



PARETO ANNOUNCES THIRD QUARTER FINANCIAL RESULTS

Organic revenue growth of 26%; EBITDA up 195%

TORONTO, ONTARIO, November 6, 2008 – Pareto Corporation (TSX: PTO), a leading marketing services company, today announced its financial results for the three months ended September 30, 2008.

“We are very pleased to report 26% revenue growth and a near tripling of EBITDA in the third quarter,” said Kerry Shapansky, Pareto’s President and Chief Executive Officer. “We saw growth in our three largest business lines, field merchandising, direct marketing and retail in-store marketing. These activities are designed to drive measurable near-term sales lift for our clients. For that reason we believe that demand for them can actually increase in times of economic uncertainty as both retailers and manufacturers look for innovative ways to strengthen sales at the retail level.”

Mr. Shapansky continued: “While demand for our core services remains strong, we recognize that the economic environment may limit our opportunity to grow other areas of our business. Accordingly, we will be diligent in managing costs in order to maintain profitability levels. Overall, we feel confident in our ability to continue growing our company. Year to date revenues are higher than last year, and we expect this trend to continue through the fourth quarter.”

Q3 2008 Highlights

- Revenue was \$18.1 million in the Q3 of 2008, compared to \$14.3 million a year earlier.
- EBITDA* was \$1.8 million compared to \$0.6 million in Q3 2007.
- Net earnings were \$658,152 in Q2 2008, compared to \$76,214 in Q3 2007.
- Diluted earnings per share were \$0.02, compared to \$0.00 a year earlier.

Year-to-Date Highlights

- Revenue of \$55.4 million, compared to \$53.4 million in the first nine months of 2007
- EBITDA of \$4.9 million, representing 8.9% of revenue, compared to \$3.8 million or 7.1% of revenue in the comparable period a year earlier
- Net earnings of \$2.0 million, compared to \$1.7 million in the first nine months of 2007
- Diluted earnings per share were flat at \$0.04
- Twelve month trailing revenue of \$76.4 million and EBITDA of \$8.0 million

Financial Review

Pareto’s revenues for the three months ended September 30, 2008 were \$18.1 million compared to \$14.3 million over the comparable period in 2007. Revenue increased this quarter in the field services, event, direct marketing and retail in-store marketing businesses, offset somewhat by a decline of program management services revenues.

Operating and administrative expenses were \$16.4 million in the third quarter, compared to \$13.7 million a year earlier. Pareto has been able to reduce its expenses as a percentage of revenue due to successful efforts to realize cost efficiencies in the business. EBITDA margins were 9.8% of revenues in Q3 2008, compared to 4.2% in Q3 2007.

Net earnings were \$658,152 in the third quarter, or \$0.02 per share, compared to earnings of \$76,214 or \$0.00 per share a year earlier. The Company had 42,931,148 common shares outstanding at September 30, 2008.

At September 30, 2008, Pareto's net bank indebtedness decreased to \$3.0 million compared to \$4.6 million three months earlier.

Conference Call

Pareto will host an investor conference call to discuss these results at 9:00 a.m. EST, November 6, 2008. The call may be accessed by dialing 416-644-3424 or 1-800-587-1893. A taped replay will be available for one week by dialing 416-640-1917 or 1-877-289-8525, reference number 21285883#. 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-recurring expenses) 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:

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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	September 30 2008 (unaudited)	December 31 2007 (audited)
Assets		
Current assets		
Accounts receivable	\$ 16,810,871	\$ 17,321,405
Inventory and work in progress	2,037,047	2,204,311
Prepaid expenses	557,515	659,683
Current future income tax assets	229,526	950,026
	19,634,959	21,135,425
Loans receivable	1,224,750	486,250
Long-term future income tax assets	510,056	732,603
Deferred costs	217,104	335,956
Capital assets	3,417,334	3,283,105
Intangible assets	1,396,274	1,554,607
Goodwill	21,058,577	19,058,577
	\$ 47,459,054	\$ 46,586,523
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 2,956,121	\$ 368,291
Accounts payable and accrued liabilities	10,315,966	13,836,117
Deferred revenue	2,988,152	1,897,999
Income taxes payable	190,254	120,022
Current future income tax liabilities	100,917	119,541
Current portion of acquisition notes payable	2,000,000	3,066,668
Current portion of capital lease obligations	305,786	281,666
Current portion of lease inducements	42,482	-
	18,899,678	19,690,304
Long-term future income tax liabilities	375,130	484,667
Long-term capital lease obligations	476,827	709,279
Deferred lease inducements	353,362	
Total liabilities	20,104,997	20,884,250
Shareholders' equity		
Share capital	16,501,855	16,872,129
Contributed surplus	1,281,709	706,513
Retained earnings	9,570,493	8,123,631
Total shareholders' equity	27,354,057	25,702,273
	\$ 47,459,054	\$ 46,586,523

Pareto Corporation

Consolidated Statements of Operations and Retained Earnings

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Revenue	\$ 18,126,430	\$ 14,345,259	\$ 55,433,452	\$ 53,408,608
Operating and administrative expenses	16,536,954	13,744,123	50,670,690	49,638,232
	<u>1,589,476</u>	<u>601,136</u>	<u>4,762,762</u>	<u>3,770,376</u>
Amortization of capital assets	182,355	135,555	494,945	352,625
Amortization of intangible assets	52,778	52,778	158,333	158,333
Amortization of deferred costs	37,438	37,439	112,313	112,317
Interest and finance charges, net	113,855	135,096	390,307	320,642
Share-based compensation	203,214	125,764	604,805	310,121
	<u>589,640</u>	<u>486,632</u>	<u>1,760,703</u>	<u>1,254,038</u>
Earnings before income taxes	999,836	114,504	3,002,059	2,516,338
Income taxes	341,684	38,290	1,025,099	822,326
Net earnings and comprehensive income for the period	658,152	76,214	1,976,960	1,694,012
Retained earnings, beginning of period	8,912,341	7,037,627	8,123,631	6,291,539
Excess price paid over carrying value on repurchase of common shares	-	(208,044)	(530,098)	(1,079,754)
Retained earnings, end of period	\$ 9,570,493	\$ 6,905,797	\$ 9,570,493	\$ 6,905,797
Basic and diluted earnings per share	\$ 0.02	\$ 0.00	\$ 0.04	\$ 0.04
Weighted average number of common shares outstanding:				
Basic	42,773,370	44,737,190	43,066,546	44,649,180
Diluted	44,664,783	45,775,867	44,841,339	45,638,911

Pareto Corporation

Consolidated Statements of Cash Flows

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Operating activities				
Net earnings for the period	\$ 658,152	\$ 76,214	\$ 1,976,960	\$ 1,694,012
Items not involving cash:				
Amortization of capital assets	182,355	135,555	494,945	352,625
Amortization of intangible assets	52,778	52,779	158,333	158,334
Amortization of deferred costs	37,438	37,438	112,313	112,316
Amortization of lease inducement	(28,571)	-	(28,571)	-
Non-cash interest and finance charges	1,539	31,813	6,538	38,375
Non-cash lease expense	-	-	197,130	-
Share-based compensation	203,214	125,764	604,805	310,121
Future income tax provision	178,300	398,014	814,886	896,120
	<u>1,285,205</u>	<u>857,577</u>	<u>4,337,339</u>	<u>3,561,903</u>
Changes in non cash operating accounts	424,556	(3,545,130)	(1,579,800)	(7,599,686)
	<u>1,709,761</u>	<u>(2,687,553)</u>	<u>2,757,539</u>	<u>(4,037,783)</u>
Investing activities				
Capital asset additions	(144,903)	(953,554)	(629,174)	(1,675,324)
Proceeds from lease inducement	227,285	-	227,285	-
Other asset additions	-	56,479	-	(2,825)
Loans receivable	(188,500)	-	(738,500)	(33,923)
Acquisitions, net of cash	-	(10,589)	-	-
	<u>(106,118)</u>	<u>(907,664)</u>	<u>(1,140,389)</u>	<u>(1,712,072)</u>
Financing activities				
Repayment of acquisition notes payable	-	-	(3,066,668)	(1,383,333)
Repayment of loans receivable	-	65,000	-	65,000
Repayment of long-term debt	-	(415,990)	-	(665,992)
Repayment of capital lease obligations	(71,353)	(66,152)	(208,331)	(196,313)
Issuance of shares	86,000	29,000	98,500	139,500
Share issue costs	-	(20,535)	(2,051)	(20,535)
Repurchase of common shares	-	(322,399)	(1,026,430)	(1,405,225)
	<u>14,647</u>	<u>(731,076)</u>	<u>(4,204,980)</u>	<u>(3,466,898)</u>
Increase (Decrease) in cash for the period	1,618,290	(4,326,293)	(2,587,830)	(9,216,753)
(Bank Indebtedness)/Cash, beginning of period	(4,574,411)	129,667	(368,291)	5,020,127
(Bank Indebtedness)/Cash, end of period	\$ (2,956,121)	\$ (4,196,626)	\$ (2,956,121)	\$ (4,196,626)