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## **American TonerServ Reports First-Quarter Results, Recent Highlights**

### **First Quarter 2008 Revenue Increases 155% from Fourth Quarter 2007; Company States Intention to Acquire Pendl Companies**

SANTA ROSA, CA, May 15, 2008 (MARKET WIRE via COMTEX News Network) -- American TonerServ Corp. (OTCBB: ASVP) ("ATS"), a strategic consolidator in the more than \$6.0 billion highly fragmented independent segment of the printer supplies and services industry, today announced financial results for the quarter ended March 31, 2008.

#### First-Quarter 2008 Financial Results

ATS reported revenue of \$2,689,679 for the quarter ended March 31, 2008, compared to \$390,568 for the quarter ended March 31, 2007. Revenue increased 155% from fourth quarter 2007 revenue of \$1,054,731.

ATS reported a net loss for the quarter ended March 31, 2008 of \$1.2 million, compared to a net loss of \$0.97 million for the quarter ended March 31, 2007. ATS reported a net loss of approximately \$0.02 per share for the quarter ended March 31, 2008.

"The first quarter saw significant top line revenue growth as we continue to execute our business model," said Dan Brinker, chief executive officer. "We are very pleased with our entry into the North Carolina market, and with the efficiencies we are beginning to realize in our Florida operations." In March, ATS announced the establishment of NC TonerServ, LLC a wholly-owned subsidiary located in North Carolina's Research Triangle.

Mr. Brinker added, "The results of the quarter include the first full quarter of sales from our acquisition of Tonertype of Florida, which was completed at the end of December 2007. The management team of Tonertype is now enjoying the benefits of our buying power for re-manufactured toner cartridges. We believe the quarter demonstrates the merits of our business strategy to locate, evaluate and acquire the best independent printer supply and service businesses in the top metro markets around the United States."

#### **Recent Highlights**

During the first quarter, ATS engaged printer supply and service consultant Rob Cowman to work with the company's Corporate Development team in identifying and evaluating additional acquisition prospects for ATS. Further, the company consolidated its Dallas, Texas operations under the leadership of Clay Allbright, who owned and operated an independent printer supply and service company prior to joining ATS.

In April, ATS announced that the company had signed a letter of intent to acquire the retail business of Pendl Companies, Inc. ("Pendl"), headquartered in Brookfield, Wisconsin. Pendl has been providing printer supplies and service to national and regional business customers since 1988. According to unaudited financial information provided to ATS by Pendl, the retail segment of the business generated approximately \$5.0 million in revenue in 2007. Due diligence and negotiations of an acquisition agreement are underway.

## Outlook

"We remain on plan toward our goal of adding five to seven businesses that together we expect would build the company's level of revenue to approximately \$45.0 million on an annualized basis by the end of 2008," said Mr. Brinker. "ATS offers owners of independent businesses the opportunity to grow and develop under the umbrella of a national brand, enjoying volume purchasing power and operational infrastructure and efficiencies. Our customers gain print management systems and service that increase their ability to control their printing costs. And of course, using recycled components in top-quality printer cartridges compatible with all leading printer brands lowers cost and reduces waste going to landfills."

### AMERICAN TONERSERV CORP. AND SUBSIDIARIES

#### Results of Operations:

	Three months ended March 31,	
	2008	2007
Revenues:		
Toner	\$ 2,317,860	\$ 369,784
Service	371,819	20,784
Total revenues	2,689,679	390,568
Cost of sales:		
Toner	1,453,214	215,964
Service	341,376	16,849
Total cost of sales	1,794,590	232,813
Gross profit	895,089	157,755
Operating expenses:		
Salaries and wages	673,936	308,864
Professional fees and services	584,882	511,899
Sales and marketing	193,221	92,569
General and administrative	335,241	136,728
Amortization of customer lists	151,977	33,211
Total operating expenses	1,939,257	1,083,271
Loss from operations	(1,044,168)	(925,516)
Other income (expense):		
Fair value of convertible debt	12,500	(12,500)
Interest expense	(168,441)	(32,557)
Change in fair value of warrant liability	2,927	107
Gain on claims settlement	66	1,301
Net loss	\$(1,197,116)	\$ (969,165)
Net loss per share:		
Basic and diluted	\$ (0.02)	\$ (0.04)
Weighted average number of shares outstanding:		
Basic and diluted	61,980,196	22,942,061
Balance Sheet Data		

	----- March 31, 2008 -----
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 434,497
Accounts receivable, net of doubtful accounts of \$67,535	1,352,372
Inventory	741,463
Prepaid expenses and other current assets	40,046
Deferred compensation	315,526
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Total current assets	2,883,904
Customer lists, net	3,850,885
Goodwill	1,801,895
Property and equipment, net	372,264
Other assets	32,021
	-----
Total Assets	\$ 8,940,969 =====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,580,934
Shareholder advances	377,345
Notes payable - current portion (net of unamortized discount of \$190,047)	2,117,591
Convertible notes payable - current portion	250,000
Convertible notes payable, related parties - current portion	31,250
Notes payable, related parties - current portion	75,000
Deferred revenue	270,335
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Total current liabilities	4,702,455
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Long-term liabilities:	
Notes payable (net of unamortized discount of \$318,814)	1,070,909
Convertible notes payable	800,000
Warrant liabilities	116,773
	-----
Total long-term liabilities	1,987,682
	-----
Total liabilities	6,690,137
	-----
Commitments and contingencies	
Stockholders' equity:	
Common stock; \$.001 par value; 450,000,000 shares authorized; 65,036,221 shares issued and outstanding	65,036
Additional paid-in capital	20,961,752
Accumulated deficit	(18,775,956)
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Total stockholders' equity	2,250,832
	-----
Total Liabilities and Stockholders' Equity	\$ 8,940,969 =====

About American TonerServ

American TonerServ Corp. ("ATS") is building a nationwide organization to efficiently serve the printing needs of small-and medium-sized businesses by consolidating leading independent operators in the more than \$6.0 billion recycled printer cartridge and printer services industry, offering top-quality, environmentally-friendly products and local service teams. Please see [www.AmericanTonerServ.com](http://www.AmericanTonerServ.com) for more information.

#### Forward-Looking Statements

Except for historical information contained herein, the matters set forth above may be forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ from those in the forward-looking statements. Words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the current beliefs of management, as well as assumptions made by and information currently available to management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors such as the level of business and consumer spending, the amount of sales of the Company's products, the competitive environment within the industry, the ability of the Company to continue to expand its operations, the level of costs incurred in connection with the Company's expansion efforts, economic conditions in the industry and the financial strength of the Company's customers and suppliers. The Company does not undertake any obligation to update such forward-looking statements. Investors are also directed to consider all other risks and uncertainties.

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