



COMPANY CONTACTS:

Jay S. Hennick
Founder & CEO

D. Scott Patterson
President & COO

John B. Friedrichsen
Senior Vice President & CFO

(416) 960-9500

FOR IMMEDIATE RELEASE

FirstService reports fourth quarter and year-end results

Strategic focus as global leader in diversified real estate services enhanced by sale of Security and growth of investment capital to drive long-term growth

Year-end continuing operations highlights:

- Revenues up 33% to \$1.57 billion
- EBITDA up 9% to \$120 million
- EPS down 3% to \$1.02

TORONTO, Canada, May 15, 2008 – FirstService Corporation (TSX: FSV.TO; NASDAQ: FSRV; preferred shares - TSX: FSV.PR.U) today reported results for its fourth quarter and fiscal year ended March 31, 2008. All amounts are in US dollars.

“We had solid financial performance this year despite a challenging US and global economy which demonstrated the importance of our diversification across service platforms and international markets,” said Jay S. Hennick, Founder and Chief Executive Officer of FirstService Corporation. “Revenues and EBITDA from our Residential Property Management and Property Services divisions were up sharply over the prior year while results from our Commercial Real Estate division were impacted by market conditions and weaker than expected in the fourth quarter.”

For the fiscal year ended March 31, 2008, revenues were \$1.57 billion, an increase of 33% relative to last year. EBITDA (see definition and reconciliation below) increased 9% to \$119.9 million. Adjusted diluted earnings per common share from continuing operations (see definition and reconciliation below) were \$1.02 for the year, versus \$1.05 in the prior year, adjusting for the \$0.23 per common share pro forma impact of the preferred dividends on prior period results. The Company reported the results of its Security segment, the sale of which was announced on April 14, 2008, and its Canadian commercial mortgage operations which was closed during the fourth quarter, as discontinued operations for all periods presented.

Fourth quarter revenues were \$371.7 million, an increase of 35% relative to the same period last year. EBITDA was a loss of \$1.4 million versus a profit of \$20.1 million in the prior year's fourth quarter. The adjusted loss per common share from continuing operations was \$0.34 for the quarter, versus diluted earnings per share of \$0.07 in the prior year period, adjusting for the \$0.09 per common share pro forma impact of the preferred dividends on prior period results. The Commercial Real Estate segment reported operating results below expectations, mainly in its US operations, as described in the Segmented Quarterly Results below.

“Growth through acquisitions in our three core service divisions was significant for FirstService during the year, strengthening our platforms for the long-term, and positioning us to take advantage of global investment opportunities, with more than \$300 million in capital available to move decisively as appropriate within our strategy,” said Mr. Hennick. “The sale of our Security segment intensifies our strategic focus as a global provider of diversified real estate services and we are well financed to build competitive advantage in our key growth areas.”

About FirstService Corporation

FirstService is a global diversified leader in the rapidly growing real estate services sector, providing services in the following three areas: commercial real estate; residential property management; and property services. Industry-leading service platforms include: Colliers International, the third largest global player in commercial real estate; FirstManagement Partners, the largest manager of residential communities in North America; and TFC, North America's largest provider of property services through franchise and contractor networks.

FirstService is a diversified property services company with over US\$1.6 billion in annualized revenues and more than 17,000 employees worldwide. More information about FirstService is available at www.firstservice.com.

Segmented Quarterly Results

Revenues in Commercial Real Estate Services totalled \$170.8 million for the quarter, an increase of 24%. Internal growth was 2% (down 5% after adjusting for foreign exchange), primarily due to sharply reduced transaction volumes in the US and Asia Pacific regions relative to the prior year. The balance of the revenue growth was the

result of acquisitions completed in prior quarters. Fourth quarter EBITDA was a loss of \$13.5 million, versus a profit of \$11.1 million in the year-ago period. The primary contributing factors to the EBITDA decline were (i) operating losses at the US commercial mortgage brokerage operations; (ii) operating losses in certain US offices due to decline in investment and sales brokerage volumes; and (iii) lower than expected operating margins in Australia and other Asian markets relative to the prior year quarter. Results in Canada, Eastern Europe and Latin America were mainly in line with expectations, though the results of the recently acquired Russian operations negatively impacted profitability more than expected due to investment spending and seasonal factors impacting transaction volumes.

Residential Property Management revenues increased to \$140.5 million for the quarter, 30% higher than in the prior year period. Internal growth of 10% was attributable to property management contract wins, primarily in Florida and in the US Northeast. The balance of revenue growth resulted from acquisitions in the California and Texas markets completed during the first quarter and a recent acquisition in the Northeast completed in the fourth quarter. EBITDA for the quarter was \$10.0 million, up 16% from \$8.6 million one year ago.

Revenues in Property Services totalled \$60.3 million, an increase of 103% over the prior year period, largely attributable to the October 2007 acquisition of Field Asset Services. EBITDA in the fourth quarter was \$3.1 million, up 59% from \$2.0 million last year.

Quarterly corporate costs were \$2.5 million versus \$4.4 million recorded in the prior year period, primarily as a result of a reduction in performance-based incentive compensation.

A comparison of segmented EBITDA to operating earnings is provided below.

Disposal of Integrated Security Services Segment

On April 14, 2008, the Company announced that it had entered a definitive agreement to sell its Integrated Security Services segment. The transaction is expected to close as soon as practicable following receipt of required regulatory approvals and satisfaction of other customary closing conditions. These operations generated revenues of \$58.0 million for the fourth quarter, up 28%, and EBITDA of \$5.2 million, up 139% versus the prior year period. The Security segment is reported as a discontinued operation for all periods presented.

Canadian Commercial Mortgage Operations

As announced on January 29, 2008, the Company decided to wind down its Canadian commercial mortgage operation during the fourth quarter. The wind down is complete as of the current date except for the disposal of remaining mortgage loans receivable. The mortgage assets are expected to be sold as soon as practicable. This operation is reported as a discontinued operation for all periods presented.

Change in Year-end

The Company historically had a March 31 year-end primarily due to weather-related seasonality in its operations. Over the years, the Company's operations have changed such that weather-related seasonality is no longer material. In addition, two of the Company's three remaining segments currently operate on a calendar year basis. As a result, the Company's Board of Directors approved a change in the year-end of the Company to December 31, effective December 31, 2008, pending receipt of consent from relevant tax authorities.

The proposed change in year-end will not cause any change in quarter-ends, will bring the Company's year-end into alignment with its peers in the market, and is expected to generate cost savings due to the elimination of duplication of audits at the two segments that already have calendar year-ends.

Financial Outlook

The Company's Board of Directors carefully considered a number of factors concerning financial outlooks, including volatility in the markets in which the Commercial Real Estate Services business operates, volatility in foreign exchange rates, and the practices of the Company's publicly-traded peers, who do not provide annual financial outlooks. As a result, the Company has decided not to provide an annual financial outlook.

FirstService is committed to a long-term growth strategy that includes average internal revenue growth in the 8-10% range combined with acquisitions to build each of its service platforms, resulting in average percentage growth in revenues, EBITDA and earnings per share in the mid- to upper-teens or better.

Conference Call

FirstService will be holding a conference call on Thursday, May 15, 2008 at 11:00 a.m. Eastern Time to discuss results for the fourth quarter and full fiscal year. The call will be simultaneously web cast and can be accessed live or after the call at www.firstservice.com in the "Investor Relations / News and Media" section.

Forward-looking Statements

This press release includes forward-looking statements. Forward-looking statements include the Company's financial performance outlook and statements regarding goals, beliefs, strategies, objectives, plans or current expectations. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements contemplated in the forward-looking statements. Such factors include: (i) general economic and business conditions, which will, among other things, impact demand for the Company's services and the cost of providing services; (ii) the ability of the Company to implement its business strategy, including the Company's ability to acquire suitable acquisition candidates on acceptable terms and successfully integrate newly acquired businesses with its existing businesses; (iii) changes in or the failure to comply with government regulations; and (iv) other factors which are described in the Company's filings with the Ontario Securities Commission.

FIRSTSERVICE CORPORATION
Condensed Consolidated Statements of Earnings

(in thousands of US dollars, except per share amounts)
(unaudited)

	Three months ended March 31		Year ended March 31	
	2008	2007	2008	2007
Revenues	\$ 371,686	\$ 275,691	\$ 1,573,215	\$ 1,180,990
Cost of revenues	236,801	158,587	939,254	731,169
Selling, general and administrative expenses	137,703	99,836	521,906	344,968
Depreciation and amortization other than backlog	9,938	6,091	33,263	20,571
Amortization of brokerage backlog (1)	1,083	1,294	5,216	8,164
Operating (loss) earnings	(13,839)	9,883	73,576	76,118
Interest expense, net	4,089	1,809	13,502	7,735
Other (income) expense	(826)	81	(4,647)	(4,848)
Impairment loss on available-for-sale securities	-	3,139	-	3,139
	(17,102)	4,854	64,721	70,092
Income taxes (recovery)	(8,861)	(827)	16,195	20,261
	(8,241)	5,681	48,526	49,831
Minority interest share of (loss) earnings	(79)	3,095	15,461	15,799
Net (loss) earnings from continuing operations	(8,162)	2,586	33,065	34,032
Discontinued operations, net of tax (2)	(1,199)	(233)	1,334	2,184
Net (loss) earnings before cumulative effect of change in accounting principle	(9,361)	2,353	34,399	36,216
Cumulative effect of change in accounting principle, net of tax (3)	-	-	-	(1,353)
Net (loss) earnings	\$ (9,361)	\$ 2,353	\$ 34,399	\$ 34,863
Preferred share dividends	2,616	-	6,952	-
Net (loss) earnings available to common shareholders	\$ (11,977)	\$ 2,353	\$ 27,447	\$ 34,863
Net (loss) earnings per common share				
Basic				
Continuing operations	\$ (0.36)	\$ 0.09	\$ 0.87	\$ 1.14
Discontinued operations	(0.04)	(0.01)	0.05	0.07
Cumulative effect of change in accounting principle	-	-	-	(0.04)
	\$ (0.40)	\$ 0.08	\$ 0.92	\$ 1.17
Diluted (4)				
Continuing operations	\$ (0.36)	\$ 0.07	\$ 0.81	\$ 1.05
Discontinued operations	(0.04)	(0.01)	0.04	0.07
Cumulative effect of change in accounting principle	-	-	-	(0.04)
	\$ (0.40)	\$ 0.06	\$ 0.85	\$ 1.08
Weighted average common shares outstanding:				
(in thousands) Basic	29,983	29,913	29,905	29,903
Diluted	30,389	30,275	30,547	30,354
Net (loss) earnings per common share, adjusted diluted continuing operations (5)	\$ (0.34)	\$ 0.07	\$ 1.02	\$ 1.05

Notes to Condensed Consolidated Statements of Earnings

(1) Amortization of short-lived brokerage backlog intangible assets recognized upon the acquisitions of Commercial Real Estate Services businesses in the past twelve months. Brokerage backlog represents the fair value of pending commercial real estate brokerage transactions and listings as at the acquisition date. Amortization is recorded to coincide with the completion of the related brokerage transactions.

(2) Reflects (i) operations of the Integrated Security Services segment; (ii) operations of the Canadian commercial mortgage securitization operation; and (iii) gain on the settlement of a liability in connection with the March 2006 disposal of the Company's Business Services operations.

(3) Cumulative effect of the adoption of SFAS No. 123(R), *Share Based Payment*, on April 1, 2006.

(4) Numerators for diluted earnings per share calculations have been adjusted to reflect dilution from stock options at subsidiaries. The adjustment for the quarter ended March 31, 2008 was nil (2007 - \$679) and year ended March 31, 2008 was \$1,473 (2007 - \$2,228).

(5) See "Reconciliation of operating earnings, net earnings and net earnings per share to adjusted operating earnings, adjusted net earnings and adjusted net earnings per share" below.

Reconciliation of Operating Earnings, Net Earnings and Net Earnings Per Share to Adjusted Operating Earnings, Adjusted Net Earnings and Adjusted Net Earnings Per Share

(in thousands of US dollars, except per share amounts)

(unaudited)

The Company is presenting adjusted earnings measures to (i) eliminate the impact of amortization of the short-lived brokerage backlog intangible asset recognized upon the acquisitions of Commercial Real Estate Services businesses within the past twelve months and (ii) eliminate the impact of the incremental compensation expense related to the review of historical stock option grants. In addition, the Company is presenting the pro forma impact of the preferred dividends on comparative periods. The preferred dividend obligation commenced on August 1, 2007 upon the issuance of the Preferred Shares. All of the adjustments are considered "non-GAAP financial measures" under OSC and SEC guidelines. The following tables provide a reconciliation of the adjusted measures:

	Three months ended		Year ended	
	March 31		March 31	
	2008	2007	2008	2007
Operating (loss) earnings	\$ (13,839)	\$ 9,883	\$ 73,576	\$ 76,118
Amortization of brokerage backlog	1,083	1,294	5,216	8,164
Incremental stock option expense	-	-	3,278	-
Adjusted operating (loss) earnings	\$ (12,756)	\$ 11,177	\$ 82,070	\$ 84,282
Net (loss) earnings from continuing operations	\$ (8,162)	\$ 2,586	\$ 33,065	\$ 34,032
Preferred dividends	(2,616)	-	(6,952)	-
Amortization of brokerage backlog	1,083	1,294	5,216	8,164
Incremental stock option expense	-	-	3,278	-
Impairment loss on available-for-sale securities	-	3,139	-	3,139
Deferred income tax	(427)	(983)	(1,524)	(3,304)
Minority interest	(85)	(150)	(592)	(896)
Adjusted net (loss) earnings from continuing operations	\$ (10,207)	\$ 5,886	\$ 32,491	\$ 41,135

	Three months ended March 31		Year ended March 31	
	2008	2007	2008	2007
Diluted net (loss) earnings per common share from continuing operations	\$ (0.36)	\$ 0.06	\$ 0.81	\$ 1.05
Amortization of brokerage backlog, net of tax	0.02	0.02	0.10	0.15
Incremental stock option expense	-	-	0.11	-
Impairment loss on available-for-sale securities, net of tax	-	0.08	-	0.08
Pro forma impact of preferred dividends on comparative periods	-	(0.09)	-	(0.23)
Adjusted diluted net (loss) earnings per common share from continuing operations	\$ (0.34)	\$ 0.07	\$ 1.02	\$ 1.05

Reconciliation of EBITDA to Operating Earnings

(in thousands of US dollars)
(unaudited)

EBITDA is defined as net earnings from continuing operations before minority interest share of earnings, income taxes, interest, depreciation and amortization and stock-based compensation expense. The Company uses EBITDA to evaluate operating performance. EBITDA is an integral part of the Company's planning and reporting systems. Additionally, the Company uses multiples of current and projected EBITDA in conjunction with discounted cash flow models to determine its overall enterprise valuation and to evaluate acquisition targets. The Company believes EBITDA is a reasonable measure of operating performance because of the low capital intensity of its service operations. The Company believes EBITDA is a financial metric used by many investors to compare companies, especially in the services industry, on the basis of operating results and the ability to incur and service debt. EBITDA is not a recognized measure of financial performance under generally accepted accounting principles in the United States of America (GAAP), and should not be considered as a substitute for operating earnings, net earnings or cash flows from operating activities, as determined in accordance with GAAP. The Company's method of calculating EBITDA may differ from other issuers and accordingly, EBITDA may not be comparable to measures used by other issuers. A reconciliation of EBITDA to operating earnings appears below.

	Three months ended March 31		Year ended March 31	
	2008	2007	2008	2007
Operating (loss) earnings	\$ (13,839)	\$ 9,883	\$ 73,576	\$ 76,118
Depreciation and amortization other than backlog	9,938	6,091	33,263	20,571
Amortization of brokerage backlog	1,083	1,294	5,216	8,164
	(2,818)	17,268	112,055	104,853
Stock-based compensation expense	1,375	2,814	7,819	4,956
EBITDA	\$ (1,443)	\$ 20,082	\$ 119,874	\$ 109,809

Condensed Consolidated Balance Sheets

(in thousands of US dollars)

(unaudited)

	<u>March 31</u> <u>2008</u>	<u>March 31</u> <u>2007</u>
Assets		
Cash and cash equivalents	\$ 76,818	\$ 102,806
Restricted cash	8,858	16,930
Accounts receivable	177,048	124,667
Inventories	20,519	15,293
Other current assets	44,210	36,162
Assets held for resale	88,163	66,499
Current assets	<u>415,616</u>	<u>362,357</u>
Fixed assets	80,991	61,692
Other non-current assets	61,120	39,198
Goodwill and intangibles	488,014	315,587
Assets held for sale	43,602	38,164
Total assets	<u>\$ 1,089,343</u>	<u>\$ 816,998</u>
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities	\$ 238,814	\$ 183,260
Other current liabilities	24,293	25,828
Long term debt – current	24,777	22,101
Liabilities held for sale	45,758	25,638
Current liabilities	<u>333,642</u>	<u>256,827</u>
Long term debt – non-current	331,253	213,030
Other non-current liabilities	18,236	4,876
Deferred income taxes	41,618	29,084
Liabilities held for sale	441	-
Minority interest	58,468	48,306
Shareholders' equity	305,685	264,875
Total liabilities and equity	<u>\$ 1,089,343</u>	<u>\$ 816,998</u>
Total debt	<u>\$ 356,030</u>	<u>\$ 235,131</u>
Total debt, net of cash	<u>279,212</u>	<u>132,325</u>

Condensed Consolidated Statements of Cash Flows

(in thousands of US dollars)

(unaudited)

	Year ended March 31	
	<u>2008</u>	<u>2007</u>
Operating activities		
Net earnings from continuing operations	\$ 33,065	\$ 34,032
Items not affecting cash:		
Depreciation and amortization	38,479	28,735
Deferred income taxes	(20,785)	(7,267)
Minority interest share of earnings	15,461	15,799
Other	9,901	5,810
Changes in operating assets and liabilities	(28,250)	(8,550)
Discontinued operations	4,787	(8,769)
Net cash provided by operating activities	<u>52,658</u>	<u>59,790</u>
Investing activities		
Acquisitions of businesses, net of cash acquired	(156,008)	(70,096)
Purchases of fixed assets, net	(32,183)	(25,145)
Other investing activities	16,324	(3,939)
Discontinued operations	(3,186)	(2,965)
Net cash used in investing	<u>(175,053)</u>	<u>(102,145)</u>
Financing activities		
Increase (decrease) in long-term debt, net	119,538	(15,495)
Other financing activities	(17,711)	(13,429)
Discontinued operations	(5,132)	5,132
Net cash provided by (used in) financing	<u>96,695</u>	<u>(23,792)</u>
Effect of exchange rate changes on cash	<u>2,196</u>	<u>2,379</u>
Decrease in cash and cash equivalents	(23,504)	(63,768)
Cash and cash equivalents, beginning of period, including cash held by discontinued operations of \$1,364 (2007 - \$3,531)	<u>\$ 104,170</u>	<u>\$ 167,938</u>
Cash and cash equivalents, end of period, including cash held by discontinued operations of \$3,848 (2007 - \$1,364)	<u>\$ 80,666</u>	<u>\$ 104,170</u>

Segmented Revenues, EBITDA and Operating Earnings

(in thousands of US dollars)
(unaudited)

	Commercial Real Estate Services	Residential Property Management	Property Services*	Corporate	Consolidated
Three months ended March 31					
2008					
Revenues	\$ 170,837	\$ 140,474	\$ 60,308	\$ 67	\$ 371,686
EBITDA	(13,465)	10,023	3,104	(2,480)	(2,818)
Stock-based compensation					1,375
					(1,443)
Operating earnings (loss)	(19,552)	6,952	1,378	(2,617)	(13,839)
2007					
Revenues	\$ 137,908	\$ 107,722	\$ 29,728	\$ 333	\$ 275,691
EBITDA	11,066	8,612	1,951	(4,361)	17,268
Stock-based compensation					2,814
					20,082
Operating earnings (loss)	7,030	6,303	927	(4,377)	9,883

	Commercial Real Estate Services	Residential Property Management	Property Services*	Corporate	Consolidated
Year ended March 31					
2008					
Revenues	\$ 810,969	\$ 544,926	\$ 216,972	\$ 348	\$ 1,573,215
EBITDA	39,033	50,239	38,399	(15,616)	112,055
Stock-based compensation					7,819
					119,874
Operating earnings (loss)	17,008	39,790	32,745	(15,967)	73,576
2007					
Revenues	\$ 605,845	\$ 423,797	\$ 150,794	\$ 554	\$ 1,180,990
EBITDA	48,578	40,267	30,564	(14,556)	104,853
Stock-based compensation					4,956
					109,809
Operating earnings (loss)	32,363	32,622	25,911	(14,778)	76,118

* Segment previously referred to as Property Improvement Services.