

PRESS RELEASE
REDISHRED CAPITAL CORP.
Mississauga, Ontario
August 27, 2013

REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES SECOND QUARTER 2013 RESULTS – RECORD SYSTEM SALES ACHIEVED

Second Quarter Highlights:

- Total system sales⁽¹⁾ in our **PROSHRED®** system were a record \$4.4 million *USD* in the second quarter of 2013, growing 17% over the comparative period in 2012.
 - Scheduled (recurring) system sales for the second quarter reached a record of \$2.16 million *USD*, growing 16% over the second quarter of 2012;
 - Unscheduled system sales for the second quarter reached a record of \$1.41 million *USD*, growing 27% over the second quarter in 2012 and;
 - Recycling system sales of \$831,000 *USD* increased by 7% over the second quarter of 2012.
 - The **PROSHRED®** system shred and recycled 15% more paper during the second quarter of 2013 than during the second quarter of 2012.
- Royalty and license revenue for the second quarter of 2013 was \$259,000 *CDN*. Royalty and service revenues are generated by franchises of the **PROSHRED®** franchise system and are originally denominated in US dollars.
- Redishred’s four corporate locations in Syracuse, Albany, Milwaukee, and New York City produced \$789,000 *CDN* in revenues during the three months ended June 30, 2013. The Company’s four corporate locations generated \$293,000 *CDN* in earnings before interest, taxes, depreciation and amortization (“EBITDA”) during the second quarter of 2013.
- Net loss for the second quarter of 2013 was \$68,000 *CDN*, down from a net loss of \$418,000 *CDN* for the second quarter of 2012.
- Subsequent to the second quarter of 2013, the Company entered into an agreement with two new franchisees to operate a **PROSHRED®** shredding business in San Francisco/San Jose, California and Seattle, Washington. The Company expects its new franchisees to commence operations in the fourth quarter of 2013. The franchise fees associated with the new franchises will be recognized in the third quarter of 2013.
- Subsequent to the second quarter of 2013, the Company acquired the **PROSHRED®** Charlotte business from an existing franchisee. The Charlotte location has been operated directly by the Company since August 1, 2013.

(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,

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
	\$	\$
System sales (USD)	4,406,210	3,751,552
Franchise operations:		
Franchise and license fee revenues	1,394	694
Royalty and service fee revenues	258,469	207,591
Total franchise and license revenue	259,863	208,285
Corporate operations⁽¹⁾:		
Service and recycling revenue	800,997	757,546
Operating costs	(502,251)	(601,950)
EBITDA from corporate locations	298,746	155,596
Operating loss	(64,768)	(315,387)
Net loss	(68,280)	(418,385)
Loss per share	(0.00)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	28,884,658	28,884,658

(1) Corporate operations include the results of the Miami business.

For the six months ended,	June 30, 2013	June 30, 2012
	\$	\$
Franchise operations:		
System sales (USD)	8,429,727	7,405,531
Franchise and license fee revenues	2,559	94,919
Royalty and service fee revenues	484,156	408,479
Total franchise and license revenue	486,715	503,398
Corporate operations⁽¹⁾:		
Service and recycling revenue	1,493,500	1,563,483
Operating costs	(996,942)	(1,207,494)
EBITDA from corporate locations	496,558	355,989
Operating loss	(250,076)	(491,199)
Net loss⁽²⁾	(288,698)	(1,241,853)
Net loss – excluding one-time costs⁽²⁾	(288,698)	(765,272)
Loss per share	(0.01)	(0.04)
Weighted average number of common shares	28,884,658	28,884,658

(1) Corporate operations include the results of the Miami business.

(2) For the six months ending June 30, 2012, net loss includes \$352,065 of the loss on settlement of the pre-existing relationship related to the NYC acquisition and one-time costs related to the franchisee litigation. These costs have been classified as one-time costs.

System Sales

Redishred's management team continued to focus its efforts through its franchisees and its corporate locations on (1) building recurring service revenues, (2) maximizing route density and logistical efficiencies and (3) implementing dedicated hard drive destruction trucks throughout the system. 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. Proshred also offers hard drive destruction services in almost all of its locations, and has been deploying high speed on site hard drive destruction trucks. Currently four franchised locations have deployed high speed on-site hard drive destruction trucks.

These factors led to strong growth in scheduled and unscheduled sales in the second quarter of 2013 of 16% and 27% over the same quarter in 2012, respectively.

Recycling system sales increased by 7% for the three months ended June 30, 2013 in comparison to the same period in 2012. During the first half of 2013, the **PROSHRED®** system shred and recycled 12,700 tons of paper, which equates to 190,000 trees saved.

Corporate Operations

During the six months ended June 30, 2013, Redishred operated four shredding locations in Syracuse, NY, Albany, NY, Milwaukee, WI and New York City, NY. The Miami business is jointly operated by Redishred and the Company's Tampa Bay, FL franchisee location. The results of the Miami business are not included below.

During the first quarter of 2013, the Syracuse and Milwaukee locations experienced significant truck down-time resulting in a decline in revenues during this period. During the second quarter of 2013, the Company refurbished the affected shredding vehicles to ensure high customer service levels are maintained. The corporate locations revenues grew 18% in the second quarter of 2013, over the first quarter of 2013.

During the three months ended June 30, 2013, the corporate locations revenues grew by 5% over the same comparative prior year period. The Company also significantly reduced its operating costs by 16% in the second quarter of 2013 over the second quarter of 2012. As a result, EBITDA increased 89% over the three months ended June 30, 2012.

Corporate Locations Results:

	<i>3 months ended June 30</i>				<i>6 months ended June 30</i>			
	2013	% of revenue	2012	% of revenue	2013	% of revenue	2012	% of revenue
	\$		\$		\$		\$	
Revenue:								
Shredding service	644,078	82%	618,885	82%	1,198,305	81%	1,260,054	81%
Recycling	145,506	18%	138,661	18%	272,541	19%	303,429	19%
Total revenue	789,584	100%	757,546	100%	1,470,846	100%	1,563,483	100%
Operating costs	496,776	63%	601,950	79%	991,467	67%	1,207,494	77%
EBITDA	292,808	37%	155,596	21%	479,379	33%	355,989	23%

Corporate Locations Trend:

	2013		2012		
	Q2	Q1	Q4	Q3	Q2
Corporate location revenue	789,584	674,616	638,794	729,645	757,546
Corporate location EBITDA	292,808	185,174	129,233	118,570	155,596

Management's Comments on the Second Quarter of 2013

Jeffrey Hasham, the Company's CEO, had the following comments on the second quarter results, "We are very pleased to see that our service system sales and tonnage continue to increase over prior years. Setting another new quarterly record in Q2 is an added bonus and is a result of the hard work of our franchisees and employee's. All of our locations continued to deliver high levels of client service and also continued to invest in trucks and human resources. Our Corporate locations, in the second quarter continued to build upon the rebound in EBITDA seen in Q1, as the Company continued to invest in new trucks, new routing technology and new training programs. This helped us better service customers, which in turn continues to drive the turnaround in corporate location EBITDA."

Community and Social Commitment

Our locations under the **PROSHRED®** banner conducted 61 community shredding events in the six months ended June 30, 2013 as well as 19 community shredding events for Earth Day. 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.

Financial Statements

Redishred's June 30, 2013 Interim 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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 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 anticipated reduction in downtime related to the purchase of two new shredding trucks may be impacted by unforeseen mechanical issues related to the two new trucks.*

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.