



American TonerServ Reports Solid Financial Results for 2008 Full Year, Fourth Quarter

Full-Year Revenue Increases More Than Four Fold, as Company Rolls Out Growth Strategy

SANTA ROSA, CA, Mar 31, 2009 (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 strong revenue growth and a reduced net loss for year and fourth quarter ended December 31, 2008.

"The year 2008 was characterized by the continuation of our consolidation strategy, which included the acquisition of another established independent printer supply and service company located in a top 30 metropolitan area in the United States," said Chuck Mache, who was named chief executive officer in February 2009. "We continue to explore other acquisition candidates, while focusing on achieving our operational goals and maximizing our buying power across the country."

"Our largest acquisition to date -- iPrint Technologies -- was completed in October 2008 and will add approximately \$12 million in annualized sales, giving us a great jumpstart for 2009. With offices in Northern California and Los Angeles and a solid customer base, iPrint already is benefiting from our volume purchasing power and related administrative and marketing expertise, and in turn, the transaction has enabled us to broaden our footprint in the printer supplies and services industry," Mache added.

For the 12-months ended December 31, 2008, ATS reported revenue of \$12.7 million, up more than fourfold from \$3.6 million for the year ended December 31, 2007. The company reduced its net loss for 2008 to \$4.6 million, equal to \$0.07 per share, from a net loss of \$4.8 million, or \$0.16 per share, for the year ended December 31, 2007.

For the 2008 fourth quarter, revenue rose to \$4.6 million from \$1.1 million for the same period a year ago and \$2.0 million for the preceding 2008 third quarter. The company reported a net loss of \$1.2 million, equal to \$0.02 per share, for the most recent fourth quarter, versus a net loss of \$1.7 million, or \$0.06 per share, for the same period last year, representing a 29 percent reduction in net loss. ATS had a net loss of \$1.0 million, or \$0.01 per share, for the preceding 2008 third quarter.

Earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and other non-cash expenditures (adjusted EBITDA) was a loss of \$240,914, in the fourth quarter of 2008, compared with a loss of \$1,381,559, in the fourth quarter of 2007. This is an improvement of approximately 83 percent year-over-year.

Earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and other non-cash expenditures (adjusted EBITDA) was a loss of \$1,317,032, for the year ended December 31, 2008, compared with a loss of \$3,249,128, for the year ended December 31, 2007. This is an improvement of approximately 60 percent year-over-year.

"For 2009, we will place emphasis on organically growing our existing operations, as we continue to actively seek acquisition opportunities with companies whose leaders see the competitive advantage of our value proposition," Mache said. "We believe the industry is ready for a national consolidator capable of providing buying power, operational infrastructure, inventory management, and best business practices. American TonerServ is that consolidator."

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.

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.

Safe Harbor Statement

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

	December 31, 2008	December 31, 2007
	-----	-----
Revenues		
Toner	\$ 9,858,739	\$ 3,203,894
Service	2,886,895	426,637
	-----	-----
Total revenues	12,745,634	3,630,531
	-----	-----
Cost of sales		
Toner	7,222,704	2,116,802
Service	1,030,107	420,046
Inventory write-down	-	68,500
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Total cost of sales	8,252,811	2,605,348
	-----	-----
Gross profit	4,492,823	1,025,183
Operating Expenses		
Salaries and wages	2,958,862	1,645,877
Professional fees and services	1,416,084	1,346,706
Sales and marketing	1,008,034	409,763
General and administrative	1,756,826	1,334,711
Amortization of intangible assets	646,136	338,173
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Total operating expenses	7,785,942	5,075,230
	-----	-----
Loss from operations	(3,293,119)	(4,050,047)
	-----	-----
Other Income (Expense)		
Fair value of convertible debt	(293,750)	85,417
Termination of management agreement	-	(550,000)
Interest expense	(901,641)	(260,267)
Change in fair value of warrant liabilities	(159,774)	(71,873)
Other income	7,288	14,445
	-----	-----
Net loss	\$(4,640,996)	\$(4,832,325)
	=====	=====
Net loss per share		
Basic and diluted	\$ (0.07)	\$ (0.16)
	=====	=====

Weighted average shares		
Basic and diluted	66,464,308	29,373,589
	=====	=====
Balance Sheet Data		
	December 31,	December 31,
	2008	2007
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,033	\$ 60,196
Accounts receivable, net	2,753,445	1,326,891
Inventory	774,747	715,328
Prepaid expenses and other current assets	75,716	33,127
Deferred compensation	73,275	471,298
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Total current assets	3,681,216	2,606,840
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Intangible assets, net	4,058,036	4,002,862
Goodwill	6,935,468	1,801,895
Property and equipment, net	644,477	394,745
Other assets	80,044	29,959
	-----	-----
Total assets	\$15,399,241	\$ 8,836,301
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Cash overdraft	\$ 39,381	\$ -
Accounts payable and accrued expenses	3,030,599	1,767,997
Shareholder advances	173,595	431,095
Line of credit	1,346,722	-
Notes payable - current portion (net of unamortized discount of \$194,937 and \$223,120 at December 31, 2008 and December 31, 2007)	2,080,865	2,068,033
Convertible notes payable, current portion (net of unamortized discount of \$147,566 and \$0 at December 31, 2008 and December 31, 2007)	1,782,712	187,500
Convertible notes payable, related parties - current portion (net of unamortized discount of \$1,466)	123,534	31,250
Notes payable, related parties - current portion	-	150,000
Deferred revenue	77,245	92,589
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Total current liabilities	8,654,653	4,728,464
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Long-term Liabilities		
Notes payable (net of unamortized discount of \$244,016 and \$343,815 at December 31, 2008 and December 31, 2007)	929,842	1,281,400
Convertible notes payable (net of unamortized Discount of \$669,042 and \$0 at December 31, 2008 and December 31, 2007)	2,926,524	925,000
Balance Sheet Data (continued)		
Warrant liabilities	639,193	119,700
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Total long-term liabilities	4,495,559	2,326,100
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Total liabilities	13,150,212	7,054,564
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Commitments and contingencies		
Stockholders' equity		
Common stock		
77,045,995 and 60,390,956 shares issued and outstanding at December 31, 2008 and December 31, 2007	77,046	60,391
Additional paid-in capital	24,391,819	19,300,186
Accumulated deficit	(22,219,836)	(17,578,840)
	-----	-----
Total stockholders' equity	2,249,029	1,781,737
	-----	-----
Total liabilities and stockholders' equity	\$ 15,399,241	\$ 8,836,301
	=====	=====

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	-----	-----	-----	-----
Cash flows provided by operating activities	\$ (456,140)	\$ (998,527)	\$ (2,163,406)	\$ (2,805,345)
Changes in operating assets and liabilities	(44,298)	(107,286)	106,515	(102,871)
Non-cash (expenses) income, including depreciation and amortization	(732,552)	(646,501)	(2,584,105)	(1,924,109)
Interest expense, net	288,969	69,218	901,641	260,267
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EBIT	(944,021)	(1,683,096)	(3,739,355)	(4,572,058)
Depreciation and amortization	227,656	222,996	790,591	370,823
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EBITDA	(716,365)	(1,460,100)	(2,948,764)	(4,201,235)
Interest expense	(288,969)	(69,218)	(901,641)	(260,267)
Depreciation and amortization	(227,656)	(222,996)	(790,591)	(370,823)
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Net loss	\$(1,232,990)	\$(1,752,314)	\$(4,640,996)	\$ (4,832,325)
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The following is a reconciliation of net loss to EBITDA:

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	-----	-----	-----	-----
Net loss	\$(1,232,990)	\$(1,752,314)	\$(4,640,996)	\$ (4,832,325)
Interest expense, net	288,969	69,218	901,641	260,267
	-----	-----	-----	-----
EBIT	(944,021)	(1,683,096)	(3,739,355)	(4,572,058)
Depreciation and amortization	227,656	222,996	790,591	370,823
	-----	-----	-----	-----
EBITDA	\$ (716,365)	\$(1,460,100)	\$(2,948,764)	\$(4,201,235)
	=====	=====	=====	=====

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		Year Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
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EBITDA	\$ (716,365)	\$(1,460,100)	\$(2,948,764)	\$(4,201,235)
Stock related compensation	338,976	118,230	952,338	929,295
Fair value of conversion feature of convertible debt	(37,500)	(131,250)	293,750	(85,417)
Fair value of warrant liabilities	63,379	78,205	159,774	71,873
Bad debt allowance for entities	5,322	13,356	37,822	36,356
Other one-time Expenses	105,264	-	188,048	-
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ADJUSTED EBITDA	\$ (240,914)	\$(1,381,559)	\$(1,317,032)	\$(3,249,128)
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