

RediShred Capital Corp.

Financial Statements
September 30, 2007

(Unaudited – Prepared by Management)

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 March 31, 2008.

RediShred Capital Corp.

Balance Sheets

As at March 31, 2008 and December 31, 2007

(Unaudited – Prepared by Management)

	March 31, 2008	December 31, 2007
Assets		
Current Assets		
Cash	\$ 2,270,156.6	\$ 1,362,252.0
Accounts receivable	203,883	22,487
Prepaid expenses and deferred charges	20,429	77,219
Notes receivable from franchisees (note 4)	107,160	-
	<u>2,601,629</u>	<u>1,461,958</u>
Notes receivable from franchisees (note 4)	124,742	-
Equipment (note 5)	757,917	-
Intangible assets (note 6)	5,302,772	-
	<u>8,787,060</u>	<u>1,461,958</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	248,482	134,137
	<u>248,482</u>	<u>134,137</u>
Future income tax liability	769,178	-
	<u>1,017,660</u>	<u>134,137</u>
Shareholders' Equity (Deficiency)		
Capital Stock (note 7)	7,713,084	1,354,446
Contributed surplus (note 8)	207,708	117,000
Deficit	(151,393)	(143,625)
	<u>7,769,400</u>	<u>1,327,821</u>
	<u>\$ 8,787,060</u>	<u>\$ 1,461,958</u>

RediShred Capital Corp.

Statement of Loss, Comprehensive Loss and Deficit

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

	3 Months ending March 31, 2008	3 Months ending March 31, 2007
Revenue		
Franchise territory fees	\$ 1,867	\$ -
Royalty and service fees	34,700	-
Interest Income	10,960	-
	<u>47,527</u>	<u>-</u>
Operating Expenses		
Salaries	35,093	-
General, administrative and marketing	76,043	1,198
	<u>111,136</u>	<u>1,198</u>
Operating loss	(63,609)	(1,198)
Depreciation and amortization	66,644	-
Loss before income tax	(130,253)	(1,198)
Income tax expense (recovery)	(122,485)	-
Net loss and comprehensive loss for the period	(7,768)	(1,198)
Deficit - Beginning of period	(143,625)	(6,010)
Deficit - End of period	\$ (151,393)	\$ (7,208)
Loss per share - Basic and diluted	\$ (0.01)	\$ (1,197.55)
Weighted average number of common shares outstanding	10,529,505	1

RediShred Capital Corp.
Statement of Cash Flows
For the three months ended March 31, 2008
(Unaudited – Prepared by Management)

	3 Months ending March 31, 2008	3 Months ending March 31, 2007
Cash provided by (used in)		
Operating activities		
Net loss for the periods	\$ (7,768)	\$ (1,198)
Add: Depreciation and amortization	66,644	-
	58,877	(1,198)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(165,222)	-
Decrease (increase) in prepaid expenses and deferred charges	64,768	-
Decrease (increase) in notes receivable from franchisees	(2,179)	-
Increase (decrease) in accounts payable and accrued liabilities	73,351	13,692
Increase (decrease) in future income tax liability liabilities	(230,822)	-
	(201,228)	12,495
Financing activities		
Net cash proceeds from issuance of common shares	4,749,347	-
	4,749,347	-
Investing Activities		
Cash paid on acquisition of subsidiary, net of cash acquired	(3,640,214)	-
	(3,640,214)	-
Net change in cash for the period	907,905	12,495
Cash - Beginning of period	1,362,252	1
Cash End of period	\$ 2,270,157	\$ 12,496

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

1 Incorporation

RediShred Capital Corp. (the “Corporation”) was incorporated under the Canada Business Corporations Act on October 18, 2006. The Corporation’s common shares were listed for trading on the TSX Venture Exchange on September 5, 2007 as a Capital Pool Corporation. The Corporation’s business until March 17, 2008 had been the identification and evaluation of shredding businesses that could qualify as a Qualifying Transaction under TSX Venture Exchange policies. On March 17, 2008, the Corporation acquired the shares of Professional Shredding Corporation, which directly and indirectly carries on the business of granting and managing shredding business franchises under the “Proshred” trademark. The acquisition served as the Corporation’s “Qualifying Transaction” pursuant to the policies of the TSX Venture Exchange and was approved by the TSX Venture Exchange.

2 Significant accounting policies

The accompanying unaudited consolidated financial statements have been prepared in accordance with the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1751, “Interim Financial Statements”. Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been omitted or condensed. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2007.

In the opinion of management, the unaudited interim consolidated financial statements include all adjustments considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. Except as otherwise noted hereunder, these unaudited interim consolidated financial statements were prepared using the same policies and methods of computation as the audited consolidated financial statements of the Corporation for the year ended December 31, 2007.

Equipment

Equipment is carried at cost. Amortization is provided for over the estimated useful lives, using the following annual rates and methods:

Computer equipment	over two years, straight-line basis
Computer software	over three years, straight-line basis
Trademarks and intellectual property	over ten years, straight-line basis
Intangible assets	over ten years, straight-line basis

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

2 Significant accounting policies (continued)

Trademarks, intellectual property and intangible assets

Trademarks, intellectual property and intangible assets are recorded at cost and amortized over ten years on a straight line basis. These assets are subject to fair value impairment tests. The Corporation compares the carrying amounts of these assets to the fair value, at least annually, and recognizes in net income any impairment in value.

Impairment of Long-Lived Assets

Long-lived assets, including equipment, trademarks, intellectual property and other intangible assets are reviewed for impairment when significant events or circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment exists when the carrying value of the asset is greater than the future undiscounted cash flows expected to be provided by the asset. The amount of impairment loss, if any, which is the excess of net carrying value over fair value, is charged to income for the period. Fair value is generally measured equal to the estimated future discounted net cash flows from the asset.

Revenue Recognition

The Corporation earns revenue from initial franchise fees paid by franchisees to secure territories for a specific period and from royalties and service fees paid by franchisees as a percentage of their monthly sales volumes. Initial franchise fees are recognized as revenue when the franchisee has paid the initial franchise fee and has fully executed a franchise agreement and has been provided the prescribed training. Royalties and service fees revenue is accrued on a monthly based on sales reported by franchisees. Interest income on notes receivable from franchisees is recognized in the month earned.

Loss per share

Basic loss per share is computed by dividing net earnings by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is calculated based on the weighted average number of common shares outstanding during the period, plus the effect of dilutive common share equivalents such as options and warrants. The diluted per share amounts are calculated using the treasury stock method, as if all the common share equivalents where average market prices exceeds issue price and had been exercised at the beginning of the reporting period, or the period of issue, as the case may be, and that the funds obtained thereby were used to purchase common shares of the Corporation at the average trading price of the common shares during the period. Since the Corporation has losses, the exercise of outstanding stock options has not been included in the calculation of diluted loss per share as it would be anti-dilutive.

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

2 Significant accounting policies (continued)

Income taxes

The Corporation uses the liability method of accounting for income taxes. Under the liability method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using substantially enacted tax rates and laws that are in effect at the year-end. Future income tax assets are evaluated and if realization is not considered more likely than not, a valuation allowance is provided.

Stock-based compensation

The Corporation accounts for stock options issued under its stock option plan using the fair value method. Under this method, compensation expense is measured at fair value at the grant date using the Black-Scholes option pricing model and is recognized over the vesting period. Option pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non monetary assets and liabilities denominated in foreign currencies are translated at the rates in effect on the transaction date. Revenue and expenses denominated in foreign currencies are translated at the average exchange rate during the month in which they are earned/incurred. Foreign currency gains or losses are included in the determination of the income for the year.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results could differ from these estimates.

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

2 Significant accounting policies (continued)

New Accounting Policies

Effective January 1, 2008, the Corporation has adopted the following sections of the Canadian Institute of Chartered Accountants (CICA) Handbook.

Section 1535 – Capital Disclosures

This new standard requires disclosure of the Corporation's objectives, policies, and processes for managing capital; quantitative data about what the Corporation regards as capital; whether the Corporation has complied with any capital requirements; and if the Corporation has not complied, the consequences of such non-compliance. The new accounting standard covers disclosure only and had no effect on the financial results of the Corporation (see Note 10)

Section 3862 – Financial Instruments – Disclosure, and Section 3863 – Financial Instruments – Presentation

These new standards replace accounting standard 3861 Financial Instruments – Disclosure and Presentation. Presentation requirements have not changed. Enhanced disclosure is required to assist users of the financial statements in evaluating the significance of the financial instruments on the Corporation's financial position and performance, including qualitative and quantitative information about the Corporation's exposure to risks arising from financial instruments. The new accounting standards cover disclosure only and had no effect on the financial results of the corporation (See Note 10)

Future Accounting Policy Changes

Section 3064 – Goodwill and Intangible Assets

The new standard which replaces Section 3062, Goodwill and Other Intangible Assets, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Corporation's interim and annual financial statements commencing January 1, 2009. The Corporation is currently assessing the impact of this new standard on its consolidated financial statements.

3 Purchase of Professional Shredding Corporation

On March 17, 2008 the Corporation completed the purchase of Professional Shredding Corporation. The purchase consideration of \$5,440,214 is inclusive of cash consideration paid to the Vendor of \$3,600,000, common share consideration (3,269,231 in common shares issued to the Vendor valued at \$1,700,000) and \$140,214 in acquisition costs.

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

3 Purchase of Professional Shredding Corporation (continued)

The purchase price has been allocated, on a preliminary basis, to the assets acquired (including all identifiable intangible assets arising from the purchase) and liabilities assumed based on their estimated fair value at the date of acquisition as follows:

	Estimated fair value \$
Assets acquired:	
Accounts receivable	16,174
Prepaid expenses and sundry	7,978
Notes receivable from franchisees	229,723
Equipment	30,000
Software	750,000
Customer List	100,000
Trademarks and intellectual Franchise Agreements	2,020,000
	<u>3,327,333</u>
 Total assets acquired	 <u>6,481,208</u>
Liabilities assumed:	
Accounts payable and accrued liabilities	(40,994)
Future tax liability	<u>(1,000,000)</u>
 Total liabilities assumed	 <u>(1,040,994)</u>
 Net assets acquired	 <u>5,440,214</u>

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

4 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 8.00% to 10.25% per annum with monthly blended payments of principal and interest ranging from US\$1,133.46 to US\$3,060.35, commenced between dates ranging from June 30, 2006 to October 15, 2007 and maturing between dates ranging from May 31, 2009 to February 1, 2011. The amounts are as follows:

<i>As at</i>	March 31, 2008
Principal	\$ 223,657
Accrued interest	8,245
	<u>231,902</u>
Less: Current portion	<u>107,160</u>
	<u><u>\$ 124,742</u></u>

The notes receivable above were acquired as part of the purchase of Professional Shredding Corporation on March 17, 2008.

5 Equipment

<i>As at</i>	March 31, 2008	
	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer equipment	\$ 30,000	\$ 1,250
Software	750,000	20,833
	<u>\$ 780,000</u>	<u>\$ 22,083</u>
Less: Accumulated Amortization	<u>(22,083)</u>	
	<u><u>\$ 757,917</u></u>	

The assets above were acquired as part of the purchase of Professional Shredding Corporation on March 17, 2008. No other capital assets were purchased between March 17, 2008 and March 31, 2008.

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

6 Intangible Assets

<i>As at</i>	March 31, 2008	
	<u>Cost</u>	<u>Accumulated Amortization</u>
Trademarks and intellectual property	2,020,000	16,833
Franchise agreements	3,327,333	27,728
	<u>\$ 5,347,333</u>	<u>\$ 44,561</u>
Less: Accumulated Amortization	(44,561)	
	<u>\$ 5,302,772</u>	

The assets above were assumed as part of the purchase of Professional Shredding Corporation on March 17, 2008.

7 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

Changes in the Corporation's issued common share capital during the period were as follows:

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

	Three months ending March 31, 2008		Year ended December 31, 2007	
	Number	Amount \$	Number	Amount \$
Opening Balance	10,000,000	1,354,446	1	1
Shares issued from treasury	3,269,231	1,700,00	-	-
Shares issued for cash	9,615,383	5,000,002	9,999,999	1,499,999
Less: Share issue costs		(358,656)		(145,554)
Closing Balance	22,884,614	7,695,792	10,000,000	1,354,446

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

7 Capital stock (continued)

(c) Details of share issuances

On June 15, 2007, the Corporation issued 4,999,999 common shares for cash of \$499,999. These shares are held in escrow and will be released in future periods in accordance with the Escrow Agreement entered into between the Corporation, Computershare Investor Services Inc. as escrow agent and certain of the Corporation's shareholders. Under the Escrow Agreement, 10% of the escrowed common shares will be released from escrow (the "Initial Release") on the issuance of the Exchange Bulletin following closing of the Qualifying Transaction and the final Exchange acceptance of the Qualifying Transaction (the "Final Exchange Bulletin") and an additional 15% will be released on the dates six months, twelve months, 18 months, 24 months, 30 months and 36 months following the Initial Release. If the Corporation meets the Exchange's Tier 1 minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Corporation has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

On August 10, 2007, the Corporation issued 500,000 common shares for cash of \$100,000. Of these 500,000 common shares, 315,000 common shares are held in escrow and will be released in future periods in accordance with the Escrow Agreement.

On August 21, 2007, the Corporation filed a prospectus related to the initial public offering of its common shares, and on August 29, 2007, the Corporation issued 4,500,000 common shares for net cash proceeds of \$777,276. Of these 4,500,000 common shares, 680,000 common shares are held in escrow and will be released in future periods in accordance with the Escrow Agreement. In connection with the initial public offering, the Corporation issued 270,000 options with a fair value of \$17,000. The fair values of these options are reflected as share issue costs.

On March 17, 2008 the corporation issued 9,615,384 common shares for cash of \$5,000,002, of which 650,000 common shares are held in escrow and will be released in future periods in accordance with the Escrow Agreement. In addition 3,269,231 common shares valued at \$1,700,000 were issued to Professional Shredding Partnership as part consideration for the purchase of Professional Shredding Corporation; all 3,269,231 common shares are held in escrow and will be released in future periods in accordance with the Escrow Agreement.

(d) Weighted average common shares

The weighted average number of common shares outstanding for the three month period ended March 31, 2008 was 10,529,505.

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

7 Capital stock (continued)

(e) Stock options

On August 29, 2007, the Corporation issued options to acquire 975,000 common shares of the Corporation at a price of \$0.20 per share expiring August 29, 2012. The Corporation also issued options, on September 5, 2007, to acquire 270,000 common shares of the Corporation at a price of \$0.20 per share, expiring September 5, 2009. All options were fully vested upon granting.

On March 17, 2008, the Corporation issued options to acquire 380,000 common shares of the Corporation at a price of \$0.52 per share. The 380,000 options will expire March 17, 2013 and vest 25% per year commencing on March 17, 2009. In addition, on March 17, 2008, the Corporation issued options to acquire 566,923 common shares of the Corporation at a price of \$0.52 per share. The 566,923 options will expire March 17, 2010 and were fully vested upon granting.

The compensation charge for the options issued was determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected option life	2.0 years
Risk-free interest rate	3.50%
Expected dividend yield	nil
Expected volatility	50%

The weighted average grant-date fair value of options granted during the period was \$0.09 per option.

8 Contributed Surplus

Balance, December 31, 2007	\$ 117,000
Value of options issued in connection with shares issued, recorded as share issue costs	<u>90,708</u>
	<u>\$ 207,708</u>

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

9 Commitments

The Corporation leases office premises in Toronto, Ontario Canada. The lease expires on June 30, 2010. Future minimum lease payments for the Corporation are as follows:

2008	\$ 76,500
2009	102,000
2010	<u>51,000</u>
	<u>\$ 229,500</u>

10 Financial Instruments

The Corporation's financial instruments consist of cash, accounts receivable, notes receivable from franchisees and accounts payable and accrued liabilities. The Corporation, 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 Corporation's cash earns interest at prevailing and fluctuating market rates. The Corporation 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.

Credit risk

In accordance with its investment policy, the Corporation maintains cash deposits with Schedule 1 Banks. The credit risk on cash is limited because the counter-parties are banks with high credit-ratings assigned by international credit-rating agencies.

The accounts receivable are exposed to credit risk from the possibility that customers may experience financial difficulty. The Corporation mitigates the risk of credit loss by limiting its exposure to any one tenant. Credit assessments are conducted with respect to all new customers. In addition, the receivable balances are monitored on an ongoing basis with the result that the Corporation's exposure to bad debt is not significant. No customer accounts for more than 10% of the accounts receivable balance, and all accounts receivable based on the terms of the receivables.

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

10 Financial Instruments (continued)

Currency risk

The Corporation incurs revenue and expenses in U.S. and Canadian currency, and as such, is subject to fluctuations as a result of foreign exchange rate variation. The Corporation manages its exposure to currency risk by billing for its services in the U.S. in the underlying currency related to the expenditure. As this natural hedging effectively matches the revenue and expenses, the Corporation's management considers there to be little currency risk.

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet liabilities when due. The Corporation 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 Corporation will be able to meet financial obligations as they come due while maintaining compliance with all financial covenants.

Fair value of financial instruments

The carrying amounts reported in the balance sheet for of cash, accounts receivable and accounts payable and accrued liabilities approximate fair values due to the immediate or short-term maturities of these financial instruments. The carrying value of the notes receivable from franchisees approximates the fair value as interest rates are consistent with current rates.

The following amounts denominated in U.S. funds are translated at 1.023.

	March 31, 2008
	<u>\$</u>
Cash	74,170
Accounts receivable	50,631
Notes receivable from franchisees	226,689
Accounts payable and accrued liabilities	28,596

RediShred Capital Corp.

Notes to Financial Statements

For the three months ended March 31, 2008

(Unaudited – Prepared by Management)

10 Financial Instruments (continued)

Carrying value of financial instruments

<i>As at</i>	March 31, 2008	December 31, 2007
	\$	\$
Held for trading	2,270,157	1,362,252
Loans and receivables	435,785	22,487
Other financial liabilities	248,482	134,137

Capital Management

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