

RediShred Capital Corp.

Consolidated Financial Statements

June 30, 2011 and 2010

(Unaudited – Prepared by Management)

(expressed in Canadian dollars)

August 23, 2011

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed the unaudited financial statements for the period ended June 30, 2011.

RediShred Capital Corp.

Unaudited Consolidated Statements of Financial Position As at June 30, 2011 and December 31, 2010

(expressed in Canadian dollars)

	June 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash	\$ 569,916	\$ 988,592
Accounts receivable	563,058	414,910
Prepaid expenses	33,590	44,854
Notes receivable from franchisees (note 7)	32,277	33,178
	1,198,841	1,481,534
Non-current Assets		
Notes receivable from franchisees (note 7)	87,332	108,705
Equipment (note 8)	605,630	661,311
Intangible assets (note 10)	1,589,585	1,781,865
Goodwill (note 11)	1,087,371	1,120,167
Deferred financing charges (note 9)	77,302	88,345
Total Assets	\$ 4,646,061	\$ 5,241,927
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	368,643	513,559
Notes payable	125,084	127,883
	493,727	641,442
Non-current Liabilities		
Long-term debt (note 13)	2,790,000	2,790,000
Deferred tax liability	86,000	95,000
Total Liabilities	3,369,727	3,526,442
Total Equity	1,276,334	1,715,485
Total Liabilities and Equity	\$ 4,646,061	\$ 5,241,927

Commitments and contingency (note 14)

The accompanying notes are an integral part of these interim consolidated financial statements.

RediShred Capital Corp.

Unaudited Consolidated Statements of Comprehensive Loss For the three and six months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

	<i>For the 3 months ended June 30</i>		<i>For the 6 months ended June 30</i>	
	2011	2010	2011	2010
Revenue	\$ 827,278	\$ 335,777	\$ 1,538,471	\$ 577,790
Corporate operating expenses (note 5)	(378,075)	(88,260)	(766,866)	(88,260)
Selling, general and administrative expenses (note 6)	(625,778)	(461,331)	(1,211,234)	(921,993)
Loss before interest and taxation	(176,575)	(213,814)	(439,629)	(432,463)
Interest expense	(69,559)	(9,198)	(138,353)	(9,198)
Interest income	551	1,006	1,493	2,544
Loss before taxation	(245,583)	(222,006)	(576,489)	(439,117)
Recovery of income taxes	1,000	6,000	6,000	12,000
Net loss for the period	\$ (244,583)	\$ (216,006)	\$ (570,489)	\$ (427,117)
Other comprehensive loss, net of tax:				
Foreign currency translation gain (loss)	47,150	53,778	115,182	(4,514)
Comprehensive loss for the period	(197,433)	(162,228)	(455,307)	(431,631)
Net loss per share - Basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	28,884,658	28,884,658	28,884,658	28,884,658

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

RediShred Capital Corp.

Unaudited Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

	Capital stock (note 13)	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
Balance - January 1, 2010	\$ 8,585,808	\$ 238,938	\$ -	\$ (6,203,230)	\$ 2,621,516
Net loss	-	-	-	(427,117)	(427,117)
Other comprehensive income:					
Foreign currency translation gain (loss)	-	-	(4,514)	-	(4,514)
Stock-based compensation	-	26,493	-	-	26,493
Balance - June 30, 2010	8,585,808	265,431	(4,514)	(6,630,347)	2,216,378
Net loss	-	-	-	(463,497)	(463,497)
Other comprehensive income:					
Foreign currency translation gain (loss)	-	-	(69,804)	-	(69,804)
Stock-based compensation	-	32,408	-	-	32,408
Balance - December 31, 2010	8,585,808	297,839	(74,318)	(7,093,844)	1,715,485
Net loss	-	-	-	(570,489)	(570,489)
Other comprehensive income:					
Foreign currency translation gain (loss)	-	-	115,182	-	115,182
Stock-based compensation	-	16,156	-	-	16,156
Balance - June 30, 2011	\$ 8,585,808	\$ 313,995	\$ 40,864	\$ (7,664,334)	\$ 1,276,334

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

RediShred Capital Corp.

Unaudited Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

	<i>For the 3 months ended June 30</i>		<i>For the 6 months ended June 30</i>	
	2011	2010	2011	2010
Cash provided by (used in)				
Operating activities				
Loss before income tax	\$ (245,583)	\$ (222,006)	\$ (576,489)	\$ (439,117)
Adjustments not affecting cash				
Depreciation and amortization	109,616	67,991	229,596	177,391
Unrealized foreign currency loss (gain)	151,980	11,183	268,686	(2,307)
Stock-based compensation	14,061	30,299	16,158	26,493
Interest income	(551)	(1,006)	(1,493)	(2,544)
Interest expense	69,559	9,198	138,353	9,198
Interest received	1,052	1,339	1,689	2,177
Interest paid	(129,953)	-	(129,953)	-
Income taxes paid	(2,722)	-	(54,741)	3,830
	(32,541)	(103,002)	(108,194)	(224,879)
Net change in non-cash working capital balances related to operations				
Decrease (increase) in accounts receivable	(10,290)	150,120	(148,148)	94,397
Decrease (increase) in prepaid expenses and deferred charges	35,263	381	11,264	(8,322)
Increase (decrease) in accounts payable and accrued liabilities	(143,278)	61,895	(144,916)	(28,161)
Increase (decrease) in taxes payable	(9,946)	(299)	-	336
	(160,792)	109,095	(389,994)	(166,629)
Financing activities				
Increase in credit facility	-	1,240,000	-	1,240,000
Investing Activities				
Increase in notes receivable from franchisees	(27,786)	-	(27,786)	-
Collection of notes receivable from franchisees	(4,803)	2,237	22,275	13,299
Cash paid on acquisition of assets	-	(755,364)	-	(755,364)
Purchase of capital assets	(7,707)	(219,539)	(23,171)	(219,539)
	(40,296)	(972,666)	(28,682)	(961,604)
Effect of foreign exchange rate changes on cash	(13,153)	9,332	(27,478)	(1,287)
Net change in cash for the period	(187,935)	367,097	(391,198)	113,054
Cash - Beginning of period	771,004	821,374	988,592	1,086,036
Cash - End of period	\$ 569,916	\$ 1,197,803	\$ 569,916	\$ 1,197,803

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

1 Corporate information

RediShred Capital Corp. (“Redishred” or “Company”) manages and operates the use of the Proshred brand and business platform (“system”) in the United States and internationally (with the exception of Canada). Redishred operates the Proshred system under three business models, (1) franchising in the United States, (2) via direct ownership of shredding trucks and facilities in three locations in the United States and, (3) licensing internationally. Redishred is incorporated under the Canada Business Corporations Act and domiciled in Canada. Redishred’s common shares are listed for trading on the TSX Venture Exchange under the symbol “KUT”. The registered address of the company is 6790 Century Avenue, Suite 200, Mississauga, Ontario, L5N 2V8.

These interim consolidated financial statements comprise the financial statements of Redishred and its subsidiaries as at June 30, 2011. Together, Redishred and its subsidiaries are referred to as “the Company.”

The consolidated financial statements of the Company for the period ended June 30, 2011 were authorized for issue in accordance with a resolution of the Directors on August 18, 2011.

2 Basis of Presentation

2.1 Statement of compliance

The unaudited consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”), using accounting policies in full compliance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These are the Company’s second IFRS consolidated interim financial statements for part of the period covered by the Company’s first IFRS consolidated annual financial statements for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”) as set out in Part V of the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate IFRS, and required publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. In the financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

The IFRS standards and IFRIC interpretations that will be applicable at December 31, 2011, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. Accordingly, the accounting policies will be finalized when the first annual IFRS financial statements are prepared for the year ending December 31, 2011, and could result in the restatement of these interim consolidated financial statements should the IFRS standards change between the date of preparation of the financial statements and December 31, 2011.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

2 Basis of Presentation (continued)

2.1 Statement of compliance (continued)

The accounting policies have been consistently applied to all the periods presented, as if these policies had always been in effect. These unaudited interim consolidated financial statements should be read in conjunction with the 2010 Canadian GAAP annual consolidated financial statements and the unaudited interim consolidated financial statements for the three months ended March 31, 2011.

In preparing the Company's 2011 consolidated interim financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Canadian GAAP financial statements to comply with IFRS. In preparing these interim consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS. The comparative financial information has been restated to reflect these adjustments. Note 4 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on the comprehensive loss for the three and six months ended June 30, 2010. In addition, equity is reconciled for June 30, 2010.

As these are the Company's second set of consolidated interim financial statements in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present its accounting policies in accordance with IFRS, the additional disclosures required under IFRS and those that are material in understanding these interim consolidated financial statements, which also highlight the changes from the Company's 2010 annual consolidated financial statements prepared in accordance with Canadian GAAP. In future years' interim consolidated financial statements, the Company may not provide the same amount of disclosure as the annual financial statements for the year ended December 31, 2011 will already be prepared under IFRS.

The Company's financial statements for the year ended December 31, 2011 will be the first annual financial statements that comply with IFRS. The Company's transition date to IFRS was January 1, 2010 ("Transition date"). The Company prepared its opening IFRS balance sheet at that date. The reporting date of these interim consolidated financial statements is for the quarter ended June 30, 2011. The Company's IFRS adoption date is January 1, 2011 ("Adoption date").

2.2 Basis of presentation

These unaudited consolidated interim financial statements were prepared on a going concern basis, on the historical cost basis. The comparatives presented in these consolidated interim financial statements are in accordance with IFRS and have not been audited. The unaudited consolidated interim financial statements are presented in Canadian dollars, which is Redishred's presentation currency.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

2 Basis of Presentation (continued)

2.3 Basis of consolidation

These consolidated financial statements include the accounts of Redishred and its subsidiaries, which are entities controlled by Redishred. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. All significant intercompany balances and transactions have been eliminated. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Redishred.

The Company's subsidiaries include:

<u>Subsidiary Name:</u>	<u>Incorporated in:</u>	<u>Functional currency:</u>
Professional Shredding Corporation	Ontario, Canada	Canadian Dollar
Proshred Franchising Corp.	Delaware, United States	US Dollar
Redishred Holdings US Inc.	Delaware, United States	US Dollar
Redishred Acquisition Inc.	Delaware, United States	US Dollar

3 Future accounting policy changes

IFRS 9 – Financial Instruments

The International Accounting Standards Board has issued IFRS 9, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 9 introduces new classification and measurement requirements for financial instruments. The Company continues to assess the impact of IFRS 9 on its consolidated statement of income and financial position. In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company continues to assess the impact that the new and amended standards will have on its financial statements. The following is a brief summary of the new standards:

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

3 Future accounting policy changes (continued)

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

4 Transition to IFRS

The Company's unaudited interim consolidated financial statements for the three and six months ended June 30, 2011 have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34.

The IFRS standards and IFRIC interpretations that will be applicable at December 31, 2011, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. Accordingly, the December 31, 2010 comparative statement of financial position presented in the consolidated financial statements for the year ending December 31, 2011 may differ from those presented at this time. Should this be the case, Redishred will disclose the changes to the opening statement of financial position and comparative statement of financial position in subsequent quarters or in the December 31, 2011 annual financial statements.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

4 Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive loss for prior periods. The following is the reconciliation of the company's total equity reported in accordance with Canadian GAAP to its total equity in accordance with IFRS for June 30, 2010:

	Notes	As at June 30, 2010
Total equity under Canadian GAAP		\$ 4,723,200
Impairment of assets	A	(3,150,000)
Depreciation	B	194,905
Deferred taxes	C	460,833
Business combinations	D	(12,560)
Total adjustments to equity		(2,506,822)
Total equity under IFRS		\$ 2,216,378

The following is the reconciliation of the Company's comprehensive loss reported in accordance with Canadian GAAP to its comprehensive loss in accordance with IFRS for the three and six months ended June 30, 2010:

	Notes	For the three months ended June 30, 2010	For the six months ended June 30, 2010
Comprehensive loss as reported under Canadian GAAP		\$ (247,054)	\$ (610,989)
Depreciation	B	97,452	194,905
Deferred taxes	C	(7,148)	(17,148)
Business combinations	D	(12,560)	(12,560)
Share-based payments	E	7,082	14,161
Total adjustments to comprehensive loss		84,826	179,358
Comprehensive loss as reported under IFRS		\$ (162,228)	\$ (431,631)

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

4 Transition to IFRS (continued)

Notes to the reconciliations

A) *Impairment of assets*

Under Canadian GAAP, impairment testing of long-lived assets is based on a two-step approach, in which an asset group's carrying value is compared to the group's undiscounted cash flows. If the undiscounted cash flows are less than the carrying value, the asset group is impaired by an amount equal to the difference between the fair value and the carrying value. Under IAS 36 *Impairment of Assets* ("IAS 36") the impairment test is based on a one-step approach, in which a review of impairment indicators is performed and if there is such an indication of impairment, an assets carrying value is compared to its recoverable amount, which is estimated as the higher of the asset's or cash generation units ("CGUs") fair value less costs to sell and its value-in-use. The fair value less costs to sell and the value-in-use is calculated based on discounted cash flows. If the recoverable amount is less than the carrying value, the asset or CGU is impaired by an amount equal to the difference between the recoverable amount and the carrying value. Furthermore, IAS 36 allows for the reversal of impairment losses if an indication of the reversal of impairment losses warrants such a reversal.

The Company assessed its impairment indicators at January 1, 2010 and December 31, 2010 and determined that there was an indication of impairment to warrant an impairment analysis to be performed. As a result of the impairment review, the recoverable amount of certain CGUs was less than their carrying amounts and the Company recorded an impairment loss of \$3,150,000 at January 1, 2010. The impairment loss was allocated to reduce the carrying value of the assets on a pro rata basis based on the carrying amount of each asset in each respective CGU. As a result of the impairment loss recorded at January 1, 2010, the asset's amortization amounts for fiscal 2010 were impacted and reduced accordingly, to reflect the lower carrying value.

B) *Depreciation*

The adjustments to the depreciation are a result of the impairment loss recognized at January 1, 2010.

C) *Deferred tax liability*

Upon initial recognition of the Company's intangible assets, a deferred tax liability was recognized as the difference between the accounting value of the intangible assets and their related tax values. The Company has adjusted the deferred tax liability for the related impact as a result of the impairment loss recognized at January 1, 2010.

D) *Business combinations*

Under Canadian GAAP, contingent consideration is not recorded until the condition element has been resolved. Furthermore, acquisition related costs are capitalized as part of the cost of the acquisition. Under IFRS 3 revised, the Company is required to value the cost of its business combinations at fair value at the acquisition date of assets transferred, liabilities and contingent liabilities incurred and equity instruments issued by the acquirer as well as expense all acquisition related costs. As a result, the Company has estimated the fair value of the contingent liabilities related to the business combinations completed in 2010 and capitalized them as part of the cost of the acquisitions. In addition, all acquisition related costs have been expensed in the respective period.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

4 Transition to IFRS (continued)

Notes to the reconciliations (continued)

E) *Share-based payments*

Under IFRS 2, *Share-based payments*, the Company is required to treat each tranche within an award as a separate award and calculate compensation expense for each tranche over its own distinct vesting period. IFRS 2 also required an estimate of the forfeiture rate in the calculation of periodic compensation expense, as opposed to being optional under Canadian GAAP. As a result, the Company has estimated a forfeiture rate and calculated its compensation expense in accordance with IFRS 2 resulting in an adjustment at the transition date and during the year ended December 31, 2010.

F) *Adjustments to the Statements of Cash Flows*

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the company except that, under IFRS, cash flows relating to interest, dividends and income taxes are required to be disclosed separately on the Statement of Cash Flows. Cash flows relating to interest are classified in a consistent manner as operating, investing or financing each period. Under Canadian GAAP, cash flows relating to interest payments were classified as operating.

5 Corporate operating expenses

The corporate operating costs of the Company are broken down as follows:

	For the three months ended		For the six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	\$	\$	\$	\$
Shredding expenses	93,312	22,295	177,522	22,295
Employee benefit expense	162,228	29,391	316,740	29,391
Office and administration expense	49,800	22,326	130,557	22,326
Depreciation & amortization – tangible assets	33,975	9,666	63,757	9,666
Depreciation & amortization – intangible assets	38,760	4,582	78,290	4,582
Total corporate operating expenses	378,075	88,260	766,866	88,260

For the period ended June 30, 2010, the Company operated one corporate location, which began operations on May 1, 2010.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

6 Selling, general and administrative expenses

The selling, general and administrative expenses of the Company are broken down as follows:

	For the three months ended		For the six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	\$	\$	\$	\$
Employee wages and benefit expense	210,414	242,592	428,982	454,161
Professional fees	121,853	51,193	220,334	88,603
Corporate administration	169,068	116,709	309,974	218,292
Depreciation & amortization – tangible assets	826	1,582	5,553	11,629
Depreciation & amortization – intangible assets	36,055	52,161	81,877	151,514
Foreign exchange (gain)/loss	87,562	(2,906)	164,514	(2,206)
Total selling, general and administrative expenses	625,778	461,331	1,211,234	921,993

7 Notes receivable from franchisees

Notes receivable arise from the financing of the initial franchise fee by franchisees, are guaranteed by the respective owners of the franchises, bear interest rates ranging from 5.25% to 6.25% per annum with monthly blended payments of principal and interest ranging from US\$526 to US\$1,797, commenced between dates ranging from November 1, 2009 to April 1, 2011 and mature between dates ranging from October 1, 2011 to September 1, 2013. The amounts receivable as at December 31, 2010 and June 30, 2011 are as follows:

	June 30, 2011 \$	December 31, 2010 \$
Principal	200,529	194,670
Less: Allowance for impairment	80,920	52,787
Less: Current portion	32,277	33,178
	<u>87,332</u>	<u>108,705</u>

The Company has recorded an allowance for impairment against one note receivable based on the present value of expected future cash flows using a discount rate equal to the effective interest rate on the note receivable prior to the Company ceasing to accrue interest charges. Judgment was exercised by management in making this estimate. As such, actual losses could differ from the estimate.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

7 Notes receivable from franchisees (continued)

Notes receivable from franchisees past due but not impaired comprise:

	Up to 30 days \$	Up to 60 days \$	60 days or more \$	Total \$
At June 30, 2011	2,840	2,816	35,987	41,643
At December 31, 2010	2,759	2,736	48,002	53,497

Under the franchise agreement, the Company has the right of first refusal to purchase the business of a franchisee at fair market value. Since the value of the notes receivable past due, but not impaired, is lower than the value of the respective franchisee's business, no impairment has been recorded.

The following is a reconciliation of the allowance for credit losses related to the notes receivable from one franchisee:

	For the six months ended June 30, 2011 \$	For the year ended December 31, 2010 \$
Opening balance	52,787	43,333
Additions	28,133	9,454
Unused and reversed	—	—
Utilized	—	—
Closing balance	80,920	52,787

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

8 Equipment

Cost	Computer Equipment	Furniture & Fixtures	Bins & Shredding containers	Shredding vehicles- chassis	Shredding vehicles – box	Baling Equipment	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
As at January 1, 2010	70,011	29,707	-	-	-	-	-	99,718
Additions	6,608	-	11,145	139,259	305,710	-	-	462,722
Acquisitions	6,500	5,500	19,750	74,000	159,000	6,356	-	271,106
Foreign exchange	-	-	(42)	(320)	(697)	-	-	(1,059)
As at December 31, 2010	83,119	35,207	30,853	212,939	464,013	6,356	-	832,487
Additions	702	-	13,635	2,691	-	-	6,700	23,728
Foreign exchange	12	23	(1,004)	(4,755)	(10,223)	(151)	(157)	(16,255)
As at June 30, 2011	83,833	35,230	43,484	210,875	453,789	6,205	6,543	839,960

Accumulated Depreciation	Computer Equipment	Furniture & Fixtures	Bins & Shredding containers	Shredding vehicles- chassis	Shredding vehicles - box	Baling Equipment	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
As at January 1, 2010	66,989	21,823	-	-	-	-	-	88,812
Depreciation	6,056	8,588	2,449	19,039	44,739	1,589	-	82,460
Foreign exchange	-	-	-	(29)	(67)	-	-	(96)
As at December 31, 2010	73,045	30,411	2,449	19,010	44,672	1,589	-	171,176
Depreciation	3,365	917	3,639	18,581	37,737	1,589	1,117	66,945
Foreign exchange	(877)	(25)	(321)	(667)	(1,800)	(75)	(26)	(3,791)
As at June 30, 2011	75,533	31,303	5,767	36,924	80,609	3,103	1,091	234,330

Net book value

As at December 31, 2010	10,074	4,796	28,404	193,929	419,341	4,767	-	661,311
As at June 30, 2011	8,300	3,927	37,718	173,951	373,180	3,102	5,452	605,630

The Company purchased bins, shredding containers and a vehicle during the six months ended June 30, 2011. The foreign exchange adjustment is a result of the translation of corporate equipment from US dollar to Canadian dollar at December 31, 2010 and June 30, 2011.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

9 Deferred financing charges

Effective November 27, 2009, the Company arranged a \$4 million revolving line of credit facility with a five-year term (see note 13). Costs associated with this facility of \$110,431, including warrants issued (see note 12 (e)), are being charged to expenses over the five year term of the facility.

10 Intangible assets

Cost	Franchise agreements	Proshred system	Computer software	Trademarks and intellectual property	Reacquired franchise rights	Customer lists	Total
	\$	\$	\$	\$	\$	\$	\$
As at January 1, 2010	1,205,592	428,196	316,244	732,273	-	-	2,682,305
Additions	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	530,000	275,000	805,000
Foreign exchange	(124,872)	-	-	-	(795)	(412)	(126,079)
As at December 31, 2010	1,080,720	428,196	316,244	732,273	529,205	274,588	3,361,226
Additions	-	-	-	-	-	-	-
Foreign exchange	(24,936)	-	-	-	(11,660)	(6,050)	(42,646)
As at June 30, 2011	1,055,784	428,196	316,244	732,273	517,545	268,538	3,318,580

Accumulated Depreciation	Franchise agreements	Proshred system	Computer software	Trademarks and intellectual property	Reacquired franchise rights	Customer lists	Total
	\$	\$	\$	\$	\$	\$	\$
As at January 1, 2010	528,694	179,300	263,600	306,631	-	-	1,278,225
Depreciation	124,504	42,820	52,644	73,221	28,571	4,746	326,505
Foreign exchange	(25,270)	-	-	-	(244)	145	(25,369)
As at December 31, 2010	627,928	222,120	316,244	379,852	28,327	4,891	1,579,361
Depreciation	31,790	21,410	-	36,621	66,429	13,747	169,997
Foreign exchange	(17,846)	-	-	-	(2,185)	(332)	(20,363)
As at June 30, 2011	641,872	243,530	316,244	416,473	92,571	18,306	1,728,995

Net book value

As at December 31, 2010	452,792	206,076	-	352,421	500,878	269,697	1,781,865
As at June 30, 2011	413,912	184,666	-	315,800	424,975	250,232	1,589,585

As a result of the acquisition of the Syracuse, Albany, and Milwaukee locations, customer relationships and re-acquired franchise rights were identified intangibles in the business combination in 2010.

The Company's franchise agreements, customer lists and re-acquired franchise rights are denominated in US dollars and are subject to foreign currency fluctuations.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

11 Goodwill

The following table presents goodwill for the year ended December 31, 2010 and the six months ended June 30, 2011:

	For the six months ended June 30, 2011	For the year ended December 31, 2010
	\$	\$
Opening balance	1,120,167	–
Acquisitions	–	1,113,539
Foreign currency translation	(32,796)	6,628
Closing balance	1,087,371	1,120,167

12 Capital stock

a) Authorized

Unlimited number of common shares, without nominal or par value.

Unlimited number of preferred shares, without nominal or par value.

b) Issued and fully paid

For the three months ended June 30, 2011 and June 30, 2010, there were no changes in issued common shares of the Company. Furthermore, there have been no changes in issued common shares since the year ended December 31, 2009. The following are the balances of issued common shares of the Company:

	Common stock		Warrants		Total \$
	Number	\$	Number	\$	
Balance, June 30, 2011, 2010	28,884,658	8,297,602	4,000,000	288,206	8,585,808

c) Weighted average common shares

The basic weighted average number of common shares outstanding for the quarter ended June 30, 2011, was 28,884,658 (June 30, 2010 - 28,884,658).

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

12 Capital stock (continued)

d) Stock options

At June 30, 2011, the Company has 1,832,500 options outstanding (December 31, 2010 – 1,592,500) and a weighted average exercise price of \$0.24 (December 31, 2010 – \$0.27). There have been 140,000 options granted during the six months ended June 30, 2011 (June 30, 2010 – 350,000). The net stock compensation charge, after adjusting for stock option forfeitures, amounted to \$16,158 (June 30, 2010 - \$40,654).

e) Warrants

The Company issued two tranches of warrants in 2009. The first tranche was issued in connection with the private placement and the second relates to the line of credit obtained. In connection with the line of credit, 1,000,000 warrants were issued on April 28, 2010 when the line of credit was first drawn upon in accordance with the line of credit agreement. The fair value of these warrants has been recorded as deferred finance charges and is being amortized into income over the term of the facility and is also subject to a two year holding period commencing on the date of issuance. This is a non-cash transaction and has been excluded from the consolidated statements of cash flows. Tranches 1 and 2 of warrants expire on November 27, 2014 and December 23, 2014, respectively.

13 Long-term debt

	June 30, 2011 \$	December 31, 2010 \$
Line of credit	2,790,000	2,790,000

The line of credit was entered into on November 27, 2009 for a maximum amount of \$4 million, repayable on November 27, 2014, bearing interest at a fixed rate of 10% per annum, and secured by a general security agreement over the Company's assets. Deferred financing charges in respect of this facility will be charged to expense over the term of the facility (see note 9).

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

14 Commitments and contingency

Commitments

The Company leases office premises in Mississauga, Ontario, Canada. The lease expires on September 30, 2013. Additionally, the Company leases facilities in Albany, which expires on March 31, 2013, Syracuse, which expires on August 31, 2015 and Milwaukee, which expires on May 31, 2013. Certain contracts include renewal options for various periods of time. For the six months ended June 30, 2011, the Company recognized \$54,185 (June 30, 2010 - \$36,852) in lease payments as an expense included in general, administrative and marketing and corporate operating expenses.

Future minimum lease payments for the Company are as follows:

	\$
Year ending December 31, 2011	93,391
2012	180,393
2013	107,942
2014	11,945
2015	4,977

Contingency

On June 18, 2010, three franchisees filed a complaint with the United States District Court, South District of New York, which management of the Company believes is without merit. The complaint has listed the following causes of action, (1) breach of contract and breach of the implied covenant of good faith and fair dealing by PFC, (2) fraudulent misrepresentation by PFC, (3) negligent misrepresentation by PFC, and (4) violation of various state laws by PFC. These franchisees are located in Florida, North Carolina and Wisconsin. On July 13, 2010, one additional franchisee located in New York State joined the aforementioned complaint. On December 31, 2010, in conjunction with the purchase of the Proshred Wisconsin business by the Company, the Wisconsin franchisee permanently withdrew from the legal complaint.

The Company intends to vigorously defend against this claim. The Company is strongly of the view that it (1) has not breached any contracts or agreements with its franchisees and has acted in good faith with all franchisees, (2) has not made any fraudulent misrepresentations to any franchisees, (3) has not made any negligent misrepresentations to any franchisees, and (4) has complied with all state laws as well as Federal Trade Commission rules and regulations regarding franchising.

The final outcome with respect to this claim cannot be predicted nor can the costs to defend this claim be quantified with certainty and therefore there can be no assurance that its resolution will not have an adverse effect on the Company's consolidated financial position. No amounts, other than legal costs, have been accrued in these consolidated financial statements relating to this claim.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

15 Financial risk management

The Company has various financial assets that consist of: cash, accounts receivable and notes receivable from franchisees. The Company's financial liabilities include accounts payable, accrued liabilities, notes payable and long-term debt.

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk, liquidity risk and currency risk. Senior management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

Interest rate risk

The Company's cash earns interest at prevailing and fluctuating market rates. The Company manages its exposure to interest rate risk through fixed rate lending to franchisees. The fixed rate notes receivable from franchisees are subject to interest rate pricing risk, as the value will fluctuate as a result of changes in market rates.

The Company has a line of credit facility that has a fixed interest rate of 10% per annum; the Company has no other interest bearing debt.

Credit risk

In accordance with its investment policy, the Company maintains cash deposits with banks. The credit risk on cash is limited because the counterparties are banks with high-credit ratings assigned by international credit-rating agencies.

Receivables from franchisees

The accounts receivable from franchisees are exposed to credit risk from the possibility that franchisees may experience financial difficulty. The Company mitigates the risk of credit loss by limiting its exposure to any one franchisee. Credit assessments are conducted with respect to all new franchisees and all existing franchisees. In addition, the receivable balances are monitored on an ongoing basis. As of June 30, 2011, 6 franchisees accounted for 72% of the accounts receivable balance (June 30, 2010 – 6 franchises accounted for 61%). For the six months ended June 30, 2011, 3 franchisees accounted for 29% of the Company's revenues (June 30, 2010 – 3 franchisees accounted for 31%). As of June 30, 2011, 33% of accounts receivable was over 90 days old and related to two franchises (June 30, 2010 – 19% of accounts receivable was over 90 days old and related to one franchise).

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

15 Financial risk management (continued)

Credit risk (continued)

The following is a reconciliation of the allowance for credit losses from accounts receivable from franchisees:

	For the six months ended June 30, 2011	For the year ended December 31, 2010
	\$	\$
Opening balance	40,762	–
Additions	–	40,823
Unused and reversed	–	–
Utilized	–	–
Foreign exchange	(898)	(61)
Closing balance	39,864	40,762

Receivables from shredding customers

The accounts receivable are exposed to credit risk from the possibility that customers may experience financial difficulty. The Company mitigates the risk of credit loss by limiting its exposure to any one customer. All new customers are required to make payments for services by way of preapproved credit card, and credit is extended only after a credit assessment is conducted. In addition, the receivable balances with customers are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant. At June 30, 2011, no customer accounted for more than 10% of the accounts receivable balance. For the six months ended June 30, 2011, no customer accounted for more than 10% of the Company's revenues in this category. As of June 30, 2011, 5% of accounts receivable in this category was over 90 days old. The Company has not recorded an allowance for credit losses from accounts receivable from shredding customers as the Company does not have any reasons to believe it will not collect all outstanding balances.

Currency risk

The Company incurs revenue primarily in US currency and both expenses in US and Canadian currency and as such, is subject to fluctuations as a result of foreign exchange rate variation. The Company manages its exposure to currency risk by billing for its services in US currency and in the underlying currency related to the expenditure.

The Company's principal operations were located in the United States. The results of these operations have been translated into Canadian dollars at an average rate for the period of \$1USD = \$0.9769CAD (2010- \$1USD = \$1.0282CAD). Assets and liabilities have been translated using the exchange rate at the date of the statement of financial position of \$1USD = \$0.9765CAD (2010- \$1USD = \$1.0484CAD).

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

15 Financial risk management (continued)

Currency risk (continued)

The following financial instruments denominated in US funds have been translated at June 30, 2011, at an exchange rate of 0.9765 (December 31, 2010 - 0.9985):

	June 30, 2011	December 31, 2010
	\$	\$
Cash	449,827	463,591
Accounts receivable	407,410	214,494
Prepaid expenses	23,486	32,304
Notes receivable from franchisees	205,354	142,096
Accounts payable and accrued liabilities	(339,422)	(285,345)

Unrealized foreign exchange fluctuations are recorded in accumulated other comprehensive income (loss) and are only recorded in net income once realized on liquidation of the subsidiary.

At June 30, 2011, and assuming that all other variables remain constant, a 10% rise or fall in the Canadian dollar against the US dollar would have resulted in approximately \$39,500 increase (decrease) in the income before taxes for the year.

Liquidity risk

The Company's objective is to have sufficient liquidity to meet liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet requirements. Based on overall cash generation capacity and overall financial position, while there can be no assurance, management believes the Company will be able to meet financial obligations as they come due while maintaining compliance with all financial covenants. The accounts payable, accrued liabilities and notes payable of \$493,727 at June 30, 2011 (December 31, 2010 - \$641,442), are due to be settled within one year from the balance sheet date.

The Company has cash of \$569,916 at June 30, 2011, working capital of \$705,114 at June 30, 2011 and access to a \$4 million line of credit, of which \$2.79 million has been utilized at June 30, 2011, to be used for acquisitions as well as general corporate purposes. The line of credit is repayable on November 27, 2014 and interest payments are due semi-annually.

Fair value of financial instruments

The carrying value amounts of many of the Company's financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities and notes payable approximate their value due primarily to the short-term maturity of the related instruments. The fair value estimates of the Company's notes receivable from franchisees (note 7), are made as at a specific point in time based on estimates using present value or other valuation techniques.

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

15 Financial risk management (continued)

Fair value of financial instruments (continued)

These techniques involve uncertainties and are affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. The carrying value of the Company's notes receivable from franchisees at June 30, 2011, amounted to \$119,609 (December 31, 2010 - \$133,187) with fair value estimated to amount to \$128,363 (December 31, 2010 - \$121,008), respectively.

Carrying value of financial instruments

	June 30, 2011 \$	December 31, 2010 \$
Financial assets designated at fair value through profit or loss	-	-
Loans and receivables measured at amortized cost	1,242,584	1,555,385
Financial liabilities measured at amortized cost	(3,283,727)	(3,403,130)

16 Capital management

The Company defines capital as shareholders' equity. The primary objective of the Company's capital management is to ensure that it maintains a conservative capital ratio in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares or issue debt securities.

17 Segmented information

As of April 30, 2010, the Company operates two reportable operating segments, (1) the granting and managing of shredding business franchises under the "Proshred" trademark (Franchising and licensing), and (2) the operation of corporately owned shredding businesses (Corporate locations).

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

17 Segmented information (continued)

Total assets and liabilities by reportable operating segment are as follows:

	Franchising and licensing		Corporate locations		Total	
	June 30, 2011 \$	December 31, 2010 \$	June 30, 2011 \$	December 31, 2010 \$	June 30, 2011 \$	December 31, 2010 \$
ASSETS						
Current assets						
Cash	314,660	824,269	255,256	164,323	569,916	988,592
Accounts receivable	360,098	282,064	202,960	132,846	563,058	414,910
Prepaid expenses	10,656	12,598	22,934	32,256	33,590	44,854
Notes receivable from franchisees	32,277	33,178	-	-	32,277	33,178
Total current assets	717,691	1,152,109	481,150	329,425	1,198,841	1,481,534
Non-current assets						
Notes receivable from franchisees	87,332	108,705	-	-	87,332	108,705
Equipment	4,344	5,399	601,286	655,912	605,630	661,311
Deferred financing charges	77,302	88,345	-	-	77,302	88,345
Intangible assets	914,375	1,011,290	675,210	770,575	1,589,585	1,781,865
Goodwill	-	-	1,087,371	1,120,167	1,087,371	1,120,167
Total assets	1,801,044	2,365,848	2,845,017	2,876,079	4,646,061	5,241,927
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	182,167	413,062	186,476	100,497	368,643	513,559
Notes payable	-	-	125,084	127,883	125,084	127,883
Total current liabilities	182,167	413,062	311,560	228,380	493,727	641,442
Non-current liabilities						
Long-term debt	-	-	2,790,000	2,790,000	2,790,000	2,790,000
Deferred tax liability	86,000	95,000	-	-	86,000	95,000
Total liabilities	268,167	508,062	3,101,560	3,018,380	3,369,727	3,526,442

The Company purchased \$23,729 in capital expenditures relating to its' corporate operations during the six months ended June 30, 2011 (December 31, 2010- \$468,941). The Company did not have any capital expenditures related to its franchising operations for the six months ended June 30, 2011 (December 31, 2010- \$6,608).

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

17 Segmented information (continued)

Geographic information is as follows:

	June 30, 2011 \$	December 31, 2010 \$
Canada		
Equipment	4,344	5,399
Deferred financing charges	77,302	88,345
Intangible assets	500,466	558,491
United States		
Notes receivable from franchisees	119,609	141,883
Equipment	601,883	655,912
Intangible assets	1,089,119	1,223,374
Goodwill	1,087,371	1,120,167

Revenue

All revenues were attributed to the United States with the exception of the Middle East license.

Total net loss by reportable operating segment is as follows:

	For the three months ended June 30, 2011			
	Franchising and licensing \$	Corporate locations \$	Corporate overhead \$	Total \$
Revenue	304,211	523,068	–	827,279
Direct costs	–	(305,341)	–	(305,341)
Corporate overhead	(336,226)	(33,353)	(131,756)	(501,335)
Depreciation and amortization	(39,761)	(69,855)	–	(109,616)
Foreign currency loss, net	–	–	(87,562)	(87,562)
Interest expense	–	(69,559)	–	(69,559)
Interest income	551	–	–	551
Recovery of income taxes	1,000	–	–	1,000
Net income (loss)	(70,225)	44,960	(219,318)	(244,583)

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

17 Segmented information (continued)

	For the three months ended June 30, 2010			
	Franchising and licensing \$	Corporate locations \$	Corporate overhead \$	Total \$
Revenue	235,092	100,685	–	335,777
Direct costs	–	(88,260)	–	(88,260)
Corporate overhead	(313,771)	(15,603)	(66,872)	(396,246)
Depreciation and amortization	(53,743)	(14,248)	–	(67,991)
Foreign currency gain (loss), net	–	–	2,906	2,906
Interest expense	–	(9,198)	–	(9,198)
Interest income	1,006	–	–	1,006
Recovery of income taxes	6,000	–	–	6,000
Net income (loss)	(125,416)	(26,624)	(63,966)	(216,006)

For the period ending June 30, 2010, the Company operated one corporate location. The operating results included are from May 1, 2010 to June 30, 2010. All revenues were denominated in US dollars.

	For the six months ended June 30, 2011			
	Franchising and licensing \$	Corporate locations \$	Corporate overhead \$	Total \$
Revenue	523,639	1,014,832	–	1,538,471
Direct costs	–	(624,700)	–	(624,700)
Corporate overhead	(639,285)	(106,329)	(213,794)	(959,408)
Depreciation and amortization	(87,430)	(142,048)	–	(229,478)
Foreign currency loss, net	–	–	(164,514)	(164,514)
Interest expense	–	(138,353)	–	(138,353)
Interest income	1,493	–	–	1,493
Recovery of income taxes	6,000	–	–	6,000
Net income (loss)	(195,583)	3,402	(378,308)	(570,489)

RediShred Capital Corp.

Notes to Unaudited Consolidated Financial Statements For the three months ended June 30, 2011 and 2010

(expressed in Canadian dollars)

17 Segmented information (continued)

	For the six months ended June 30, 2010			
	Franchising and licensing \$	Corporate locations \$	Corporate overhead \$	Total \$
Revenue	477,105	100,685	–	577,790
Direct costs	–	(88,260)	–	(88,260)
Corporate overhead	(586,858)	(15,603)	(144,347)	(746,808)
Depreciation and amortization	(163,143)	(14,248)	–	(177,391)
Foreign currency loss, net	–	–	2,206	2,206
Interest expense	–	(9,198)	–	(9,198)
Interest income	2,544	–	–	2,544
Recovery of income taxes	12,000	–	–	12,000
Net income (loss)	(258,352)	(26,624)	(142,141)	(427,117)

18 Related party transactions

A Director of the Company is the owner of the Tampa, Florida Proshred franchise. Included in accounts and notes receivable at June 30, 2011, is \$4,636 (June 30, 2010 - \$11,547) due from the Director's franchise. During the six months ended June 30, 2011, the Company earned royalty and service fee amounts of \$39,965 (June 30, 2010 - \$38,959).

Included in general, administrative and marketing expenses for the six months ended June 30, 2011 are insurance premium amounts of \$12,450 (June 30, 2010 - \$12,000) paid to Alfred J. Bell & Grant Ltd, a company owned by a Director of the Company.

All related party transactions have been recorded at their exchange amounts.

19 Compensation of Key Management Personnel

Key management personnel compensation is as follows:

	Three months ended		Six months ended	
	June 30, 2011 \$	June 30, 2010 \$	June 30, 2011 \$	June 30, 2010 \$
Base wages and benefits	149,837	156,853	301,927	324,500
Share-based payments	11,980	29,851	19,269	32,396
Total	161,817	186,704	321,196	356,896

Key management personnel are comprised of the Company's Chief Executive Officer, President, former Chief Operating Officer and Chief Financial Officer.

