



**FOR: FIRSTSERVICE CORPORATION**

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**FOR IMMEDIATE RELEASE**

TSE: FSV  
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**FIRSTSERVICE REPORTS 56% REVENUE GROWTH  
IN FIRST QUARTER**

**TORONTO**, Ontario (July 23, 1998) -- FirstService Corporation today announced financial results for the first quarter of the 1999 fiscal year.

Revenues for the three months ending June 30, 1998 were \$93.5 million, an increase of 56% from the \$59.9 million generated a year earlier while EBITDA increased 39% to \$13.2 million from \$9.5 million. Net earnings before income taxes and minority interest increased 22% to \$8.7 million. Net earnings after income taxes and minority interest were \$5.5 million compared to \$6.0 million in the prior year, primarily as a result of a higher effective tax rate for the quarter. Loss carryforwards utilized in the prior year period resulted in a tax provision of 8% compared to a provision of 30% in the current year period. Earnings per share were \$0.45 compared to \$0.63 in the prior year, impacted by the higher tax rate and an additional 2.9 million shares outstanding.

Diluted earnings per share expressed in U.S. dollars and under U.S. GAAP were \$0.24 compared to \$0.28 in the prior year primarily as a result of the 31% increase in the average number of shares. The U.S. dollar EPS figure was also negatively impacted by a weaker Canadian dollar relative to the prior year.

"The higher tax rate and increase in the average share count effectively flattens the seasonality of our quarterly earnings per share, combining to reduce both earnings per share in the first six months and the loss per share in the final six months", said D. Scott Patterson, Senior Vice President and Chief Financial Officer.

"All of our operations are performing strongly and we are firmly on track to achieving our financial growth targets for the fiscal year", he concluded.

During the quarter, FirstService completed the acquisitions of (i) Harris Fulfillment and Direct Mail through the DDS division of the Company's Business Services Group and (ii) Rossmar Management (Phoenix) and Armstrong Management (Fairfax, Virginia), two community association management companies, bringing the total number of residential units under management to approximately 240,000. The Company also expanded its senior credit facilities by \$100 million to \$200 million-providing additional financing for potential acquisitions.

Revenue from the Property Services division was \$74.0 million, an increase of \$26.0 million or 54% over the prior year. Approximately \$20.0 million of the revenue increase resulted from the acquisitions of Continental, Paul Davis Systems and several tuck-under acquisitions, with the balance resulting from internal growth.

Revenue for the Business Services division was \$19.7 million, an increase of 65% over the prior year, reflecting 22% internal growth and the impact of the acquisitions of Harris Fulfillment and Direct Mail on April 1, 1998.

FirstService Corporation is a leader in the rapidly growing service sector, providing a variety of specialized Property and Business Services to corporate, government, and residential customers throughout North America including community association management, security, lawn care, franchising, business outsourcing and specialized trade material fulfillment.

Certain statements included in this release constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the

actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, impact demand for the Company's services, service industry conditions and capacity; 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; changes in or the failure to comply with government regulations (especially safety and environmental laws and regulations); and other factors which are described in the Company's filings with the Securities and Exchange Commission.

### **FIRSTSERVICE CORPORATION**

(\$ CDN./CDN GAAP)

#### Consolidated Statement of Income

For the three month periods ended June 30

	<u>1998</u>	<u>1997</u>
Revenue	\$93,535,680	\$59,930,079
Cost of services provided	61,939,922	35,482,713
Selling, general and administrative expenses	<u>18,416,410</u>	<u>14,989,727</u>
EBITDA	13,179,348	9,457,639
Depreciation & Amortization	2,633,119	1,415,821
Interest	<u>1,883,364</u>	<u>941,483</u>
Earnings before the following:	8,662,865	7,100,335
Income taxes	<u>2,598,431</u>	<u>544,157</u>
Earnings before minority interest	6,064,434	6,556,178
Minority interest share of earnings	<u>552,244</u>	<u>603,772</u>
Earnings	<u>\$5,512,190</u>	<u>\$5,952,406</u>
Basic earnings per share	\$0.45	\$0.63
Weighted average shares outstanding during the period	12,345,515	9,436,195

### **Condensed Balance Sheet**

As at June 30

<u>Assets</u>	1998	1997
Cash	\$ 401,263	\$ 3,636,743
Accounts receivable (net)	60,677,145	37,739,018
Inventory and other current assets	<u>15,128,418</u>	<u>14,065,280</u>
Current assets	76,206,826	55,441,041
Goodwill	92,025,536	56,599,857
Capital and other assets	<u>64,978,596</u>	<u>31,284,101</u>
Total assets	<u>233,210,958</u>	<u>\$143,324,999</u>
<u>Liabilities and equity</u>		
Accounts payable and other current liabilities	31,803,273	26,087,547
Unearned revenue	9,549,836	9,164,679
L.T. debt - current	<u>3,734,822</u>	<u>4,759,666</u>
Current liabilities	45,087,931	40,011,892
Long term debt	100,401,836	62,725,904
Minority interest	8,565,698	6,612,355
Shareholders equity	<u>79,155,493</u>	<u>33,974,848</u>
Total liabilities and equity	<u>\$233,210,958</u>	<u>\$143,324,999</u>

### **FIRSTSERVICE CORPORATION**

(\$ US/US GAAP)

**Consolidated Statement of Income**

For the three month periods ended June 30

	<u>1998</u>	<u>1997</u>
Revenue	\$64,685,809	\$43,233,357
Cost of services provided	42,835,354	25,597,109
Selling, general and administrative expenses	<u>12,736,107</u>	<u>10,813,538</u>
EBITDA	9,114,348	6,822,710
Depreciation & Amortization	1,820,967	1,021,368
Interest	<u>1,302,465</u>	<u>679,183</u>
Earnings before the following:	5,990,916	5,122,159
Income taxes	<u>2,405,553</u>	<u>1,929,128</u>
Earnings before minority interest	3,585,363	3,193,031
Minority interest share of earnings	<u>381,911</u>	<u>435,559</u>
<b>SUS/US GAAP Earnings</b>	<b><u>\$3,203,452</u></b>	<b><u>\$2,757,472</u></b>
Basic earnings per share	\$0.26	\$0.29
Weighted average shares outstanding during the period	12,345,515	9,436,195
Diluted earnings per share	0.24	0.28
Diluted shares outstanding	13,263,174	9,930,426
Average \$US - Canadian Exchange Rate	1.446	1.3862
\$US - Canadian Exchange Rate at June 30, 1998	1.4678	1.3805

**Foreign Exchange Translation**

More than half of the company's revenues are denominated in U.S. dollars. To provide investors with information regarding the results of our operations for the period in U.S. dollars, we have translated the Consolidated Statement of Income into U.S. dollars at the weighted average exchange rate for the three month period.

**US GAAP Adjustment**

The Consolidated Statement of Income has been adjusted for material differences between Canadian GAAP and US GAAP to reflect US dollar US GAAP disclosure.