

PRESS RELEASE



PARETO REPORTS STRONG Q2 RESULTS

TORONTO, ONTARIO August 6, 2003 - **PARETO CORPORATION** ("Pareto") (TSX Venture: PTO) today announced its financial results for the second quarter ended June 30, 2003.

Financial highlights for the second quarter include:

- Revenues of \$4.5 million - up 74% or \$1.9 million from Q2 2002.
- EBITDA of \$191,000 compared to \$52,000.
- Net Income of \$21,000 compared to a net loss of (\$33,000) last year.

Financial highlights for the six months ended June 30th include:

- Revenues of \$7.7 million - up 126% or \$4.2 million from 2002.
- EBITDA of \$359,000 – up \$700,000 from last year.
- Net Income of \$78,000 compared to a net loss of (\$444,000) in 2002.

Strong revenue growth in all divisions and the full quarter inclusion of Pareto Event drove improved profitability. As was the case in the first quarter of 2003, Pareto generated record revenue and EBITDA (defined as earnings before interest, taxes, depreciation, amortization and other charges) performance for a quarter.

"I'm very pleased with the progress we made in our second quarter", commented Kerry Shapansky, President and Chief Executive Officer of Pareto. "We have now recorded five consecutive quarters of EBITDA growth and our revenues have grown to almost \$15 million for the last twelve months ended June 30, 2003."

Shapansky added, "On July 1st, Pareto relocated office space, thereby integrating all of our operations and employees in one location. We have already seen the benefits for our clients and employees from us being together and I believe this will be significant driver for our growth going forward."

For additional information on Pareto Corporation's second quarter results the reader is invited to access the Pareto Corporation conference call on Monday August 11th, at 9 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 1465481#). 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 handling the executional details of marketing programs, providing services that complement creative agencies and client marketing departments. Through the delivery of print, event, digital, and marketing project management 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.

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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

June 30,
2003
(unaudited)

December 31,
2002
(audited)

ASSETS

Current

Cash and equivalents	\$	621,066	\$	685,489
Accounts receivable		2,177,171		2,458,341
Income and other taxes recoverable		19,595		748,336
Work in progress		771,081		149,321
Inventory and other current assets		112,660		62,553

3,701,573 4,104,040

Deferred finance costs

42,792 71,459

Capital assets

470,492 533,240

Goodwill

5,709,775 5,730,775

\$ 9,924,632 \$ 10,439,514

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$	2,026,253	\$	3,145,043
Deferred revenue		2,477,472		997,580
Current portion of long-term debt		300,000		300,000
Current portion of acquisition notes payable		426,250		426,250

5,229,975 4,868,873

Future income tax liability

184,640 272,620

Acquisition notes payable

160,000 526,250

Long-term debt

550,000 1,050,000

6,124,615 6,717,743

Shareholders' equity

Share capital (Note 3)		4,067,939		4,044,539
Special warrants		116,600		140,000
Deficit		(384,522)		(462,768)

3,800,017 3,721,771

\$ 9,924,632 \$ 10,439,514

Pareto Corporation

Consolidated Statement of Operations and Deficit

For the periods ended June 30
(Unaudited)

	Three Months		Six Months	
	2003	2002	2003	2002
Revenues	\$ 4,515,375	\$ 2,594,870	\$ 7,764,515	\$ 3,440,164
Direct Costs	3,177,915	2,045,647	5,365,930	2,813,827
Gross Profit	1,337,460	549,223	2,398,585	626,337
Expenses				
Facilities	83,256	95,169	177,376	193,482
Selling and administration	1,062,328	401,991	1,862,023	780,049
	1,145,584	497,160	2,039,399	973,531
	191,876	52,063	359,186	(347,194)
Amortization of capital assets	54,921	51,014	108,191	62,099
Amortization of intangible assets	10,500	-	21,000	-
Loss on lease termination	100,000	-	100,000	-
Interest and finance charges	20,237	33,804	70,981	45,735
	185,658	84,818	300,172	107,834
Income (loss) before income taxes	6,218	(32,755)	59,014	(455,028)
Income taxes				
Current	68,748	-	68,748	-
Future (recovery)	(83,990)	-	(87,980)	(10,500)
	(15,242)	-	(19,232)	(10,500)
Net income (loss) for the period	21,460	(32,755)	78,246	(444,528)
Deficit, beginning of period	(405,982)	(3,054,202)	(462,768)	(2,642,429)
Deficit, end of period	\$ (384,522)	\$ (3,086,957)	\$ (384,522)	\$ (3,086,957)
Basic and fully diluted earnings (loss) per common share	\$ 0.001	\$ (0.001)	\$ 0.002	\$ (0.020)
Basic weighted average number of shares outstanding	32,109,229	23,332,414	32,082,655	22,821,998
Diluted weighted average number of shares outstanding	33,014,814	23,358,414	32,996,531	22,870,748

Pareto Corporation

Consolidated Statements of Cash Flow

For the periods ended June 30
(Unaudited)

	Three Months		Six Months	
	2003	2002	2003	2002
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	\$ 21,459	\$ (32,755)	\$ 78,245	\$ (444,528)
Items not involving cash				
Amortization of capital assets	54,921	51,014	108,191	62,099
Amortization of intangible assets	10,500	-	21,000	-
Amortization of deferred financing costs	1,166	-	28,666	-
Non-cash interest expense	-	14,500	-	14,500
	88,046	32,759	236,102	(367,929)
Changes in non-cash operating accounts	365,677	186,293	611,167	(16,696)
	453,723	219,052	847,269	(384,625)
Investment activities				
Capital asset additions	(21,598)	-	(45,442)	(31,975)
Acquisitions, net of cash acquired	-	755,066	-	755,066
	(21,598)	755,066	(45,442)	723,091
Financing Activities				
Bank indebtedness	-	(107,622)	-	(13,700)
Issuance of long-term debt	-	258,851	-	358,851
Repayment of long-term debt	(425,000)	(3,715)	(500,000)	(7,299)
Payment of acquisition notes payable	(336,250)	-	(366,250)	-
Share issuance costs	-	950	-	950
	(761,250)	148,464	(866,250)	338,802
Increase (decrease) in cash for the period	(329,125)	1,122,582	(64,423)	677,268
Cash and equivalents, beginning of period	950,191	718,126	685,489	1,163,440
Cash and equivalents, end of period	\$ 621,066	\$ 1,840,708	\$ 621,066	\$ 1,840,708