



PARETO ANNOUNCES FIRST QUARTER FINANCIAL RESULTS

Revenue grows 12% to \$16.5 million; EBITDA grows 44% to \$1.2 million

TORONTO, ONTARIO, May 12, 2008 – Pareto Corporation (TSX: PTO), a leading marketing services company, today announced its financial results for the three months ended March 31, 2008.

"We are encouraged by a strong start to the year in what is traditionally our slowest quarter," said Kerry Shapansky, Pareto's President and Chief Executive Officer. "Our ongoing efforts to improve efficiency are also making a positive financial impact. We are very pleased to have recently obtained ISO 9001-2000 certification, and believe it will help us maintain our focus on efficiency as well as improving the service we are able to offer customers. Looking forward, we expect that our continued success in expanding our existing customer relationships and a healthy sales pipeline will lead to further revenue growth in 2008."

Q1 2008 Highlights

- Revenue was \$16.5 million in the first quarter of 2008, up 12% from \$14.7 million a year earlier.
- EBITDA was \$1.2 million, up 44% from \$0.8 million in Q1 2007. (Please see disclosure about Non-GAAP Measures, below.)
- Net earnings were \$404,000 in Q1 2008, an increase of 16% from \$348,000 in Q1 2007.
- Diluted earnings per share were \$0.01, unchanged from a year earlier.
- Obtained Forest Stewardship Council (FSC) certification to assure customers that printing processes are managed in an environmentally responsible manner.

Financial Review

Pareto's revenues for the three months ended March 31, 2008 were \$16.5 million, an increase of \$1.7 million or 46% over the comparable period in 2007. Every one of the Company's business units recorded revenue increases over the first quarter of 2007. Growth was particularly strong in the event, field services, and retail promotions and direct marketing businesses. The revenue growth was entirely organic.

Operating and administrative expenses were \$15.3 million in the first quarter, an increase of 10% from \$13.9 million a year earlier. Expenses grew at a slower rate than revenues, as fixed infrastructure costs are spread over a larger revenue base and the Company continues to realize operating efficiencies. As a result, EBITDA margins improved to 7.2% of revenues in Q1 2008, compared to 5.4% in Q1 2007.

Net earnings were \$404,000 in the first quarter, or \$0.01 per share, compared to earnings of \$348,000 or \$0.01 per share a year earlier. The increases in revenue and EBITDA were partially offset by increased amortization, interest and share-based compensation, and by an increase in the effective tax rate. The Company had 43,024,148 common shares outstanding at March 31, 2008.

At March 31, 2008, Pareto had net bank indebtedness of \$4.6 million, compared to \$368,000 of bank indebtedness at December 31, 2007. The Company used \$4.4 million of cash for financing and investing activities, including \$3.0 million in payment of an outstanding acquisition note payable, \$0.8 million for the repurchase of 1.0 million common shares under its normal course issuer bid, and \$0.5 million for the Company's strategic investment loan to Ontogenix Inc.

Conference Call

Pareto will host an investor conference call to discuss these results at 11:00 a.m. EDT, May 12, 2008. The call may be accessed by dialing 416-644-3425 or 1-800-732-9303. A taped replay will be available for one week by

dialing 416-640-1917 or 1-877-289-8525, reference number 21271436#. The call will be available live and for one year at www.pareto.ca ("Investor Relations" section).

Non-GAAP Measures

Pareto presents EBITDA information as supplemental figures because management believes they provide useful information regarding operating performance. EBITDA (earnings before amortization, net interest and finance charges, share-based compensation, income taxes, gain on acquisition and non-controlling interest) is not a recognized measure under Canadian generally accepted accounting principles (GAAP), does not have standardized meaning, and is unlikely to be comparable to similar measures used by other companies. Accordingly, investors are cautioned that EBITDA should not be construed as an alternative to revenue, net earnings or loss determined in accordance with GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows.

About Pareto Corporation

Pareto Corporation is a marketing services company that offers marketing execution solutions to leading companies in a broad range of industry sectors. Pareto provides measurable, quantifiable services that complement our clients' marketing and sales departments. 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

Karen Trudell, Chief Financial Officer, Pareto Corporation, (416) 790-2360

Jeff Codispodi, Investor Relations, Equicom Group, (416) 815-0700 ext 261

This press release contains forward-looking statements related to expected future events and financial operating results of Pareto that involve 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 Pareto's SEDAR filings.

Pareto Corporation
Consolidated Balance Sheets

As at	March 31, 2008 (unaudited)	December 31, 2007
Assets		
Current assets		
Accounts receivable	\$ 16,593,571	\$ 17,321,405
Inventory and work in progress	3,931,098	2,204,311
Prepaid expenses	571,642	659,683
Current future income tax assets	808,023	950,026
	<u>21,904,334</u>	<u>21,135,425</u>
Loans receivable	1,036,250	486,250
Long-term future income tax assets	623,858	732,603
Deferred costs	296,167	335,956
Capital assets	3,176,612	3,283,105
Intangible assets	1,501,829	1,554,607
Goodwill	19,058,577	19,058,577
	<u>\$ 47,597,627</u>	<u>\$ 46,586,523</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 4,570,137	\$ 368,291
Accounts payable and accrued liabilities	12,597,030	13,836,117
Deferred revenue	3,232,906	1,897,999
Income taxes payable	83,965	120,022
Current future income tax liabilities	109,537	119,541
Current portion of acquisition notes payable	66,668	3,066,668
Current portion of capital lease obligations	289,485	281,666
	<u>20,949,728</u>	<u>19,690,304</u>
Long-term future income tax liabilities	463,115	484,667
Long-term capital lease obligations	633,908	709,279
Total liabilities	<u>22,046,751</u>	<u>20,884,250</u>
Shareholders' equity		
Share capital	16,503,355	16,872,129
Contributed surplus	914,293	706,513
Retained earnings	8,133,228	8,123,631
Total shareholders' equity	<u>25,550,876</u>	<u>25,702,273</u>
	<u>\$ 47,597,627</u>	<u>\$ 46,586,523</u>

Pareto Corporation

Consolidated Statements of Operations and Retained Earnings

For the three months ended (unaudited)	March 31, 2008	March 31, 2007
Revenue	\$ 16,453,170	\$ 14,716,308
Operating and administrative expenses	15,274,092	13,899,615
	1,179,078	816,693
Amortization of capital assets	156,602	102,299
Amortization of intangible assets	52,778	52,778
Amortization of deferred costs	39,789	37,439
Interest and finance charges, net	109,343	74,595
Share-based compensation	207,780	64,525
	566,292	331,636
Earnings before income taxes	612,786	485,057
Income taxes	208,933	137,513
Net earnings and comprehensive income for the year	403,853	347,544
Retained earnings, beginning of year	8,123,631	6,291,539
Excess price paid over carrying value on repurchase of common shares	(394,256)	(727,477)
Retained earnings, end of year	\$ 8,133,228	\$ 5,911,606
Basic and diluted earnings per share	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding:		
Basic	43,408,981	44,646,385
Diluted	45,036,864	45,466,938

Pareto Corporation
Consolidated Statements of Cash Flows

For the three months ended (unaudited)	March 31, 2008	March 31, 2007
Operating activities		
Net earnings for the year	\$ 403,853	\$ 347,544
Items not involving cash:		
Amortization of capital assets	158,952	102,299
Amortization of intangible assets	52,778	52,778
Amortization of deferred costs	37,439	37,439
Non-cash interest and finance charges	2,350	3,281
Share-based compensation	207,780	64,525
Future income tax provision	219,192	(43,655)
	<u>1,082,344</u>	<u>564,211</u>
Changes in non cash operating accounts	<u>(851,149)</u>	<u>(2,873,498)</u>
	<u>231,195</u>	<u>(2,309,287)</u>
Investing activities		
Capital asset additions	(52,459)	(219,263)
Other asset additions	-	(76,445)
Loans receivable	(550,000)	-
	<u>(602,459)</u>	<u>(295,708)</u>
Financing activities		
Repayment of acquisition notes payable	(3,000,000)	(1,283,333)
Repayment of long-term debt	-	(125,001)
Repayment of capital lease obligations	(67,552)	(65,790)
Issuance of shares	-	37,999
Share issue costs	(2,051)	-
Repurchase of common shares	(760,979)	(857,046)
	<u>(3,830,582)</u>	<u>(2,293,171)</u>
Decrease in cash for the period	(4,201,846)	(4,898,166)
(Bank indebtedness)/Cash, beginning of period	(368,291)	5,020,127
(Bank indebtedness)/Cash, end of period	\$ (4,570,137)	\$ 121,961