



FOR: FIRSTSERVICE CORPORATION

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FOR IMMEDIATE RELEASE

TSE: FSV
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FIRSTSERVICE REPORTS US \$0.36 EPS FOR SECOND QUARTER

TORONTO, Ontario (October 27, 1998) -- FirstService Corporation today announced financial results for the second quarter of the 1999 fiscal year.

Revenues for the three months ending September 30, 1998 were \$105.1 million, an increase of 34% from the \$78.4 million generated a year earlier while EBITDA increased 27% to \$18.8 million from \$14.8 million. Net earnings before income taxes and minority interest increased 19% to \$14.0 million. Net earnings after income taxes and minority interest were \$7.3 million compared to \$7.1 million in the prior year, impacted by a higher effective tax rate for the quarter. Loss carryforwards utilized in the prior year period resulted in a tax provision of 29% compared to 40% in the current year period. Earnings per share were \$0.58 compared to \$0.76 in the prior year, as a result of an additional 3.1 million shares outstanding.

Diluted earnings per share expressed in U.S. dollars and under U.S. GAAP were \$0.36 compared to \$0.44 in the prior year, impacted by the 31% increase in the average number of shares outstanding and a weaker Canadian dollar relative to the prior year.

Revenues for the six months ended September 30, 1998 were \$198.7 million, a 44% increase from the \$138.3 million reported in the comparable prior year period. EBITDA was \$32.0 million, up 32% over the \$24.2 million reported last year and earnings were \$12.8 million (Cdn. \$1.03 per share, diluted US\$0.60 per share) versus \$13.1 million (Cdn.\$1.39 per share, diluted US\$0.72 per share) reported in the corresponding prior year period.

"The higher tax rate and increase in the number of shares outstanding reduced earnings per share in the first six months and, similarly, will reduce the seasonal loss per share in the final six months", said D. Scott Patterson, Senior Vice President and Chief Financial Officer. "Our operations continue to perform strongly and we remain on track to achieving our financial growth targets for the fiscal year", he concluded.

Revenue from the Property Services division for the quarter was \$83.0 million, an increase of \$17.1 million or 26% over the prior year. Approximately \$7.0 million of the revenue increase resulted from the acquisitions of Paul Davis Systems and several tuck-under acquisitions, with the balance resulting from internal growth.

Revenue for the Business Services division was \$22.1 million, an increase of 75% over the prior year, reflecting continued strong 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

	Three month periods ended September 30		Six month periods ended September 30	
	1998	1997	1998	1997
Revenue	\$105,123,598	\$78,395,696	\$198,659,278	\$138,325,775
Cost of services provided	65,345,115	47,924,655	127,285,027	83,407,368
Selling, general and administrative expenses	20,969,950	15,692,056	39,386,360	30,681,783
EBITDA	18,808,533	14,778,985	31,987,891	24,236,624
Depreciation & Amortization	2,919,224	1,703,844	5,552,343	3,119,665
Interest	1,919,944	1,261,170	3,803,308	2,202,653
Earnings before the following:	13,969,365	11,813,971	22,632,240	18,914,306
Income taxes	5,562,247	3,454,925	8,160,678	3,999,082
Earnings before minority interest	8,407,118	8,359,046	14,471,562	14,915,224
Minority interest share of earnings	1,141,984	1,225,009	1,694,228	1,828,781
Earnings	\$7,265,134	\$7,134,037	\$12,777,334	\$13,086,443
Basic earnings per share	\$0.58	\$0.76	\$1.03	\$1.39
Weighted ave. shares outstanding during period	12,496,407	9,444,605	12,345,515	9,436,195

Condensed Balance Sheet

As at September 30

Assets	1998	1997
Cash	\$186,315	\$ 129,198
Accounts receivable (net)	73,074,191	41,920,804
Inventory and other current assets	14,291,412	12,989,910
<i>Current assets</i>	87,551,918	55,039,912
Goodwill	93,556,365	56,354,397
Capital and other assets	68,001,788	29,827,884
<i>Total assets</i>	\$249,110,071	\$141,222,193
Liabilities and equity		
Bank indebtedness	90,212	577,584
Accounts payable and other current liabilities	44,676,217	26,736,331
Unearned revenue	3,798,462	4,089,435
L.T. debt - current	4,091,571	6,998,484
<i>Current liabilities</i>	52,656,462	38,401,834
Long term debt net of current portion	97,917,560	53,879,789
Minority interest	9,613,505	7,730,238
Shareholder's equity	88,922,544	41,210,332
<i>Total liabilities and equity</i>	\$249,110,071	\$141,222,193

FIRSTSERVICE CORPORATION

(\$ US/US GAAP)

	Three month periods ended September 30		Six month periods ended September 30	
	1998	1997	1998	1997
Revenue	\$69,402,257	\$56,611,566	\$134,165,785	\$99,838,163
Cost of services provided	43,140,632	34,607,636	85,962,739	60,200,193
Selling, general and administrative expenses	13,844,293	11,331,641	26,599,824	22,144,917

EBITDA	12,417,332	10,672,289	21,603,222	17,493,053
Depreciation & Amortization	1,927,262	1,230,390	3,749,810	2,251,653
Interest	1,267,541	910,724	2,568,588	1,589,789
Earnings before the following:	9,222,529	8,531,175	15,284,824	13,651,611
Income taxes	3,672,177	3,202,574	6,105,678	5,131,059
Earnings before minority interest	5,550,352	5,328,601	9,179,146	8,520,552
Minority interest share of earnings	753,934	884,611	1,144,207	1,319,943
\$US/US GAAP Earnings	\$4,796,418	\$4,443,990	\$8,034,939	\$7,200,609
Diluted earnings per share	\$0.36	\$0.44	\$0.60	\$0.72
Diluted shares outstanding during the period	13,338,234	10,200,000	13,304,185	10,065,000
Average foreign exchange rate for the period	1.5147	1.3848	1.4807	1.3855

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 and six month period respectively.

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.