



November 17, 2008 - 8:30 AM EST

American TonerServ Reports Third-Quarter Results, Reviews Strategy and Outlook

Revenue More than Doubles to \$2,653,858 from \$1,086,602 in Third Quarter 2007; Company Reiterates Expectation of \$25 Million Annual Revenue Run Rate by End of 2008

Santa Rosa, CA – November 17, 2008 – 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 and a leading recycler of toner cartridges, today announced financial results for the quarter ended September 30, 2008.

Third-Quarter 2008 Financial Results

ATS reported revenue of \$2,653,858 for the quarter ended September 30, 2008, compared to \$1,086,602 for the quarter ended September 30, 2007, a 144% increase.

ATS reported a net loss from operations for the quarter ended September 30, 2008 of \$709,109, compared to a net loss from operations of \$1,088,546 in the quarter ended September 30, 2007. ATS reported a net loss from operations of approximately \$0.01 per share for the quarter ended September 30, 2008 compared to a net loss from operations of \$0.05 per share in the quarter ended September 30, 2007.

On a GAAP basis, ATS reported a net loss for the quarter ended September 30, 2008 of \$956,081, compared to a net loss of \$1,234,037 for the quarter ended September 30, 2007. ATS reported a net loss of approximately \$0.01 per share for the quarter ended September 30, 2008 compared to a net loss of \$0.05 per share for the quarter ended September 30, 2007.

Earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and other non-cash expenditures (adjusted EBITDA) was a loss of \$397,765, or \$0.01 per share, in the third quarter of 2008, compared to a loss of \$656,788, or approximately \$0.03 per share, in the third quarter of 2007. This is an improvement of approximately 40 percent year over year.

“We are very pleased with the consistent top line growth we see coming from the successful execution of our strategy,” said Dan Brinker, President and Chief Executive Officer of ATS. “We are seeing organic growth from our continuing operations at the same time we are adding the revenue from operations we have integrated into the company over the past 18 months.”

In a September presentation to investors, Mr. Brinker projected that ATS will achieve a \$25 million annualized revenue run rate by the end of 2008.

Mr. Brinker added, "During the third quarter, our management team made a concerted effort to make presentations at industry events where we identify the independent managers who we believe are running the best toner service and cartridge recycling operations around the country. The key to our continued success will be targeting these operators with attractive offers that allow them to continue to grow their businesses while we provide support with our proven administrative and logistical systems."

Recent Highlights

After the close of the third quarter, in November, ATS announced the closing of its acquisition of certain assets of iPrint Technologies, Inc. based in Chatsworth and Larkspur, California. iPrint serves Fortune 1000 customers in California and throughout the country, with an emphasis on reducing overall printing costs and minimizing waste and inefficiency. According to unaudited financial information provided to ATS by iPrint, the business generated approximately \$12.5 million in revenue during the twelve months ended August 31, 2008.

"Four Questions with Dan Brinker" appeared in *Recharger Magazine's* September, 2008 issue. In this article, Mr. Brinker highlighted his strategic vision and outlook for the company and the industry. Additionally, during September, Mr. Brinker addressed investors at the Merriman Curhan Ford Investor Summit 2008 in San Francisco. The webcast of his presentation is available until December 16, 2008, at the American TonerServ website, www.AmericantonerServ.com, through a link on the Investor Relations page.

Outlook

"We currently have pending Letters of Intent to acquire companies that have demonstrated they fit our criteria of well-managed, growing operations with strong local relationships and branding in the dynamic toner service and cartridge recycling space. We look forward to completing these and other acquisitions and beginning with our integration programs to permit those teams to focus on what they do best, which is customer service," Mr. Brinker concluded. "In these tough financial times, we find that our customers are especially receptive to the opportunities to save money with compatible cartridges instead of brand names, and at the same time to do their part for the environment by recycling spent cartridges."

Presentation of Non-GAAP Information

This press release contains non-GAAP financial measures, including EBITDA (earnings before interest, income taxes, depreciation and amortization) and Adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization and other non-cash related expenditures). The Company believes these non-GAAP financial measures are useful to investors in evaluating the Company's results. These measures are not a measurement of our financial performance under GAAP and should not be considered as alternatives to net income, income from operations, or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating, investing or financing activities as a measure of our liquidity. In addition, because EBITDA and Adjusted EBITDA may not be calculated

identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. For a reconciliation of these non-GAAP financial measures to the most comparable GAAP equivalent, see the Non-GAAP Reconciliation – EBITDA and Adjusted EBITDA, along with related footnotes, below.

About American TonerServ

American TonerServ Corp. (“ATS”), a leading recycler of toner cartridges, is building a nationwide organization to efficiently serve the printing needs of small- and medium-sized businesses by consolidating best-in-class 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 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.

AMERICAN TONERSERV CORP. AND SUBSIDIARIES

Results of Operations

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	-----	-----	-----	-----
Revenues:				
Toner and supplies	\$ 2,355,070	\$ 964,909	\$ 6,894,035	\$ 2,292,436
Service	298,788	121,693	1,212,049	283,364
	-----	-----	-----	-----
Total revenues	2,653,858	1,086,602	8,106,084	2,575,800
	-----	-----	-----	-----
Cost of sales:				
Toner	1,409,625	638,392	4,287,228	1,456,932
Service	166,059	119,094	782,628	269,174
Inventory write-down	-	68,500	-	68,500
	-----	-----	-----	-----
Total cost of sales	1,575,684	825,986	5,069,856	1,794,606
	-----	-----	-----	-----
Gross profit	1,078,174	260,616	3,036,228	781,194
	-----	-----	-----	-----
Operating expenses:				
Salaries and wages	717,517	398,776	2,074,177	1,161,649
Professional fees and services	217,143	418,965	948,270	1,149,485
Sales and marketing	237,333	44,327	717,540	211,663
General and administrative	460,065	389,113	1,202,576	876,937
Amortization of intangible assets	155,224	97,981	461,430	232,222
	-----	-----	-----	-----
Total operating expenses	1,787,283	1,349,162	5,403,993	3,631,956
	-----	-----	-----	-----
Loss from operations	(709,109)	(1,088,546)	(2,367,765)	(2,850,762)
	-----	-----	-----	-----
Other (expense) income:				
Change in fair value of warrant liability	(98,259)	670	(96,385)	6,332
Gain on claims settlement	-	-	66	1,301
Fair value of convertible debt	31,250	(50,000)	(331,250)	(45,833)
Interest expense	(179,963)	(96,161)	(612,672)	(191,049)
	-----	-----	-----	-----
Net loss	\$ (956,081)	(1,234,037)	(3,408,006)	(3,080,011)
	=====	=====	=====	=====
Net Loss Per Share:				
Basic and diluted	\$ (0.01)	\$ (0.05)	\$ (0.05)	\$ (0.13)
	=====	=====	=====	=====
Weighted average number of shares outstanding:				
Basic and diluted	65,605,456	23,676,336	64,032,972	23,420,257
	=====	=====	=====	=====

Balance Sheet Data

	September 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,421	\$ 60,196
Accounts receivable, net	1,364,452	1,326,891
Inventory	921,866	715,328
Prepaid expenses and other current assets	79,537	33,127
Deferred compensation	47,026	471,298
Deferred acquisition costs	94,391	-
	-----	-----
Total current assets	2,512,693	2,606,840
Intangible assets, net	3,541,432	4,002,862
Goodwill	1,801,895	1,801,895
Property and equipment, net	397,116	394,745
Other assets	38,941	29,959
	-----	-----
Total assets	\$ 8,292,077	\$ 8,836,301
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	\$ 86,415	\$ -
Accounts payable and accrued expenses	1,861,585	1,767,997
Shareholder advances	142,345	431,095
Revolving line of credit	622,041	-
Notes payable - current portion (net of unamortized discount of \$140,028 and \$223,120 at September 30, 2008 and December 31, 2007, respectively)	1,021,295	2,068,033
Convertible notes payable, current portion (net of unamortized discount of \$38,531 and \$0 at September 30, 2008 and December 31, 2007, respectively)	1,861,469	218,750
Notes payable, related parties - current portion	-	150,000
Deferred revenue	107,455	92,589
	-----	-----
Total current liabilities	5,702,605	4,728,464
	-----	-----
Long-term liabilities:		
Notes payable (net of unamortized discount of \$258,210 and \$343,815 at September 30, 2008 and December 31, 2007, respectively)	985,387	1,281,400
Convertible notes payable	-	925,000
Warrant liabilities	301,018	119,700
	-----	-----
Total long-term liabilities	1,286,405	2,326,100
	-----	-----
Total liabilities	6,989,010	7,054,564
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Common stock 69,574,828 and 60,390,956 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	69,575	60,391
Additional paid-in capital	22,220,338	19,300,186
Accumulated deficit	(20,986,846)	(17,578,840)
	-----	-----
Total stockholders' equity	1,303,067	1,781,737
	-----	-----
Total liabilities and stockholders' equity	\$ 8,292,077	\$ 8,836,301
	=====	=====

The following is a reconciliation of cash flows provided by operating activities to EBIT, EBITDA, and net loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Cash flows provided by operating activities	\$ (381,163)	\$ (560,487)	\$ (1,707,266)	\$ (1,806,818)
Changes in operating assets and liabilities	(150,137)	(92,564)	150,813	4,415
Non-cash (expenses) income, including depreciation and amortization	(424,781)	(580,986)	(1,945,181)	(1,277,608)
Interest expense, net	179,963	96,161	612,672	191,049
EBIT	(776,118)	(1,137,876)	(2,795,334)	(2,888,962)
Depreciation and amortization	191,891	108,434	562,935	256,261
EBITDA	(584,227)	(1,029,442)	(2,232,399)	(2,632,701)
Interest expense	(179,963)	(96,161)	(612,672)	(191,049)
Depreciation and amortization	(191,891)	(108,434)	(562,935)	(256,261)
Net loss	\$ (956,081)	\$ (1,234,037)	\$ (3,408,006)	\$ (3,080,011)

The following is a reconciliation of net loss to EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net loss	\$ (956,081)	\$ (1,234,037)	\$ (3,408,006)	\$ (3,080,011)
Interest expense, net	179,963	96,161	612,672	191,049
EBIT	(776,118)	(1,137,876)	(2,795,334)	(2,888,962)
Depreciation and amortization	191,891	108,434	562,935	256,261
EBITDA	\$ (584,227)	\$ (1,029,442)	\$ (2,232,399)	\$ (2,632,701)

The following is a reconciliation of net EBITDA to Adjusted EBITDA; which excludes all non-cash items; one-time expenditures and stock related compensation:

Three Months Ended	Nine Months Ended		September 30,	
	2008	2007	2008	2007
EBITDA	\$ (584,227)	\$ (1,029,442)	\$ (2,232,399)	\$ (2,632,701)
Stock related compensation	119,453	300,324	613,362	811,065
Fair value of conversion feature of convertible debt	(31,250)	50,000	331,250	45,833
Fair value of warrant liabilities	98,259	(670)	96,385	(6,332)
Bad debt allowance for entities	-	23,000	32,500	23,000
ADJUSTED EBITDA	\$ (397,765)	\$ (656,788)	\$ (1,158,902)	\$ (1,759,135)

Contact:

American TonerServ Corp.
 Phone: 800-736-3515
 E-mail: ir@AmericanTonerServ.com

Jordan Goldstein
 Stakeholder Communications
 Phone: 415-369-9000