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FOR IMMEDIATE RELEASE

FirstService reports first quarter results

First quarter highlights:

- **Revenues up 24%**
- **EBITDA up 5%**
- **Adjusted EPS up 6%**

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

Quarterly revenues were \$457.8 million, an increase of 24% relative to the same period last year. EBITDA (see definition and reconciliation below) increased 5% to \$45.1 million. Adjusted diluted earnings per share from continuing operations (see definition and reconciliation below) were \$0.51 for the quarter versus \$0.48 in the prior year period, up 6%.

Net earnings from continuing operations in accordance with GAAP were \$16.1 million, up 3% versus the prior year period. Diluted net earnings per share from continuing operations in accordance with GAAP were \$0.41, up from \$0.40 in prior year period, after considering the pro forma affect of preferred share dividends on the prior year period.

“Despite difficult market conditions in the US, we are pleased with our first quarter results, which highlight the advantages of our service line and geographic diversification and significant recurring revenue streams”, said Jay S. Hennick, Founder and Chief Executive Officer of FirstService Corporation. “Although we expect challenging market conditions to prevail for the coming year, these same conditions are providing us with an abundance of acquisition opportunities, which we will continue to carefully evaluate as we redeploy the significant proceeds received from the sale of our security division, completed just after the end of the quarter”, 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: 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 more than US\$1.7 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 \$214.0 million for the quarter, an increase of 11% relative to the prior year quarter. Revenue growth was comprised of a 3% decline in internal revenues, offset by 14% growth from acquisitions completed during the past twelve months. Excluding the favourable impact of foreign exchange, internal revenues declined 8%. Each of the Asia Pacific, New Europe (comprised of Central and Eastern Europe and Russia), Latin America and Canadian operations experienced internal revenue growth, while the US operations, which comprise approximately 25% of segment revenues, experienced a 30% decline due to difficult market conditions, primarily related to the lack of available credit to support sale transactions. First quarter EBITDA was \$19.1 million, down 2% versus the year-ago period. EBITDA was impacted by weak revenues in the US operations, offset by solid contributions from operations in the Asia Pacific, New Europe, Latin America and Canadian regions, as well as recently acquired tuck-unders.

Residential Property Management revenues increased to \$163.2 million for the quarter, 22% higher than in the prior year period. Internal growth of 11% was attributable to numerous property management contracts won during the last twelve months, while the balance of revenue growth resulted from an acquisition completed late last year. EBITDA for the quarter was \$15.9 million, up 16% from \$13.7 million one year ago.

Revenues in Property Services totalled \$80.6 million, an increase of 88% over the prior year period. The increase in revenues was fully attributable to the October 2007 acquisition of Field Asset Services, a 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, were challenged by the weakening US economy. EBITDA in the first quarter was \$12.0 million, up 4% from \$11.5 million last year, with the positive impact of Field Asset Services largely offset by declines at the consumer-oriented operations. Field Asset Services affects the Property Services segment's EBITDA margin as it employs a vendor network operating model carrying lower operating margins than franchising.

Quarterly corporate costs were \$2.8 million, flat versus \$2.8 million in the prior year period.

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

Share Repurchases

During the quarter ended June 30, 2008, the Company repurchased 960,300 Subordinate Voting Shares on the open market under its Normal Course Issuer Bid ("NCIB"), representing 3.2% of the shares outstanding prior to the repurchase, at an average price of \$15.47 per share. The Company is authorized to repurchase up to an additional 1.76 million shares under the NCIB which expires on June 6, 2009.

Completion of Sale of Security Division

As previously announced, FirstService completed the sale of its Integrated Security Services division for gross proceeds of \$187.5 million on July 1, 2008. The results of operations of this division are reported as discontinued operations for the quarter ended June 30, 2008.

Update to Adjusted Earnings Per Share Measure

Beginning with the quarter ended June 30, 2008, FirstService is updating its method for calculating adjusted earnings per share. The updated measure excludes intangible asset amortization expense and stock-based compensation expense. The previous adjusted EPS measure excluded subsets of amortization expense and stock-based compensation expense. The Company believes that the updated adjusted EPS measure is the best way to assess operating performance and is an important metric in valuing the Company's shares. A reconciliation of the updated adjusted earnings measure to the comparable GAAP earnings measure is provided below.

Conference Call

FirstService will be holding a conference call on Tuesday, July 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 June 30	
	2008	2007
Revenues	\$ 457,843	\$ 370,494
Cost of revenues	275,579	222,614
Selling, general and administrative expenses	138,146	105,991
Depreciation	6,145	4,187
Amortization of intangible assets other than backlog	3,629	2,164
Amortization of backlog	529	1,055
Operating earnings	33,815	34,483
Other income	(1,043)	(1,278)
Interest expense, net	3,974	2,988
	30,884	32,773
Income taxes	8,778	10,536
	22,106	22,237
Minority interest share of earnings	5,995	6,552
Net earnings from continuing operations	16,111	15,685
Discontinued operations, net of tax (1)	1,754	2,397
Net earnings	\$ 17,865	\$ 18,082
Preferred share dividends	2,616	-
Net earnings available to common shareholders	\$ 15,249	\$ 18,082
Net earnings per common share		
Basic		
Continuing operations	\$ 0.45	\$ 0.53
Discontinued operations	0.06	0.08
	\$ 0.51	\$ 0.61
Diluted (2)		
Continuing operations	\$ 0.41	\$ 0.48
Discontinued operations	0.06	0.08
	\$ 0.47	\$ 0.56
Weighted average common shares outstanding:		
(in thousands) Basic	30,099	29,835
Diluted	30,365	30,374
Adjusted diluted net earnings per common share from continuing operations (3)	\$ 0.51	\$ 0.48

Notes to Condensed Consolidated Statements of Earnings

(1) Reflects: (i) the Integrated Security Services segment and (ii) the Canadian commercial mortgage securitization operation.

(2) Numerators for diluted earnings per share calculations have been adjusted to reflect dilution from stock options at subsidiaries. The adjustment for the quarter ended June 30, 2008 was \$1,036 (2007 - \$1,019).

(3) 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 and (ii) stock-based compensation expense. 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 June 30	
	<u>2008</u>	<u>2007</u>
Net earnings from continuing operations	\$ 16,111	\$ 15,685
Amortization of intangible assets other than backlog	3,629	2,164
Amortization of backlog	529	1,055
Stock-based compensation expense	945	850
Deferred income tax	(1,795)	(1,177)
Minority interest	(377)	(357)
Adjusted net earnings from continuing operations	<u>\$ 19,042</u>	<u>\$ 18,220</u>
Diluted net earnings per common share from continuing operations	\$ 0.41	\$ 0.48
Pro forma impact of preferred share dividends on comparative period	-	(0.08)
	<u>0.41</u>	<u>0.40</u>
Amortization of intangible assets other than backlog, net of income tax	0.07	0.04
Amortization of backlog, net of income tax	0.01	0.02
Stock-based compensation expense, net of income tax	0.02	0.02
Adjusted diluted net earnings per common share from continuing operations	<u>\$ 0.51</u>	<u>\$ 0.48</u>

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 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 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 June 30	
	<u>2008</u>	<u>2007</u>
Net earnings from continuing operations	\$ 16,111	\$ 15,685
Minority interest share of earnings	5,995	6,552
Income taxes	8,778	10,536
Other income	(1,043)	(1,278)
Interest expense, net	3,974	2,988
Operating earnings	33,815	34,483
Depreciation	6,145	4,187
Amortization of intangible assets other than backlog	3,629	2,164
Amortization of backlog	529	1,055
	44,118	41,889
Stock-based compensation expense	945	850
EBITDA	\$ 45,063	\$ 42,739

Condensed Consolidated Balance Sheets

(in thousands of US dollars)

(unaudited)

	<u>June 30</u> <u>2008</u>	<u>March 31</u> <u>2008</u>
Assets		
Cash and cash equivalents	\$ 61,868	\$ 76,818
Restricted cash	10,043	8,858
Accounts receivable	207,921	177,048
Inventories	19,683	20,519
Prepays and other current assets	60,191	57,409
Assets held for sale	83,445	88,163
Current assets	443,151	428,815
Fixed assets	83,018	80,991
Other non-current assets	49,994	47,921
Goodwill and intangibles	494,647	488,014
Assets held for sale	42,352	43,602
Total assets	\$ 1,113,162	\$ 1,089,343
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities	\$ 230,708	\$ 238,814
Other current liabilities	35,382	24,293
Long term debt – current	24,224	24,777
Liabilities held for sale	37,858	45,758
Current liabilities	328,172	333,642
Long term debt – non-current	355,993	331,253
Other liabilities	21,621	18,236
Deferred income taxes	37,537	41,618
Liabilities held for sale	-	441
Minority interest	60,468	58,468
Shareholders' equity	309,371	305,685
Total liabilities and equity	\$ 1,113,162	\$ 1,089,343
Total debt	<u>\$ 380,217</u>	<u>\$ 356,030</u>
Total debt, net of cash	<u>318,349</u>	<u>279,212</u>

Condensed Consolidated Statements of Cash Flows

(in thousands of US dollars)

(unaudited)

	Three months ended June 30	
	<u>2008</u>	<u>2007</u>
Operating activities		
Net earnings from continuing operations	\$ 16,111	\$ 15,685
Items not affecting cash:		
Depreciation and amortization	10,303	7,406
Deferred income taxes	(1,166)	(993)
Minority interest share of earnings	6,041	6,552
Other	765	828
Changes in operating assets and liabilities	(31,839)	(10,893)
Discontinued operations	<u>2,365</u>	<u>12,939</u>
Net cash provided by operating activities	<u>2,580</u>	<u>31,524</u>
Investing activities		
Acquisitions of businesses, net of cash acquired	(9,166)	(51,971)
Purchases of fixed assets, net	(8,173)	(10,104)
Other investing activities	1,190	10,286
Discontinued operations	(676)	(687)
Net cash used in investing	<u>(16,825)</u>	<u>(52,476)</u>
Financing activities		
Increase in long-term debt, net	24,187	6,887
Other financing activities	(23,125)	(4,450)
Discontinued operations	-	(2,604)
Net cash provided by (used in) financing	<u>1,062</u>	<u>(167)</u>
Effect of exchange rate changes on cash	<u>1,744</u>	<u>5,145</u>
Decrease in cash and cash equivalents	(11,439)	(15,974)
Cash and cash equivalents, beginning of period including cash held by discontinued operations of \$3,848 (2007 - \$1,364)	<u>\$ 80,666</u>	<u>\$ 104,170</u>
Cash and cash equivalents, end of period including cash held by discontinued operations of \$7,359 (2007 - \$23)	<u>\$ 69,227</u>	<u>\$ 88,196</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 June 30					
2008					
Revenues	\$ 213,976	\$ 163,176	\$ 80,637	\$ 54	\$ 457,843
EBITDA	19,050	15,859	11,999	(2,790)	44,118
Stock-based compensation					945
					<u>45,063</u>
Operating earnings	13,532	13,018	10,146	(2,881)	<u>33,815</u>
2007					
Revenues	\$ 193,563	\$ 134,045	\$ 42,810	\$ 76	\$ 370,494
EBITDA	19,416	13,702	11,548	(2,777)	41,889
Stock-based compensation					850
					<u>42,739</u>
Operating earnings	15,525	11,512	10,291	(2,845)	<u>34,483</u>