

PRESS RELEASE
REDISHRED CAPITAL CORP.
Mississauga, Ontario
August 21, 2012

**REDISHRED CAPITAL CORP. ANNOUNCES SECOND QUARTER 2012 RESULTS
HIGHLIGHTING RECORD SERVICE SYSTEM SALES**

Second Quarter Highlights:

- Total system sales⁽¹⁾ in our **PROSHRED®** system were \$3.75 million *USD* in the second quarter of 2012:
 - Scheduled (recurring) system sales reached a record of \$1.86 million *USD*, growing 9% over the second quarter of 2011.
 - Unscheduled system sales reached a record high of \$1.1 million *USD*, growing 19% over the same quarter in 2011.
 - Total service related system sales were a quarterly record of \$2.96 million *USD*.
 - Recycling system sales declined 41% over the second quarter of 2011 as a result of the decrease in the price of recycled paper products.
 - The volume of paper recycled increased by 8% over the same period in 2011 with a total of 6,100 tonnes of paper shredded and recycled.
- Royalty revenue for the second quarter of 2012 was \$208,000 *CDN*. Royalty and service revenues are generated by franchises of the **PROSHRED®** franchise system and are originally denominated in US dollars.
- Redishred's Middle East licensee added a new location in Abu Dhabi, UAE, marking the third operating location in the Middle East.
- Redishred's four corporate locations in Syracuse, Albany, Milwaukee, and New York City achieved \$757,500 *CDN* in revenues during the three months ended June 30, 2012. The Company's corporate locations also generated \$155,500 *CDN* in earnings before interest, taxes, depreciation and amortization ("EBITDA") during the second quarter of 2012.
- Total revenue for the three months ended June 30, 2012 was \$965,000 *CDN*, growing 17% over the three months ended June 30, 2011.
- Subsequent to the second quarter of 2012, on July 13, 2012, the Company purchased the assets of Sunshine State Shredding LLC, from an existing **PROSHRED®** franchisee in Miami. In conjunction with the purchase of the business, the exiting franchisee withdrew from the legal complaint filed against the Company in June 2010.
- Subsequent to the second quarter of 2012, on August 13th, 2012, the Company entered into an agreement with a new franchisee to operate a **PROSHRED®** shredding business in Houston, TX. The Company expects its new franchisee to commence operations in the fourth quarter of 2012. The franchise fee associated with the new franchise will be recognized in the third quarter of 2012.

(1) System sales are revenues generated from franchisees, licensees and corporate owned locations. Redishred Capital Corp. derives its royalty and service fee revenues based on a percentage of system sales from franchisees and licensees. Redishred Capital Corp. derives revenues from corporate location system sales.

Financial Highlights:

| For the three months ended, | June 30, 2012 | June 30, 2011 |
|--|------------------|---------------|
| | \$ | \$ |
| Franchise operations: | | |
| System sales (USD) | 3,751,552 | 3,951,035 |
| Franchise and license fee revenues | - | 61,989 |
| Royalty and service fee revenues | 208,825 | 242,222 |
| Total franchise and license revenue | 208,825 | 304,211 |
| Corporate operations: | | |
| Service and recycling revenue | 757,546 | 523,068 |
| Operating costs | (601,950) | (305,340) |
| EBITDA from corporate locations | 155,596 | 217,728 |
| Depreciation – tangible assets | (62,291) | (33,975) |
| Interest expense | (140,199) | (69,559) |
| Income from corporate locations | (47,894) | 114,194 |
| Operating loss | (315,387) | (83,756) |
| Operating loss– excluding one-time costs | (260,133) | 3,925 |
| Net loss⁽¹⁾ | (418,385) | (244,583) |
| Net loss – excluding one-time costs⁽¹⁾ | (363,131) | (156,903) |
| Loss per share | (0.01) | (0.01) |

(1) Net loss includes amortization of intangible assets of \$201,834 (June 30, 2011 - \$69,293), which increased over the same quarter in 2011 due to the reversals of previously recorded impairment related to the adoption of IFRS and due to the acquisition of the New York City intangible assets as part of the purchase of the business.

| For the six months ended, | June 30, 2012 | June 30, 2011 |
|--|--------------------|---------------|
| | \$ | \$ |
| Franchise operations: | | |
| System sales (USD) | 7,405,531 | 7,481,728 |
| Franchise and license fee revenues | 93,850 | 61,989 |
| Royalty and service fee revenues | 409,548 | 461,650 |
| Total franchise and license revenue | 503,398 | 523,639 |
| Corporate operations: | | |
| Service and recycling revenue | 1,563,482 | 1,014,832 |
| Operating costs | (1,207,494) | (624,819) |
| EBITDA from corporate locations | 355,988 | 390,013 |
| Operating loss | (491,200) | (253,301) |
| Operating loss – excluding one-time costs | (366,683) | (121,012) |
| Net loss⁽¹⁾ | (1,241,853) | (570,489) |
| Net loss – excluding one-time costs⁽¹⁾ | (765,272) | (438,200) |
| Loss per share | (0.04) | (0.02) |
| Weighted average number of common shares | 28,884,658 | 28,884,658 |

(1) Net loss includes amortization of intangible assets of \$402,745 (June 30, 2011 - \$149,123), which increased over the same quarter in 2011 due to the reversals of previously recorded impairment related to the adoption of IFRS and due to the acquisition of the New York City intangible assets as part of the purchase of the business. Net loss also includes a loss of \$352,065 related to the settlement of a pre-existing relationship as part of the New York City acquisition and one-time costs related to the franchisee litigation.

Management's Comments on the Industry

The North American shredding industry has continued to grow, as there is continued and increasing awareness with respect to the following demand drivers:

- regulatory requirements and enforcement continue to be increased with respect to document destruction, including the federally enacted Health Information Technology for Economic and Clinical Health Act;
- an increasing need to destroy and recycle other media such as hard-drives;
- corporate initiatives to outsource “non-core” business services; and
- consumers and businesses have heightened awareness of their responsibility towards the environment.

Given these strong fundamentals, the company continues to be optimistic about its short, intermediate and long-term development plans. These factors have helped the Company drive shredding service system sales and revenues.

Recycling system sales are driven by the quantity of paper shred and by the price of paper per ton, which is driven by both domestic and global markets for this commodity. For the six months ended June 30, 2012, paper prices were 41% lower than the same period in 2011 in the system, due to overall weak demand for paper and other natural resources.

Management's Comments on the Second Quarter of 2012

Jeffrey Hasham, the Company's CEO, had the following comments on the second quarter results, “The second quarter marked a number of new accomplishments for our system: record high service system sales, the addition of a third location in the Middle East, and the commencement of our roll out of a new workflow management software. We continue to market our secure on-site solutions to mitigate against the current and potential future fluctuations in paper prices, and the continued growth in service sales is a testament to that focus.”

System Sales

Redishred's management team continued to focus its efforts through its franchisees and its corporate locations on (1) building recurring service revenues and (2) maximizing route density and logistical efficiencies. The strong service system sales results are driven by Redishred's sales and marketing programs that are aimed at educating clients on the legislative requirements to destroy confidential information using a secure on-site solution. Additionally, a larger number of clients are requiring their facilities to recycle all products, including office paper and, by using our service, clients are assured that documents are securely destroyed and the materials are recycled.

These factors led to record high scheduled and unscheduled sales in the second quarter of 2012 of 9% and 19% over the same period in 2011, respectively. Collectively service related system sales grew 13% over the second quarter of 2011.

Recycling system sales declined by 41% for the three months ended June 30, 2012 in comparison to the comparative prior year period. This was the result of the decrease in paper prices attained by the system of 45% offset by an increase of 8% in the volume of paper shredded and recycled. During the three months ended June 30, 2012, the system recycled 6,100 tons of paper.

Franchise and license development

Subsequent to the second quarter, on August 13, 2012, the Company entered into an agreement with a new franchisee to operate a **PROSHRED®** shredding business in Houston, Texas, which comprises 5.7 territories. The franchise fee associated with this new franchise will be recognized in the third quarter of 2012. The Company expects its new franchise to commence operations in the fourth quarter of 2012.

Brock and Emily Bruce, our new Houston franchisees, stated that, “we looked at many business opportunities and **PROSHRED®** was the opportunity that met our investment criteria. We were looking for a business that would allow us to bring jobs to the Houston market, that was scalable and had multiple and recurring revenue streams. It was also important that the business had its roots in the business-to-business arena, yet allowed us to participate in the community and contribute to the community. Given the legislation that exists, we believe the need is there for all businesses to properly dispose of old business records in an effort to combat identity theft while simultaneously contributing to the environment, as the **PROSHRED®** service is a green service. For us **PROSHRED®** made the most sense personally and professionally. We are extremely excited to have the opportunity to bring **PROSHRED®** to Houston and South East Texas.”

In June 2012, the **PROSHRED®** Middle East licensee opened its third Middle East location in Abu Dhabi, UAE.

Acquisitions and Corporate Operations

On July 13, 2012, the Company completed the acquisition of the assets of Sunshine State Shredding LLC, from an existing Proshred franchisee in Miami for an aggregate purchase price of \$405,000 USD. The Company satisfied the purchase price in part by setting off approximately \$270,000 USD owed by the vendor and an additional \$15,000 USD of the purchase price is subject to earn-out. The Company funded the \$120,000 USD balance of the purchase price by drawing from its line of credit facility. In conjunction with the purchase of the business, the exiting franchisee withdrew from the legal complaint filed against the Company in June 2010.

Acquisitions and Corporate Operations

In the second quarter of 2012, the Company operated four shredding locations in Syracuse, NY, Albany, NY, Milwaukee, WI and New York City, NY, which generated the following results in the three and six months ended June 30, 2012. Operating costs increased over the same periods in the prior year as a result of higher truck repair and maintenance costs in New York City, which led to increased costs of operation as well as increased downtime. This led to the deferral of some service to the third quarter of 2012 versus the second quarter of 2012. The New York City location incurred \$44,470 in truck repair and maintenance costs during the six months ended June 30, 2012. Subsequent to the third quarter, the Company replaced two of its existing shredding vehicles with new shredding equipment with a view to minimize service disruptions and repair costs. The Company continues to assess its truck fleet to ensure that customer service levels are maintained at high levels, and operational efficiencies are maximized.

| | 3 months ended June 30 | | | | 6 months ended June 30 | | | |
|--------------------------------|------------------------|--------------|-------------------|--------------|------------------------|--------------|-------------------|--------------|
| | 2012 | % of revenue | 2011 ¹ | % of revenue | 2012 | % of revenue | 2011 ¹ | % of revenue |
| | \$ | | \$ | | \$ | | \$ | |
| Revenue: | | | | | | | | |
| Shredding service | 618,885 | 82% | 365,277 | 70% | 1,260,053 | 81% | 727,600 | 72% |
| Recycling | 138,661 | 18% | 157,791 | 30% | 303,429 | 19% | 287,232 | 28% |
| Total revenue | 757,546 | 100% | 523,068 | 100% | 1,563,482 | 100% | 1,014,832 | 100% |
| Operating costs | 601,950 | 79% | 305,340 | 58% | 1,207,494 | 77% | 624,819 | 62% |
| EBITDA | 155,596 | 21% | 217,728 | 42% | 355,988 | 23% | 390,013 | 38% |
| Depreciation – tangible assets | 62,291 | 8% | 33,975 | 6% | 124,510 | 8% | 63,757 | 6% |
| Interest expense | 140,199 | 19% | 69,559 | 13% | 278,566 | 18% | 138,353 | 14% |
| Corporate operating income | (47,894) | (6)% | 114,194 | 22% | (47,088) | (3)% | 187,903 | 19% |

¹ The results for the three and six months ended June 30, 2011 include the corporate operations of Syracuse, Albany and Milwaukee.

Community and Social Commitment

Our locations under the **PROSHRED®** banner conducted 116 community shredding events up to June 30th, 2012. These events provide an opportunity for our clients, clients' employees, local businesses and local residents to ensure their personal and confidential materials are securely destroyed. In addition to helping to reduce identity theft, several of these events allow for donations to various not-for-profit organizations. 100% of the shredded material is recycled, as our continued goal is to foster the use of fewer trees in the production of all paper products. Future community shredding event locations can be found at our website, www.proshred.com. During the first half of 2012, the **PROSHRED®** system, through its recycling program, saved 183,000 trees, up by 12% over the first half of 2011.

Financial Statements

Redishred's June 30th, 2012 Financial Statements, Notes and Management's Discussion and Analysis will be available at www.sedar.com and www.redishred.com.

Services

Redishred Capital Corp. is the owner of the **PROSHRED®** trademarks and intellectual property in the United States. **PROSHRED®** shreds and recycles confidential documents and proprietary materials for thousands of customers in the United States in all industry sectors. **PROSHRED®** is a pioneer in the mobile document destruction and recycling industry and has the ISO 9001:2008 certification. It is **PROSHRED®**'s vision to be the 'system of choice' and provide shredding and recycling services on a global basis. Redishred Capital Corp. grants **PROSHRED®** franchise businesses in the United States and by way of license arrangement in the Middle East. Redishred Capital Corp. also operates four corporate shredding businesses directly. The Company's plan is to grow its business by way of both franchising and the acquisition and operation of document destruction businesses that generate stable and recurring cash flow through a scheduled client base, continuous paper recycling and concurrent unscheduled shredding service.

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This news release contains forward looking statements that reflect the current expectations of management of Redishred and Redishred's future results, performance, achievements, prospects and opportunities. Wherever possible, words such as "may", "will", "estimate", "believe", "expect", "intend" and similar expressions have been used to identify these forward looking statements. These statements reflect current beliefs and are based on information currently available to management of Redishred. Forward looking statements necessarily involve known and unknown risks and uncertainties. A number of factors, including those discussed in the 2011 and 2012 management discussion and analysis under "Risk Factors", could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward looking statements. There can be no assurance that the expectations of management of Redishred will prove to be correct.

In particular, certain statements in this document discuss Redishred's anticipated outlook of future events. These statements include, but are not limited to:

- (i) the short, intermediate and long-term development plans which may be impacted by negative economic circumstances and industry growth levels; and*
- (ii) the commencement of new franchise operations which may be delayed by the inability of the franchisee to comply with the franchise agreement terms and conditions post execution.*

Readers are cautioned that such forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements. Redishred can give no assurance that actual results will be consistent with these forward-looking statements.