest our banker
 - 2nd 90 days
 - Restructure leadership and management
 - Eliminate 2.0 million in costs
 - Appoint new CEO
 - Collaborate with branch locations

AIQ - State of the Union - What we did



- Our Process - the first twelve months
 - 3rd 90 days
 - Closed new contracts
 - Implement IR strategy to inform of direction and accomplishments start to re-build investor following and assure customers of progress
 - 4th 90 days
 - Investigate corporate development options and initiate recapitalization
 - Restructure board and organization for business development
 - Refine strategic direction, start to refine and add to strategic customers list
 - Board and CEO Capital injected an additional \$700,000 to support ComVest and AIQ
 - Next steps

AIQ - State of the Union - What we achieved

- 1st 90 days
 - Refocused company around new strategic plan
 - Implemented strategic customer management plan
 - Met with key with senior executives of customers to sooth concerns and reassure around our ongoing existence
 - Focused our limited resources on few key customers increasing credibility
 - Rebuilt connections and mended bridges with customers where promises had been broken and issues caused
 - Cleaned up and validated sales funnel

AIQ - State of the Union - What we achieved

- 2nd 90 days
 - Restructured senior management team
 - Introduced a new CEO from the industry with expertise and credibility with customers and Ottawa
 - Eliminated 2.0 million in expenses
 - Developed integrated executive team that represented all locations
 - Secured and promoted key talent that was leaving and disenfranchised
 - Focused on customer delivery
 - Started to organize and structure company around how our customers and industry buys and makes decisions
 - Continued to meet and secure strategic customers

AIQ - State of the Union - What we achieved

■ 3rd 90 days

- Closed first significant contracts for the company in three years
- Initiated IR strategy to re build credibility with and re-engage investors - over 20 million shares have traded in three months as high as 13 cents up from 2 cents - currently back at 3.5 cents
- In negotiation with further 20+ million in new business
- Developed a credible sales funnel
- Hiring new resources to serve the business
- Further embedded ourselves slowly in our strategic customer base
- Substantially improved customer service and delivery

AIQ - State of the Union - What we achieved



- 4th Quarter and Overall
 - Strengthened contract management capability
 - Developed strategic relationship with CFN to represent us in Ottawa and DND
 - Started to re-populate board with senior executives who can help drive business development
 - Starting to establish relationships with customers where we are adding strategic value -
 - Sikorsky; International school house solution,
 - Allied Wings - sales and marketing, as well as government relations and mining the potential value of CFTS - IDIQ contract,
 - CAE; strategic introductions and connections, supported lobbying efforts.
 - Atlantis has closed several significant contracts this year and are currently negotiating several more that will provide a stable backlog of business and improved cash flow
 - Researched and investigated 6 plus options to merge with potential buyers
 - Investigated strategic acquisition into energy market
 - Board and CEO Capital raised and invested additional capital to support operations and growth of AIQ
 - On track to deliver a positive EBITDA - substantial turnaround in top and bottom line performance of AIQ in twelve months

AIQ - State of the Union - Outstanding Issues

- Remaining issues
 - Atlantis is at the limit of its credit facility with no room for expansion
 - The debt servicing burden and corporate overhead are stripping all of the profitability from Atlantis' divisions
 - ASC current structure not able to support new market commercialization - needs to be totally focused on Military applications
 - We are now growing and adding people to support work, while pulling out of a dramatic turnaround
- Need to recapitalize
 - Financing too expensive
 - Organic growth too slow to get to scale that justifies existing corporate overhead

AIQ - State of the Union –Next steps

- Recapitalize
 - Actively pursuing several options that provide strategic valuation for Atlantis shareholders
 - Unlock 3.7 million in cash by eliminating non- value add overhead
 - 1.4 in public company overhead
 - 800k in unnecessary rent
 - 1.5 million in interest expenses and financing costs
 - Transform valuation of enterprise
 - Commercialize Atlantis IP in to new markets through new initiative



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Henrik Noesgaard

Chief Executive Officer

The Situation - November 2008

- Atlantis Employees
 - Bright/ Motivated
 - Had Endured Layoffs & Workshare
 - Optimistic about new Chair & Board
 - Long History/ Solid Reputation
 - Good Foundation to Build on.

■ Organization

■ Excessive Corporate Overhead

- Public Company Costs
 - Unsustainable for size of Company

■ Lack of Operational Focus

- Operating decisions made at Corporate level
- Little accountability at the Operating level
 - ASA (Atlantis Systems America) - Orlando
 - ASE (Atlantis Systems Eduplus) - Dartmouth
 - ASI (Atlantis Systems International) - Brampton

The Situation...con't

- CFTS Program
 - Program behind schedule due to delays at ASA
 - Quality Problems with Courseware produced at ASA
 - Cost overruns being incurred at ASA
- ASA
 - Being sustained by CFTS Courseware work subcontracted from ASI
 - Not winning new business
 - Not sustainable once CFTS work concludes

The Situation...con't

- Business Development
 - Lacked focus
 - Not winning new business
 - Key Sales and Marketing Executives lacked industry knowledge and experience
- Nuclear Business
 - No Clear Strategy
 - Costs being incurred/ No Progress being Made

Corrective Actions Implemented

- Organization
 - Closed ASA
 - Established ASI and ASE as P&L centres each under the leadership of a VP with full P&L responsibility
 - Chris Lewis - responsible for ASI
 - Guy Jeffery - responsible for ASE
 - Staff reductions - especially corporate overhead functions and non Aerospace & Defence Marketing functions

Corrective Actions Implemented...con't

- Business Development
 - Focus on Aerospace and Defence Training and Simulation
 - Focus on 4 key accounts
 - Eliminate Ottawa office and retain an advisor in Ottawa
 - Place agents on contingency fee basis rather than retainer

Corrective Actions Implemented...con't

- Operations
 - Key performance indicators - Weekly
 - P&L review - Monthly
 - Sales funnel tracking and update - Monthly
 - Cash Flow Monitoring and Forecasting - Weekly
- Nuclear
 - Agreement with PWU being redefined

The Results

- Key Milestones
 - OTSP contract signed May 22, 2009
 - CFTS
 - Quality problems resolved
 - Key milestones delivered
 - Allied Wings confirmed Atlantis as provider of ongoing Courseware Support
 - ASE awarded major contracts
 - AFILE
 - QL5B
 - HCML3IMPS
 - ASA Closed
 - ID/IQ contracts purchased by AT-Solutions
 - Number of employees hired by AT-Solutions

Financial Review

<i>Cdn\$ (000s)</i>	F2006 (1)	F2007 (1)	F2008 (1)	Q2-08 YTD (2)	Q2-09 YTD (2)
Revenue	37,115	33,179	14,643	7,815	5,454
Gross margin	10,863	7,498	679	955	2,621
Expenses	10,973	10,589	8,257	3,249	2,933
Net loss	(1,435)	(4,032)	(23,417)	(3,642)	(2,566)
Net loss per share	(0.03)	(0.07)	(0.42)	(0.07)	(0.05)
Order backlog	49,900	37,000	29,100	29,637	32,600
Working capital	4,026	1,182	(6,591)	(1,790)	(8,520)

(1) Not adjusted for discontinued operation

(2) Adjusted for discontinued operations, excluding working capital

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Questions