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FOR IMMEDIATE RELEASE

FirstService reports solid second quarter results

Generates US\$155 million in net cash proceeds, after-tax gain of \$69 million and \$2.34 per share on sale of Integrated Security division

Second quarter operating highlights:

	September 30, 2008	September 30, 2007	
Revenues	\$ 453.8 million	\$ 379.9 million	+19%
EBITDA	\$ 45.0 million	\$ 41.9 million	+7%
Adjusted EPS from continuing operations	\$ 0.62	\$ 0.53	+17%

TORONTO, Canada, October 29, 2008 – FirstService Corporation (TSX: FSV; Nasdaq: FSRV; preferred shares - TSX: FSV.PR.U) today reported results for its second quarter ended September 30, 2008. All amounts are in US dollars.

Quarterly revenues were \$453.8 million, an increase of 19% relative to the same period last year. EBITDA (see definition and reconciliation below) increased 7% to \$45.0 million. Adjusted diluted earnings per share from continuing operations (see definition and reconciliation below) were \$0.62 for the quarter versus \$0.53 in the prior year period, up 17%.

Net earnings from continuing operations in accordance with GAAP were \$12.4 million versus \$15.9 million in the prior year period. Diluted net earnings per share from continuing operations in accordance with GAAP were \$0.33, versus \$0.41 in the prior year period, after considering the pro forma affect of preferred share dividends on the prior year period.

For the six months ended September 30, 2008, revenues were \$911.6 million, an increase of 21% relative to the same period last year. EBITDA increased 6% to \$90.1 million. Adjusted diluted earnings per share from continuing operations were \$1.12 for the six months versus \$1.00 in the prior year period, up 12%.

Net earnings from continuing operations in accordance with GAAP for the six month period were \$28.5 million versus \$31.5 million in the prior year period. Diluted net earnings per share from continuing operations in accordance with GAAP were \$0.74, versus \$0.80 in the prior year period, after considering the pro forma affect of preferred share dividends on the prior year period.

On July 1, 2008, FirstService completed the sale of its Integrated Security division, resulting in an after-tax gain of \$69.3 million, or \$2.34 per share. The sale resulted in net cash proceeds of \$155.0 million, which were primarily applied to reduce indebtedness under the Company's revolving credit facility. The Integrated Security division has been classified as a discontinued operation.

“Given current market conditions, we are pleased with our operating results for the quarter which highlight the advantages of our service line diversification, valuable recurring and repeat revenue streams and strong balance sheet and cash flows”, said Jay S. Hennick, Founder and Chief Executive Officer of FirstService Corporation. “The sale of our Integrated Security business early in the quarter, for net cash proceeds of \$155 million, reduced our indebtedness and further augmented our already strong balance sheet. The result is the lowest leverage ratios in our history as a public company giving us the financial strength and flexibility we need to continue to grow and prosper in the years to come”, he added.

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: FirstService Commercial Real Estate Services, the fourth 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 more than US\$1.9 billion in annualized revenues and over 17,000 employees worldwide. More information about FirstService is available at www.firstservice.com.

Segmented Quarterly Results

Revenues in Commercial Real Estate Services totalled \$188.9 million for the quarter, flat relative to the prior year quarter, with an 8% decline in internal revenues fully offset by revenues from acquisitions completed during the past twelve months. Excluding the impact of foreign exchange fluctuations, internal revenues declined 11%. Investment sales activities slowed considerably in the United States and Australia relative to the prior year quarter, resulting in internal revenue declines of approximately 20% in these markets. Second quarter EBITDA was \$9.9 million, down 26% versus the year-ago period. EBITDA was negatively impacted by (i) lower revenues and (ii) \$2.0 million in foreign exchange translation losses resulting from significant exchange rate movements during the quarter.

Residential Property Management revenues increased to \$167.4 million for the quarter, 16% higher than in the prior year period. Internal growth was 8%, attributable to property management contracts won during the last twelve months as well as increases in ancillary maintenance revenues, while the balance of revenue growth resulted from an acquisition completed late last year. EBITDA for the quarter was \$17.7 million, up 8% from \$16.4 million one year ago.

Revenues in Property Services totalled \$97.5 million, an increase of 109% over the prior year period. The revenue increase was attributable to the October 2007 acquisition of Field Asset Services, a leading provider of residential property preservation and foreclosure management services to the US financial services industry. Internal revenues in the segment, excluding Field Asset Services, declined 6%, as the Company's consumer-oriented businesses, in particular California Closets, continued to be challenged by the weakening US economy. EBITDA in the second quarter was \$20.3 million, up 45% from \$14.0 million last year. EBITDA margins in the Property Services segment are affected by Field Asset Services, which carries lower operating margins than traditional franchising.

Quarterly corporate costs were \$3.2 million, versus \$3.5 million in the prior year period.

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

Non-operating Charges

During the quarter, the Company reported two non-operating charges that impacted reported operating results under GAAP. First, a \$2.5 million non-cash impairment loss was recognized on the Company's 7% stake in Resolve Business Outsourcing Income Fund which was "marked-to-market" in accordance with GAAP. Second, a \$5.7 million divestiture bonus was paid to management in connection with the completion of the sale of the Integrated Security division and the related gain on the transaction. Although the divestiture bonus related to a discontinued operation, under GAAP it was required to be reported in continuing operations. Both of these non-operating charges were excluded from adjusted earnings per share.

Share Repurchases

During the quarter ended September 30, 2008, the Company repurchased 91,200 Preferred Shares on the open market under its Normal Course Issuer Bid ("NCIB") at an average price of \$18.31 per share. The Company is authorized to repurchase up to an additional 1.76 million Subordinate Voting Shares and 383,800 Preferred Shares under the NCIB which expires on June 6, 2009.

Conference Call

FirstService will be holding a conference call on Wednesday, October 29, 2008 at 11:00 am Eastern Time to discuss results for the first quarter. The call will be simultaneously web cast and can be accessed live or after the call at www.firstservice.com in the "Investor Relations / Newsroom" 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 September 30		Six months ended September 30	
	2008	2007	2008	2007
Revenues	\$ 453,758	\$ 379,935	\$ 911,601	\$ 750,429
Cost of revenues	271,147	223,310	546,726	445,924
Selling, general and administrative expenses	137,919	116,345	276,065	222,336
Depreciation	5,664	4,602	11,809	8,789
Amortization of intangible assets other than backlog	4,146	2,445	7,775	4,609
Amortization of backlog	431	1,463	960	2,518
Operating earnings	34,451	31,770	68,266	66,253
Other income	(1,354)	(1,216)	(2,397)	(2,494)
Impairment loss on available-for-sale securities (1)	2,485	-	2,485	-
Integrated Security division divestiture bonus (2)	5,715	-	5,715	-
Interest expense, net	1,439	2,989	5,413	5,977
	26,166	29,997	57,050	62,770
Income taxes	8,103	9,874	16,881	20,410
	18,063	20,123	40,169	42,360
Minority interest share of earnings	5,645	4,264	11,640	10,816
Net earnings from continuing operations	12,418	15,859	28,529	31,544
Discontinued operations, net of tax (3)	68,328	1,834	70,082	4,231
Net earnings	\$ 80,746	\$ 17,693	\$ 98,611	\$ 35,775
Preferred share dividends	2,538	1,720	5,154	1,720
Net earnings available to common shareholders	\$ 78,208	\$ 15,973	\$ 93,457	\$ 34,055
Net earnings per common share				
Basic				
Continuing operations	\$ 0.34	\$ 0.47	\$ 0.79	\$ 1.00
Discontinued operations	2.32	0.06	2.35	0.14
	\$ 2.66	\$ 0.53	\$ 3.14	\$ 1.14
Diluted (4)				
Continuing operations	\$ 0.33	\$ 0.44	\$ 0.74	\$ 0.92
Discontinued operations	2.31	0.06	2.34	0.14
	\$ 2.64	\$ 0.50	\$ 3.08	\$ 1.06
Adjusted diluted net earnings per common share from continuing operations (5)	\$ 0.62	\$ 0.53	\$ 1.12	\$ 1.00
Weighted average common shares outstanding:				
(in thousands)				
Basic	29,395	29,896	29,746	29,866
Diluted	29,568	30,385	29,971	30,390

Notes to Condensed Consolidated Statements of Earnings

(1) Non-cash loss recognized on an other-than-temporary impairment of the Company's 7% equity stake in Resolve Business Outsourcing Income Fund.

(2) Non-recurring cash bonus paid to management upon the successful completion of the sale of the Integrated Security division.

(3) Reflects: (i) Integrated Security division and (ii) Canadian commercial mortgage securitization operation.

(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 September 30, 2008 was \$62 (2007 - \$729) and six months ended September 30, 2008 was \$1,098 (2007 - \$1,748).

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

Reconciliation of Net Earnings and Net Earnings Per Share to 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 eliminate the impact of (i) amortization expense related to intangible assets recognized in connection with acquisitions, (ii) stock-based compensation expense, (iii) a non-recurring bonus paid to management upon the divestiture of the Integrated Security division and (iv) a non-cash impairment loss on available-for-sale securities. In addition, the Company is presenting the pro forma impact of preferred share dividends on comparative periods. The preferred share dividend obligation commenced on August 1, 2007 upon the issuance of the Preferred Shares. All of the adjustments are non-cash and are considered “non-GAAP financial measures” under OSC and SEC guidelines. The following tables provide a reconciliation of the adjusted measures:

	Three months ended September 30		Six months ended September 30	
	2008	2007	2008	2007
Net earnings from continuing operations	\$ 12,418	\$ 15,859	\$ 28,529	\$ 31,544
Preferred dividends	(2,538)	(1,720)	(5,154)	(1,720)
Amortization of intangible assets other than backlog	4,146	2,445	7,775	4,609
Amortization of backlog	431	1,463	960	2,518
Impairment loss on available-for-sale securities	2,485	-	2,485	-
Integrated Security division divestiture bonus	5,715	-	5,715	-
Stock-based compensation expense	326	1,614	1,271	2,464
Income tax on adjustments	(4,250)	(1,563)	(6,045)	(2,740)
Minority interest on adjustments	(402)	(467)	(779)	(824)
Adjusted net earnings from continuing operations	\$ 18,331	\$ 17,631	\$ 34,757	\$ 35,851
Diluted net earnings per common share from continuing operations	\$ 0.33	\$ 0.44	\$ 0.74	\$ 0.92
Pro forma impact of preferred share dividends on comparative period	-	(0.03)	-	(0.12)
	0.33	0.41	0.74	0.80
Amortization of intangible assets other than backlog, net of income tax	0.08	0.05	0.14	0.09
Amortization of backlog, net of income tax	0.01	0.03	0.02	0.05
Impairment loss on available-for-sale securities, net of income tax	0.07	-	0.07	-
Integrated Security division divestiture bonus, net of income tax	0.12	-	0.12	-
Stock-based compensation expense, net of income tax	0.01	0.04	0.03	0.06
Adjusted diluted net earnings per common share from continuing operations	\$ 0.62	\$ 0.53	\$ 1.12	\$ 1.00

Reconciliation of EBITDA to Net Earnings from Continuing Operations

(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, stock-based compensation expense and other non-cash or non-recurring expenses. 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 United States generally accepted accounting principles (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 net earnings from continuing operations appears below.

	Three months ended September 30		Six months ended September 30	
	2008	2007	2008	2007
Net earnings from continuing operations	\$ 12,418	\$ 15,859	\$ 28,529	\$ 31,544
Minority interest share of earnings	5,645	4,264	11,640	10,816
Income taxes	8,103	9,874	16,881	20,410
Other income	(1,354)	(1,216)	(2,397)	(2,494)
Integrated Security division divestiture bonus	5,715	-	5,715	-
Impairment loss on available-for-sale securities	2,485	-	2,485	-
Interest expense, net	1,439	2,989	5,413	5,977
Operating earnings	34,451	31,770	68,266	66,253
Depreciation	5,664	4,602	11,809	8,789
Amortization of intangible assets other than backlog	4,146	2,445	7,775	4,609
Amortization of backlog	431	1,463	960	2,518
	44,692	40,280	88,810	82,169
Stock-based compensation expense	326	1,614	1,271	2,464
EBITDA	\$ 45,018	\$ 41,894	\$ 90,081	\$ 84,633

Condensed Consolidated Balance Sheets

(in thousands of US dollars)

(unaudited)

	<u>September 30</u> <u>2008</u>	<u>March 31</u> <u>2008</u>
Assets		
Cash and cash equivalents	\$ 94,855	\$ 76,818
Restricted cash	9,901	8,858
Accounts receivable	192,095	177,048
Inventories	10,593	20,519
Prepays and other current assets	75,792	74,700
Assets held for sale	18,223	88,163
Current assets	401,459	446,106
Fixed assets	81,574	80,991
Other non-current assets	43,212	30,630
Goodwill and intangibles	497,439	488,014
Assets held for sale	3,419	43,602
Total assets	\$ 1,027,103	\$ 1,089,343
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities	\$ 217,169	\$ 238,814
Other current liabilities	45,167	24,293
Long term debt – current	22,677	24,777
Liabilities related to assets held for sale	12,045	45,758
Current liabilities	297,058	333,642
Long term debt – non-current	222,123	331,253
Other liabilities	19,322	18,236
Deferred income taxes	33,956	41,618
Liabilities related to assets held for sale	-	441
Minority interest	59,362	58,468
Shareholders' equity	395,282	305,685
Total liabilities and equity	\$ 1,027,103	\$ 1,089,343
Total debt	<u>\$ 244,800</u>	<u>\$ 356,030</u>
Total debt, net of cash	<u>149,945</u>	<u>279,212</u>

Condensed Consolidated Statements of Cash Flows

(in thousands of US dollars)

(unaudited)

	Three months ended September 30		Six months ended September 30	
	2008	2007	2008	2007
Operating activities				
Net earnings from continuing operations	\$ 12,418	\$ 15,859	\$ 28,529	\$ 31,544
Items not affecting cash:				
Depreciation and amortization	10,241	8,510	20,544	15,916
Deferred income taxes	(3,095)	(1,467)	(4,261)	(2,460)
Minority interest share of earnings	5,645	4,264	11,640	10,816
Other	119	1,740	930	2,568
Changes in operating assets and liabilities	(2,641)	(9,693)	(34,480)	(20,586)
Discontinued operations	251	(16,266)	2,616	(3,327)
Net cash provided by operating activities	22,938	2,947	25,518	34,471
Investing activities				
Acquisitions of businesses, net of cash acquired	(14,689)	(24,306)	(23,855)	(76,277)
Purchases of fixed assets, net	(3,954)	(5,072)	(12,127)	(15,176)
Other investing activities	8,713	(3,337)	9,903	6,949
Discontinued operations	155,031	(1,917)	154,355	(2,604)
Net cash provided by (used in) investing	145,101	(34,632)	128,276	(87,108)
Financing activities				
(Decrease) increase in long-term debt, net	(136,357)	18,606	(112,170)	25,493
Other financing activities	(5,746)	(486)	(28,871)	(4,936)
Discontinued operations	-	6,159	-	3,555
Net cash (used in) provided by financing	(142,103)	24,279	(141,041)	24,112
Effect of exchange rate changes on cash	(108)	2,473	1,636	7,618
Increase (decrease) in cash and cash equivalents	25,828	(4,933)	14,389	(20,907)
Cash and cash equivalents, beginning of period including cash held by discontinued operations	\$ 69,227	\$ 88,196	\$ 80,666	\$ 104,170
Cash and cash equivalents, end of period including cash held by discontinued operations	\$ 95,055	\$ 83,263	\$ 95,055	\$ 83,263

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 September 30					
2008					
Revenues	\$ 188,865	\$ 167,388	\$ 97,467	\$ 38	\$ 453,758
EBITDA	9,850	17,744	20,266	(3,168)	44,692
Stock-based compensation					326
					<u>45,018</u>
Operating earnings	4,259	15,039	18,408	(3,255)	34,451
2007					
Revenues	\$ 188,842	\$ 144,448	\$ 46,555	\$ 90	\$ 379,935
EBITDA	13,379	16,414	13,966	(3,479)	40,280
Stock-based compensation					1,614
					<u>41,894</u>
Operating earnings	8,608	13,961	12,751	(3,550)	31,770

Six months ended September 30

	Commercial Real Estate Services	Residential Property Management	Property Services	Corporate	Consolidated
2008					
Revenues	\$ 402,841	\$ 330,564	\$ 178,104	\$ 92	\$ 911,601
EBITDA	28,900	33,603	32,265	(5,958)	88,810
Stock-based compensation					1,271
					<u>90,081</u>
Operating earnings	17,791	28,057	28,554	(6,136)	68,266
2007					
Revenues	\$ 382,405	\$ 278,493	\$ 89,365	\$ 166	\$ 750,429
EBITDA	32,795	30,116	25,514	(6,256)	82,169
Stock-based compensation					2,464
					<u>84,633</u>
Operating earnings	24,133	25,473	23,042	(6,395)	66,253