

PRESS RELEASE
REDISHRED CAPITAL CORP.
Mississauga, Ontario
May 30, 2012

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

First Quarter Highlights:

- Total system sales ⁽¹⁾ in our **PROSHRED®** system were \$3.6 million *USD* in the first quarter of 2012:
 - Scheduled (recurring) system sales reached a record of \$1.83 million *USD*, growing 9% over the first quarter of 2011.
 - Unscheduled system sales reached a record high, breaking \$1.08 million *USD*, growing 23% over the same quarter in 2011.
 - Total service related system sales were a quarterly record of \$2.91 million *USD*.
 - Recycling system sales declined 24% over the first quarter of 2011 as a result of the decrease in the price of recycled paper products.
- Royalty revenue for the first quarter of 2012 was \$201,000 *CDN*. Royalty and service revenues are generated by franchises of the **PROSHRED®** franchise system and are originally denominated in US dollars.
- Redishred entered into an agreement with its Chicago South franchisee to expand their **PROSHRED®** shredding franchise to include the Chicago North area. The Company recognized \$93,500 *CDN* in franchise fees the first quarter of 2012 associated with this new franchise.
- Redishred's Middle East licensee added a new location in Dubai, UAE, marking the second operating location in the Middle East.
- On January 1, 2012, Redishred acquired the **PROSHRED®** New York City business from an existing franchisee and is operating the location directly. In conjunction with the purchase of the business, the exiting franchisee withdrew from the legal complaint filed against Redishred's subsidiary in June of 2010.
- Redishred's four corporate locations in Syracuse, Albany, Milwaukee, and New York City earned \$805,000 *CDN* in revenues during the three months ended March 31, 2012. The Company also generated just over \$200,000 *CDN* in earnings before interest, taxes, depreciation and amortization ("EBITDA") during the first quarter of 2012.
- Total revenue earned for the three months ended March 31, 2012 was \$1.1 million *CDN*, growing 55% over the three months ended March 31, 2011.
- During March 2012, the Company increased its' line of credit by \$0.63 million to \$6 million.

(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,	March 31, 2012	March 31, 2011
	\$	\$
Franchise operations:		
System sales (USD)	3,653,979	3,530,693
Franchise and license fee revenues	93,487	-
Royalty and service fee revenues	201,627	219,428
Total franchise and license revenue	295,114	219,428
Corporate operations:		
Service and recycling revenue	805,936	491,764
Operating costs	(605,545)	(319,478)
EBITDA from corporate locations	200,391	172,286
Depreciation – tangible assets	(62,219)	(29,783)
Interest expense	(138,367)	(68,795)
Income from corporate locations	(195)	73,708
Operating loss	(176,813)	(167,115)
Operating loss– excluding one-time costs	(107,551)	(122,505)
Net loss⁽¹⁾	(823,470)	(325,908)
Net loss – excluding one-time costs⁽¹⁾	(403,508)	(281,299)
Loss per share	(0.03)	(0.01)

(1) Net loss includes amortization of intangible assets of \$200,911 (March 31, 2010 - \$79,830), 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 \$350,700 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.

Management's Comments on the First Quarter of 2012

Jeffrey Hasham, the Company's CEO, had the following comments on the first quarter results, "I am pleased that our system continued to grow its top line results, despite the large drop in the global price for recycled paper products. This growth was driven by record level growth in the scheduled and unscheduled service revenue categories, which demonstrates that our practice of educating our clients in the area of information protection has resonated with them. I would like to thank our franchisees, general managers and national support centre teams in these efforts and I am looking forward to helping more clients in the future with their document and information security needs."

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.

Franchise and license development

On January 31, 2012, Redishred announced that it has entered into an agreement with its Chicago South franchisee to purchase the Chicago North territory. The Chicago South franchisee has also renewed his Franchise Agreement for an additional five year period.

Rodney Quasny, our Chicago franchisee, stated, "We are excited about the potential of the northern Chicago territory and expect the same positive reception to the professional service we offer existing clients in the South Chicago area. The Chicago team has worked hard to deliver tremendous results and Jim Erickson, who will be leading the charge in North Chicago, has been instrumental in leading our growth over the last 5 years. Strategically, this is a very good move for us, as we have the opportunity to significantly increase our customer base and revenues while leveraging the various assets we have in position."

In January 2012, the **PROSHRED®** Middle East licensee opened its second Middle East location in Dubai, UAE.

Acquisitions and Corporate Operations

On January 1, 2012, the Company completed the acquisition of the **PROSHRED®** New York City business from an existing franchisee. Immediately after the purchase of the New York City business, the Company commenced a review of the New York City operations and then implemented a cost reduction program and a route optimization program with a view towards improved results. In the first 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 months ended March 31, 2012.

	3 months ended March 31			
	2012	% of	2011¹	% of
	\$	revenue	\$	revenue
Revenue:				
Shredding service	641,168	80%	362,323	74%
Recycling	164,768	20%	129,441	26%
Total revenue	805,936	100%	491,764	100%
Operating costs	605,545	75%	319,478	65%
EBITDA	200,391	25%	172,286	35%
Depreciation – tangible assets	62,219	8%	29,783	6%
Interest expense	138,367	17%	68,795	14%
Corporate operating income	(195)	0%	73,708	15%

¹ The results for the three months ended March 31, 2011 include the corporate operations of Syracuse, Albany and Milwaukee.

Community and Social Commitment

Our locations under the **PROSHRED®** banner conducted 67 community shredding events up to April 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 quarter of 2012, the **PROSHRED®** system, through its recycling program, saved 93,000 trees, up by 19% over the first quarter of 2011.

Financial Statements

Redishred's March 31st, 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.*

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.