

PRESS RELEASE



PARETO CONTINUES EARNINGS IMPROVEMENT

TORONTO, ONTARIO May 12, 2003 - **PARETO CORPORATION** ("Pareto") (TSX Venture: PTO) today announced its financial results for the first quarter ended March 31, 2003.

Financial highlights include:

- Revenues of \$3.2 million - up 284% or \$2.4 million from Q1 2002
- EBITDA of \$167,000 compared to a loss of (\$399,000) in Q1 2002.
- Net Income of \$56,000 compared to a net loss of (\$411,000) in Q1 2002.

Significant revenue growth over the first quarter of last year and improved profitability margins led to record EBITDA and net income performance. The full quarter inclusion of the recently acquired subsidiary, Naylor Event Management Inc. was also a significant contributor to the strong quarterly results.

"I am happy with our continued performance. The first quarter is traditionally our slowest quarter so these results provide us with a strong start to the year", stated Kerry Shapansky, President and Chief Executive Officer of Pareto. "We are beginning to see the result of our efforts over the last year. On a rolling four quarter basis, in the twelve months ended March 31, 2003, Pareto generated over \$13 million of revenues and was profitable."

Shapansky added, "Clients are seeing the value Pareto delivers. While revenue growth from acquisitions was a contributor, the majority of our revenue growth in the quarter was organic resulting from new business wins during the last year. Strong organic growth and successful acquisitions are key components to our strategy and that's what happened in Q1"

In addition, Pareto announced that Geoff Kistruck, Vice President Corporate Development, has left the company to pursue other opportunities.

For additional information on Pareto Corporation's first quarter results and the reader is invited to access the Pareto Corporation conference call on Tuesday May 20th, at 10 a.m. EST. The toll-free number for North America is 1-888-575-8232 or 416-406-6419. The 72-hour playback number is 1-800-408-3053 or 416-695-5800 (Access code 1422765#). A recording of the call will also be available in the Investor Relations section of our website, www.pareto.ca, shortly thereafter.

About Pareto Corporation

Pareto Corporation is a marketing services company that excels at helping our clients leverage the top 20% of their key relationships. By ensuring our clients deliver the *right message*, to the *right person* in the *right media*, we maximize their marketing return on investment. Through the delivery of Digital Marketing, Print Management and Event Management solutions, Pareto will be known for measurable, quantifiable turn-key marketing services that deliver big value to our clients' vital few relationships. For more information, please visit our website at www.pareto.ca.

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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 Balance Sheets

	March 31, 2003 (unaudited)	December 31, 2002 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 950,191	\$ 685,489
Accounts receivable	3,336,823	2,458,341
Income and other taxes recoverable	739,874	748,336
Work in progress	1,168,338	149,321
Inventory and other current assets	86,255	62,553
	6,281,481	4,104,040
Deferred finance costs	43,958	71,459
Capital assets	503,815	533,240
Goodwill and intangible assets	5,720,275	5,730,775
	\$ 12,549,529	\$ 10,439,514
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,216,646	\$ 3,145,043
Deferred revenue	3,084,206	997,580
Current portion of long-term debt	300,000	300,000
Current portion of acquisition notes payable	732,500	426,250
	7,333,352	4,868,873
Future income tax liability	272,620	272,620
Acquisition notes payable	190,000	526,250
Long-term debt	975,000	1,050,000
	8,770,972	6,717,743
Shareholders' equity		
Share capital	4,044,539	4,044,539
Special warrants	140,000	140,000
Deficit	(405,982)	(462,768)
	3, 778,557	3,721,771
	\$ 12,549,529	\$ 10,439,514

Pareto Corporation
Consolidated Statements of Operations and Deficit
(unaudited)

For the three months ended	March 31, 2003	March 31, 2002
Revenue	\$ 3,249,140	\$ 845,293
Direct costs	2,188,016	768,180
Gross profit	1,061,124	77,113
Expenses		
Facilities	92,302	98,313
Selling and administration	801,512	378,057
	893,814	476,370
	167,310	(399,257)
Amortization of capital assets	53,271	11,085
Amortization of intangible assets	10,500	-
Interest and finance charges	50,743	11,932
	114,514	23,017
Income (loss) before income taxes	52,796	(422,274)
Income taxes		
Current (recovery)	-	-
Future (recovery)	(3,990)	(10,500)
	(3,990)	(10,500)
Net Income (loss) for the period	56,786	(411,774)
Deficit, beginning of period	(462,768)	(2,642,429)
Deficit, end of period	\$ (405,982)	\$ (3,054,203)
Basic and fully diluted earnings (loss) per share	\$ 0.002	\$ (0.03)
Basic weighted average number of shares outstanding	32,056,081	22,311,581
Diluted weighted average number of shares outstanding	32,978,641	22,311,581

Pareto Corporation
Consolidated Statements of Cash Flows
(unaudited)

For the three months ended	March 31, 2003	March 31, 2002
Cash provided by (used in)		
Operating activities		
Net Income (loss) for the period	\$ 56,786	\$ (422,274)
Items not involving cash:		
Amortization of capital assets	53,270	11,085
Amortization of intangible assets	10,500	-
Amortization of deferred finance costs	27,500	-
	148,056	(411,189)
Changes in non-cash operating accounts	245,491	(196,073)
	393,547	(607,262)
Investing activities		
Capital asset additions	(23,845)	(31,974)
Financing activities		
Bank indebtedness	-	93,922
Issuance of long-term debt	-	100,000
Repayment of long-term debt	(75,000)	-
Repayment of acquisition notes payable	(30,000)	-
	(105,000)	193,922
Increase (decrease) in cash for the period	264,702	(445,314)
Cash and cash equivalents, beginning of period	685,489	588,440
Cash and cash equivalents, end of period	\$ 950,191	\$ 143,126