

PRESS RELEASE



PARETO REPORTS RECORD Q4 – FISCAL 2003 REVENUES INCREASE 78%

TORONTO, ONTARIO March 3, 2004 - **PARETO CORPORATION** (“Pareto”) (TSX Venture: PTO) today announced its financial results for the fourth quarter and the year ended December 31, 2003.

Financial highlights for the fourth quarter include:

Revenue of \$6.5 million revenues - an organic growth rate of 65% over Q4 2002,

EBITDA (earnings before amortization, interest, loss on lease termination and income taxes) of \$450,000 compared to \$135,000 in 2002.

Diluted EPS of \$0.01 compared to \$0.00 in 2002.

Financial highlights for fiscal 2003 include:

Revenue of \$19.1 million in 2003, up 78% from 2002,

EBITDA of \$1.1 compared to a loss of \$(0.1) million in 2002,

Diluted EPS of \$0.02 compared to a loss of \$(0.02) in 2002.

“I am very pleased with our performance in 2003,” stated Kerry Shapansky, President and Chief Executive Officer of Pareto. “We achieved spectacular revenue growth, in what many consider was a challenging economic environment for the marketing industry, but most importantly we recorded positive EPS for the first time in our brief history.”

Significant achievements in 2003 include:

- Improved financial performance and financial position
- Creation of three new service offerings, namely Fulfillment & Distribution, Customer Loyalty & Incentives and Tactical Field Marketing, which were well received by both new and existing clients and immediately contributed to our growth
- Partnering with Budco to start Pareto Dialogue
- Expanding our relationships with our key as well as new clients
- Attracting and retaining key employees to drive future growth.
- Successfully integrating our 2002 acquisitions, including all key employees and clients, into Pareto

“2003 was a breakthrough year for Pareto and our strong Q4 performance has positioned us well for 2004. For fiscal 2004, we are projecting revenues in excess of \$26 million and continued improvement in profitability” added Mr. Shapansky.

For additional information on Pareto Corporation's 2003 financial results, the reader is invited to access Pareto Corporation's conference call on Tuesday March 9, 2004, at 9:00 a.m. EST. Callers in Toronto should dial (416) 405-9328. All other callers can access the call at 1-800-387-6216. The 48-hour playback numbers are (416) 695-5800 or 1-800-408-3053 (access code: 3015718#). A recording of the call will also be available in the Investor Relations section of Pareto's website (www.pareto.ca) shortly thereafter.

About Pareto Corporation

Pareto Corporation is a marketing services company that excels at handling the executional details of marketing programs, providing services that complement client marketing and sales departments. Through the delivery of print management, event management, interactive technologies, tactical field marketing, customer incentive and loyalty management services and fulfillment and distribution services. Pareto provides measurable, quantifiable services that deliver big value to our clients' vital business relationships. For more information, please visit our website at www.pareto.ca.

For further information, contact:

Kerry Shapansky, President and Chief Executive Officer, Pareto Corporation

(416) 790-2350

Clint Becker, Chief Financial Officer, Pareto Corporation

(416) 790-2360

This press release contains forward-looking statements related to expected future events and financial operating results of the Company that involves risks and uncertainties. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed from time to time in the Company's SEDAR filings.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.

(Not for dissemination in the United States of America)

Pareto Corporation
Consolidated Summary Financial Information

For periods ended December 31

	Three Months (unaudited)		Twelve Months	
	2003	2002	2003	2002
Revenues	\$ 6,474,964	\$ 3,912,544	\$ 19,128,661	\$ 10,762,411
Gross Profit	2,229,382	1,174,726	6,115,688	2,957,470
EBITDA	454,025	134,583	1,117,372	(94,924)
Net income (loss) for the period	246,116	(19,925)	529,245	(462,768)
Basic and fully diluted earnings (loss) per common share	\$ 0.01	\$ 0.00	\$ 0.02	\$ (0.02)

Pareto Corporation Consolidated Balance Sheets

December 31 **2003** **2002**

Assets

Current assets

Cash	\$ 947,441	\$ 685,489
Accounts receivable	4,462,394	2,458,341
Income and other taxes recoverable	19,595	748,336
Current future income tax assets	222,545	56,700
Work in progress	1,661,336	149,321
Inventory and other current assets	324,362	62,553

7,637,673 **4,160,740**

Other assets

482,124 **71,459**

Capital assets

576,800 **533,240**

Goodwill and intangible assets

6,069,684 **5,730,775**

\$ 14,766,281 **\$ 10,496,214**

Liabilities and Shareholders' Equity

Current liabilities

Accounts payable and accrued liabilities	\$ 4,294,528	\$ 3,145,043
Current portion of deferred revenue	3,555,790	997,580
Current future income tax liabilities	33,672	183,160
Current portion of long-term debt	700,000	300,000
Current portion of acquisition notes payable	856,250	426,250

9,440,240 **5,052,033**

Long-term deferred revenue

627,532 **-**

Long-term future income tax liabilities

198,333 **146,160**

Acquisition notes payable

100,000 **526,250**

Long-term debt

- **1,050,000**

10,366,105 **6,774,443**

Shareholders' equity

Share capital	4,240,499	4,044,539
Special warrants	93,200	140,000
Retained earnings	66,477	(462,768)

4,400,176 **3,721,771**

\$ 14,766,281 **\$ 10,496,214**

Pareto Corporation
Consolidated Statements of Operations and
Retained Earnings (Deficit)

For the years ended December 31	2003	2002
Revenue	\$ 19,128,661	\$ 10,762,411
Direct costs	13,012,973	7,804,941
Gross profit	6,115,688	2,957,470
Expenses		
Facilities	414,354	461,193
Selling and administration	4,583,962	2,591,201
	4,998,316	3,052,394
	1,117,372	(94,924)
Amortization of capital assets	426,886	194,060
Amortization of intangible and other assets	46,028	22,208
Interest and finance charges	109,625	162,076
Loss on lease termination	200,000	-
	782,539	378,344
Earnings (loss) before income taxes	334,833	(473,268)
Income taxes	(194,412)	(10,500)
Net earnings (loss) for the year	529,245	(462,768)
Deficit, beginning of year	(462,768)	(2,642,429)
Deficit, reallocated to share capital	-	2,642,429
Retained earnings (deficit), end of year	\$ 66,477	\$ (462,768)
Basic and diluted earnings (loss) per share	\$ 0.02	\$ (0.02)
Average number of common shares outstanding:		
Basic	32,244,017	26,654,873
Diluted	33,189,664	26,654,873

Pareto Corporation Consolidated Statements of Cash Flows

For the years ended December 31, 2003 2002

Cash provided by (used in)

Operating activities

Net earnings (loss) for the year	\$ 529,245	\$ (462,768)
Items not involving cash:		
Amortization of capital assets	426,886	194,060
Amortization of intangible assets and deferred start-up costs	46,028	22,208
Amortization of deferred finance costs	40,001	48,541
Loss on lease termination	200,000	-
Non-cash interest expense	-	29,000
Change in future income taxes	(263,160)	(10,500)
	979,000	(179,459)

Changes in non-cash operating accounts	1,086,091	(738,225)
	2,065,091	(917,684)

Investing activities

Capital asset additions	(470,446)	(44,820)
Other asset additions	(241,694)	-
Acquisitions, net of cash acquired	-	(1,233,315)
	(712,140)	(1,278,135)

Financing activities

Bank indebtedness	-	(458,405)
Payment of acquisition notes payable	(426,250)	(270,000)
Issuance of long-term debt	-	1,350,000
Repayment of long-term debt	(650,000)	(30,000)
Additions to deferred finance costs	(13,000)	(50,000)
Issuance of shares	-	1,200,000
Share issue costs	(1,749)	(23,727)
	(1,090,999)	1,717,868

Increase (decrease) in cash for the year	261,952	(477,951)
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Cash and cash equivalents, beginning of year	685,489	1,163,440
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Cash and cash equivalents, end of year	\$ 947,441	\$ 685,489
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