



ATLANTIS REPORTS FISCAL 2008 FIRST QUARTER 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, May 14, 2008. Atlantis Systems Corp. (TSX: AIQ), a globally recognized training integrator in the military, commercial aviation and energy markets, today announced its financial and operating results for the three months ended March 31, 2008.

Q1 2008 Operational & Financial Summary

- Completed new US\$6.6 million financing arrangement with ComVest Capital LLC (ComVest) subsequent to the quarter end.
- Announced new contracts valued at more than \$3.0 million.
- Continued progress in energy sector.
 - Contract with the PWU Training Inc. to provide a computerized training lab utilizing our Integrated Maintenance Training Systems (IMTS) platform.
 - Achieved recognition and preferred supplier status from Ontario's major nuclear power producers.
- Revenue of \$4.3 million in 2008, compared with \$5.8 million in Q1 2007.
- Order backlog of \$34.8 million at March 31, 2008.
- Cost reduction plan resulted in 38% decrease in operating expenses over Q1 2007.
- Net loss of \$2.3 million, or \$0.04 per share, compared with a net loss of \$1.8 million, or \$0.03 per share, in Q1 2007.

"During the first quarter, our senior management devoted a significant amount of effort toward completing a new financing arrangement, which we were pleased to finalize following quarter end," said Andrew Day, President and CEO of Atlantis Systems Corp. "With added financial resources in place, we look ahead to the remainder of 2008 with renewed focus on building our pipeline in military, civil aviation and energy markets. We have enhanced our sales and marketing processes in recent quarters with a view to broadening our target opportunities. Over time, we anticipate that this will enable us to reduce our reliance on a smaller number of military contracts, which are often subject to contracting delays."

"While we rebuild the backlog and strengthen our presence in new markets such as energy, cost management will be a priority to help us achieve our objective of profitability by the end of the year," added Day. "The resurgence in Canadian military training spending and other long-term market trends are working in our favour, and we believe our proprietary technology, core capabilities and solid reputation position us to capitalize on the growing demand for mission-critical training systems".

Financial Review

Revenue for the first quarter of 2008 was \$4.3 million, compared with \$5.8 million reported in the same quarter in the previous year. The year-over-year decrease was primarily the result of reduced revenues from several programs and customers, including the Contracted Flying Training and Support (CFTS) program.

Gross margin for the first quarter of 2008 was \$147,000, or 3.4% of revenue, versus \$1.2 million, or 21% of revenue, for the corresponding period in 2007. The lower gross margin percentage is the result of the inclusion, on a lower revenue base, of several indirect overheads that are independent of projects and are included in the cost of revenue. The Company expects its gross margin percentage to increase in the remainder of 2008 and to fluctuate between 25% and 35% going forward. However, prior to the completion of the initial phase of the CFTS program in 2008, gross margins will continue to fluctuate depending on the mix in a particular quarter between lower-margin CFTS revenue and non-CFTS revenue.

Operating expenses decreased in the first quarter of 2008 by 38% to \$1.8 million, primarily due to the net effect of the previously announced cost reduction plan. The Company expects that this cost reduction plan will reduce overall operating expenses by approximately 15% and will provide savings of approximately \$4.0 million in 2008. For the first quarter of 2008, the Company recorded a loss of \$2.3 million, compared with a loss of \$1.8 million for the first quarter of 2007.

The Company's order backlog at March 31, 2008 was \$34.8 million, which includes approximately \$18.0 million for the CFTS support services to be recognized over the 20-year contract period, and \$8.3 million for Eduplus contracts. Atlantis' order backlog at December 31, 2007 was \$37.0 million.

Atlantis had cash and cash equivalents of \$(62) at March 31, 2008, compared with \$9,118 at March 31, 2007. Effective April 30, 2008, Atlantis entered into financing arrangements with ComVest that provided up to US\$6.6 million of financing in the form of a secured term loan in the amount of US\$2.6 million and a secured revolving line of credit of up to US\$4.0 million.

For more information about the Company's first quarter results, please refer to the Q1, 2008 Management's Discussion and Analysis filed on SEDAR (www.sedar.com).

Notice of Conference Call

Atlantis will be hosting a conference call on Thursday, May 15 at 8:00 a.m. ET to discuss its Q1 fiscal , its Q4 fiscal 2007 and year-end 2007 financial results.

DATE:	Thursday, May 15, 2008
TIME:	8:00 a.m. ET
DIAL-IN NUMBER:	416-644-3434 or 1-800-814-4890
TAPED REPLAY:	416-640-1917 or 1-877-289-8525
	Reference Number: 21271611#
	Available until Thursday, May 22, 2008

The call will also be webcast live and archived for 365 days at: www.newswire.ca and www.atlantissi.com.

About Atlantis Systems Corp.

Headquartered near Toronto, Canada, Atlantis is a globally recognized, fully integrated training solutions provider for customers in the military, commercial aviation sectors and energy markets. Atlantis combines desktop and full-flight simulation, knowledge management, learning management systems, flight training devices and multimedia e-learning to provide integrated flight training and aircraft maintenance training solutions to a global list of customers. For more than 29 years, Atlantis has drawn on its extensive engineering background and proprietary technology to offer cost-efficient, state of the art alternatives to real-life conditions and situations. Atlantis is registered under a number of quality management programs including ISO 9001:2000, AS9100:2004, CSA-Z299.1-1985, Boeing BQMS D6-82479 and Rockwell Collins RC-9000, among others. To learn more, please visit the Company's web site at 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: the proportion of in-house and subcontractor work on the CFTS program and the ability of subcontractors to meet deadlines on this program; the level of activity under the CFTS program; the proportion of CFTS to non-CFTS revenue; our ability to complete new and existing projects on time and on budget; our ability to win new projects; the performance of subcontractors generally; expected developments in the energy and aerospace industry; ASA's capability to deliver e-learning and other programs on time and on budget and the level of spending on the Company's direct U.S.-market initiative. 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 convert sales and marketing pursuits into order backlog; reliance on subcontractors; the Company's U.S. subsidiary, ASA; reliance on key customers; the level of military expenditures and developments in the energy and aerospace industry; relationships with existing U.S. prime contractors; the availability of skilled personnel; our ability to source capital to fund our operations; our ability to repay bank debt on demand; and our ability to operate as a going concern. 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.

For further information:

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ATLANTIS SYSTEMS CORP.**Consolidated Statements of Operations, Comprehensive Loss and Deficit****For the three months ended March 31****(Expressed in thousands of Canadian dollars except per share amounts)**

	2008	2007
	(unaudited)	(unaudited)
Revenue	\$ 4,339	\$ 5,829
Cost of revenue	4,192	4,603
Gross margin	147	1,226
Expenses		
General and administrative	1,438	1,997
Selling and marketing	367	912
Stock options	36	42
	1,841	2,951
Operating loss before the undernoted items	(1,694)	(1,725)
Depreciation and amortization	530	153
Interest and financing costs (income), net	78	(102)
Gain on disposal of capital assets	-	(1)
Net loss and comprehensive loss	(2,302)	(1,775)
Deficit, beginning of period	(78,963)	(74,931)
Deficit, end of period	\$ (81,265)	\$ (76,706)
Net loss per share		
Basic and diluted	\$ (0.04)	\$ (0.03)
Weighted average number of shares		
Basic and diluted	55,993,929	53,600,477

ATLANTIS SYSTEMS CORP.
Consolidated Balance Sheets
(Expressed in thousands of Canadian dollars)

	March 31 2008 (unaudited)	December 31 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 34	\$ 3,720
Trade and other receivables	4,618	2,766
Unbilled revenue	2,912	2,453
Inventory	533	510
Mortgage receivable	249	249
	8,346	9,698
Capital assets, net	1,534	1,671
Other long-term assets	233	235
Mortgage receivable	154	150
Deferred development costs and core technology, net	4,012	4,382
Goodwill	11,735	11,735
	17,668	18,173
	\$ 26,014	\$ 27,871
LIABILITIES		
Current liabilities		
Bank operating line of credit	\$ 96	\$ -
Accounts payable and accrued liabilities	3,933	4,601
Accrued costs on percentage completion	454	301
Deferred revenue	1,923	954
Term debt	2,520	2,660
	8,926	8,516
SHAREHOLDERS' EQUITY		
Share capital	89,314	89,377
Contributed surplus	9,039	8,941
Deficit	(81,265)	(78,963)
	17,088	19,355
	\$ 26,014	\$ 27,871

For the three months ended March 31
(Expressed in thousands of Canadian dollars)

	<u>2008</u>	<u>2007</u>
	(unaudited)	(unaudited)
Cash flows provided by (used in) :		
Operating activities :		
Net loss	\$ (2,302)	\$ (1,775)
Items not affecting cash:		
Depreciation and amortization	530	153
Gain on disposal of capital assets	-	(1)
Stock options expensed	36	42
	<u>(1,736)</u>	<u>(1,581)</u>
Interest on mortgage receivable	(4)	(4)
Other long-term assets	(2)	3
Net change in non-cash working capital	<u>(1,880)</u>	<u>(3,755)</u>
	<u>(3,622)</u>	<u>(5,337)</u>
Investing activities :		
Investment in capital assets	(20)	(163)
Proceeds from disposal of capital assets	-	1
	<u>(20)</u>	<u>(162)</u>
Financing activities :		
Term debt (Note 9)	(140)	-
Exercise of common share purchase warrants	-	873
Exercise of options to common shares	-	108
	<u>(140)</u>	<u>981</u>
Net decrease in cash and cash equivalents	<u>(3,782)</u>	<u>(4,518)</u>
Cash and cash equivalents, beginning of period	3,720	13,636
	<u>\$ (62)</u>	<u>\$ 9,118</u>
(Bank indebtedness) cash and cash equivalents, end of period		

SUPPLEMENTAL INFORMATION

(Bank indebtedness) cash and cash equivalents are comprised of:

Cash	\$ 34	\$ 9,087
Cash equivalents	-	31
Bank operating line of credit	(96)	-
	<u>\$ (62)</u>	<u>\$ 9,118</u>
Interest paid	\$ 48	\$ 2
Income taxes paid	\$ -	\$ -