

PRESS RELEASE



PARETO DELIVERS Q1 REVENUE GROWTH OF 100% AND A RECORD PROFIT

TORONTO, ONTARIO May 5, 2004 - **PARETO CORPORATION** ("Pareto") (TSX Venture: PTO) today announced its financial results for the first quarter ended March 31, 2004.

Financial highlights for the first quarter include:

Revenue of \$6.8 million - an organic growth rate of 110% over Q1 2003,

EBITDA (earnings before amortization, interest, share-based compensation and income taxes) of \$530,000 compared to \$167,000 in 2003.

Diluted EPS of \$0.01 compared to \$0.00 in 2003.

Cashflow from operations of \$700,000, up from \$393,000 in 2003.

"As expected, the first quarter has been an outstanding start to 2004 for Pareto," commented Kerry Shapansky, President and Chief Executive Officer of Pareto. "Our focus on sales is driving strong organic growth which is key to our long term success. This rapid growth was achieved in all of our services, led by our Event Management business and resulted from new business wins with both existing and new clients."

"I am also very happy with Pareto's continued improvement in profitability and exceptional cashflow even though we continue to invest for our future by attracting top notch marketers to our team. We generated our largest profit ever in Q1 and in the last twelve months have generated over \$22.6 million of revenue, almost \$1.5 million of EBITDA and \$0.03 earnings per share. In addition our strong cashflow allowed us to repay over \$1.0 million of debt in the first quarter of 2004" added Mr. Shapansky.

Pareto will hold an investor call on May 5, 2004, at 11 a.m. EST to discuss the Q1 results. Callers in Toronto should dial (416) 405-9328. All other callers can access the call at 1-800-387-6216. A playback of the call will also be available by telephone for 48 hours at (416) 695-5800 or 1-800-408-3053 (access code: 3044614#). 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 as well as 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.

Pareto Corporation Consolidated Balance Sheets

	March 31 2004 (unaudited)	December 31 2003 (audited)
Assets		
Current assets		
Cash	\$ 593,294	\$ 947,441
Accounts receivable	5,301,961	4,462,394
Income and other taxes recoverable	37,412	19,595
Current future income tax assets	222,438	222,545
Work in progress	1,263,197	1,661,336
Inventory and other current assets	354,790	324,362
	7,773,092	7,637,673
Other assets	481,498	482,124
Capital assets	549,778	576,800
Goodwill and intangible assets	6,059,184	6,069,684
	\$ 14,863,552	\$ 14,766,281
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,288,224	\$ 4,294,528
Current portion of deferred revenue	3,595,261	3,555,790
Current future income tax liabilities	33,672	33,672
Current portion of long-term debt	—	700,000
Current portion of acquisition notes payable	550,000	856,250
	8,467,157	9,440,240
Long-term deferred revenue	1,255,000	627,532
Long-term future income tax liabilities	189,808	198,333
Acquisition notes payable	70,000	100,000
	9,981,965	10,366,105
Shareholders' equity		
Share capital	4,273,999	4,240,499
Contributed surplus	134,477	118,012
Special warrants	93,200	93,200
Retained earnings (deficit)	379,911	(51,535)
	4,881,587	4,400,176
	\$ 14,863,552	\$ 14,766,281

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

For the quarter ended March 31, (unaudited)	2004	2003
Revenue	\$ 6,811,555	\$ 3,249,140
Direct costs	4,704,577	2,188,016
Gross profit	2,106,978	1,061,124
Selling and administration expenses	1,573,531	893,814
	533,447	167,310
Amortization of capital assets	61,132	53,271
Amortization of intangible and other assets	22,585	10,500
Interest and finance charges	10,237	50,743
Share-based compensation	16,465	19,380
	110,419	133,894
Earnings before income taxes	423,028	33,416
Income taxes (recovery)	(8,418)	(3,990)
Net earnings for the period	431,446	37,406
Deficit, beginning of period	(51,535)	(513,398)
Retained earnings (deficit), end of period	\$ 379,911	\$ (475,992)
Basic and diluted earnings (loss) per share	\$ 0.01	\$ 0.00
Average number of common shares outstanding:		
Basic	33,179,906	32,056,081
Diluted	34,125,552	32,978,641

Pareto Corporation

Consolidated Statements of Cash Flows

For the quarter ended March 31, (unaudited) **2004** **2003**

Cash provided by (used in)

Operating activities

Net earnings for the period	\$ 431,446	\$ 37,406
Items not involving cash:		
Amortization of capital assets	61,132	53,270
Amortization of intangible assets and deferred start-up costs	22,585	10,500
Amortization of deferred finance costs	5,556	27,500
Share-based compensation costs	16,465	19,380
Change in future income taxes	(8,418)	(3,990)
	528,766	144,066
Changes in non-cash operating accounts	170,962	249,481
	699,728	393,547

Investing activities

Capital asset additions	(34,110)	(23,845)
Other asset additions	(17,015)	-
	(51,125)	(23,845)

Financing activities

Payment of acquisition notes payable	(336,250)	(30,000)
Repayment of long-term debt	(700,000)	(75,000)
Issuance of shares	33,500	-
	(1,002,750)	(105,000)

Increase (decrease) in cash for the period **(354,147)** **264,702**

Cash and cash equivalents, beginning of period **947,441** **685,489**

Cash and cash equivalents, end of period **\$ 593,294** **\$ 950,191**