



FOR: FIRSTSERVICE CORPORATION  
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**FOR IMMEDIATE RELEASE**

**FIRSTSERVICE POSTS RECORD ANNUAL RESULTS;  
ACHIEVES 54% EARNINGS GROWTH**

**TORONTO**, Ontario May 14, 1998 -- FirstService Corporation (Nasdaq: FSRV; TSE: FSV) today announced record results for the fiscal year ended March 31, 1998 -- the sixth full year in a row in which the Company has exceeded its objective of not less than 20% top and bottom line growth.

For the year, revenue grew to \$275.8 million, up 55% from the \$178.4 million reported a year ago -- leading to earnings before interest, taxes, depreciation and amortization of \$26.1 million, an increase of 58% over \$16.5 million in the previous year. EBITDA margin for the year increased 30 basis points to 9.5% of revenue.

Net Income was \$7.2 million, a 54% increase over the prior year, while earnings per share increased 33% to \$0.69 from \$0.52 -- on an additional 1.3 million average shares outstanding. Earnings per share on a diluted basis in US dollars and under US GAAP, were \$0.41, an increase of 32% over the prior year.

Revenue for the final quarter was \$68.0 million, a 68% gain over the prior year, while the loss before interest, taxes, depreciation and amortization was reduced to \$577,000 from \$4.1 million a year earlier. Net loss for the quarter (one of two in which the company has historically incurred a loss as a result of the seasonal nature of two of its service lines) was \$4.3 million, compared to \$5.9 million in the prior year period -- or \$0.35 versus \$0.63 on a per share basis. The quarterly loss per share in U.S. dollars and under U.S. GAAP was \$0.15, compared to \$0.32 in the prior year.

"Our excellent financial performance is the result of all our service lines meeting or exceeding expectation" said Jay S. Hennick, President and Chief Executive Officer. "We enter a new fiscal year with strong internal

growth and acquisition opportunities and are confident that we will meet our annual growth target of at least 20% again this year."

Revenue from the Property Services division was \$224.4 million, an increase of \$84 million or 60% over the prior year. Approximately \$65 million of the revenue increase resulted from the acquisitions of Continental, Wentworth, Paul Davis Systems and several tuck-under acquisitions, with the balance resulting from internal growth. Security and Community Association Management operations achieved double-digit internal growth rates while the Lawn Care and Franchise operations generated high single-digit internal growth.

Revenue from the Business Services division was \$51.4 million, an increase of 37% over 1997 reflecting double-digit internal growth and the full year impact of DDS Dymet Distribution Services, Ltd., acquired in August, 1996. This division was further strengthened by the acquisitions of Harris Fulfillment and Harris Direct Mail on April 1, 1998, the operating results of which were not reflected in FirstService's results for the 1998 fiscal year.

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.

### Consolidated Statements of Earnings (\$Cdn).

	For the three month periods ended March 31		For the years ended March 31	
	1998	1997	1998	1997
<b>Revenue</b>	<b>\$67,982,554</b>	\$ 40,554,369	<b>\$275,755,412</b>	\$178,362,684
Cost of services provided	<b>50,602,958</b>	31,256,021	<b>183,394,217</b>	114,536,564
Selling, general and administrative expenses	<b>17,956,343</b>	<u>13,423,966</u>	<b>66,249,760</b>	<u>47,329,311</u>
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<b>EBITDA</b>	<b>(576,747)</b>	(4,125,618)	<b>26,111,435</b>	16,496,809
Depreciation & amortization	<b>2,290,657</b>	1,239,555	<b>7,386,200</b>	5,114,278
Interest	<b>1,182,381</b>	<u>924,278</u>	<b>4,539,849</b>	<u>3,599,121</u>
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	<b>(4,049,785)</b>	(6,289,451)	<b>14,185,386</b>	7,783,410

Earnings (loss) before the following:

Income taxes	<b><u>54,313</u></b>	<u>(720,385)</u>	<b><u>4,358,181</u></b>	<u>2,338,512</u>
-				
Earnings (loss) before minority interest	<b>(4,104,098)</b>	(5,569,066)	<b>9,827,205</b>	5,444,898
Minority interest share of earnings	<b><u>191,831</u></b>	<u>295,315</u>	<b><u>2,637,528</u></b>	<u>769,209</u>
-				
<b>Earnings (loss)</b>	<b><u>(\$4,295,929)</u></b>	<u>(\$5,864,381)</u>	<b><u>\$ 7,189,677</u></b>	<u>\$ 4,675,689</u>
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<b>Basic earnings per share</b>	<b>(\$0.35)</b>	(\$0.63)	<b>\$0.69</b>	\$0.52
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Weighted average shares outstanding during the period	<b>12,199,126</b>	9,256,281	<b>10,370,439</b>	9,069,509
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US GAAP diluted earnings (loss) per share	<b>US (\$0.15)</b>	US (\$0.32)	<b>US \$0.41</b>	US \$0.31

Condensed Balance Sheet (\$Cdn).

As at March 31,

	<b>1998</b>	1997
<b><u>Assets</u></b>		
Cash	<b>\$ 3,728,800</b>	\$ 5,304,209
Accounts receivable (net)	<b>43,792,889</b>	28,387,961
Inventory and other current assets	<b><u>15,128,726</u></b>	<u>11,614,336</u>
<b>Current assets</b>	<b>62,650,415</b>	45,306,506

Goodwill	<b>76,517,534</b>	33,488,481
Capital and other assets	<b><u>40,496,427</u></b>	<u>27,438,839</u>
<b>Total assets</b>	<b><u>\$179,664,376</u></b>	<u>\$106,233,826</u>

**Liabilities and equity**

Accounts payable and other current liabilities	<b>30,604,647</b>	21,313,803
Unearned revenue	<b>10,789,894</b>	9,461,046
L.T. debt - current	<b><u>10,215,407</u></b>	<u>4,888,369</u>
<b>Current liabilities</b>	<b>51,609,948</b>	35,663,218
Long term debt net of current portion	<b>54,185,991</b>	39,785,362
Minority interest	<b>8,116,588</b>	2,361,735
Shareholders` equity	<b><u>65,751,849</u></b>	<u>28,423,511</u>
<b>Total liabilities and equity</b>	<b><u>\$179,664,376</u></b>	<u>\$106,233,826</u>