



FOR: FIRSTSERVICE CORPORATION

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FOR IMMEDIATE RELEASE

FIRSTSERVICE REPORTS FIRST QUARTER RESULTS

TORONTO, Ontario July 23, 2002 -- FirstService Corporation (Nasdaq: FSRV; TSX: FSV) today announced the results for its first quarter ended June 30, 2002.

Revenues for the quarter grew 7% to US\$146.0 million from US\$136.6 million reported in the same quarter a year ago. Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled US\$18.5 million for the first quarter, compared to EBITDA of US\$18.8 million in the previous year's first quarter. Net earnings were US\$7.4 million, up 4.5% versus the prior year's results of US\$7.1 million (before extraordinary item), resulting in diluted earnings per share of US\$0.50 compared to US\$0.49 (before extraordinary item).

FirstService Corporation is a leader in the rapidly growing service sector, providing property and business services to commercial and residential customers throughout North America in the following areas: Residential Property Management; Integrated Security Services; Consumer Services and Business Services, including customer support and fulfillment and business process outsourcing.

SEGMENTED OPERATING RESULTS

Revenues in the Residential Property Management segment were US\$57.1 million, slightly higher than the year ago period. EBITDA was US\$6.5 million, down from US\$7.1 million primarily due to significantly higher insurance costs in the current period as compared to the first quarter of last year.

Integrated Security Services revenues grew 19% relative to a year ago to US\$27.3 million, reflecting internal growth for the quarter of 14% and the impact of the tuck-under acquisition of VASEC which closed in July 2001. EBITDA was US\$2.1 million or 7.7% of revenue compared to US\$1.9 million or 8.3% of revenue in the prior year quarter.

In Consumer Services, revenues increased 13% to US\$29.1 million, driven by internal growth of 8% and the impact of the “branchise” acquisition of California Closets Seattle. EBITDA was US\$6.0 million or 20.7% of revenue compared to US\$5.5 million or 21.4% of revenue in the prior year quarter.

Revenues from Business Services were US\$32.5 million, up 5% over the prior year due to the March 2002 acquisition of Right Choice Services. Business Services EBITDA was US\$5.1 million or 15.7% of revenue, down from US\$5.5 million or 17.6% of revenue in the prior year. The margin decline is primarily the result of lower volumes from DDS Southwest, the Company’s textbook fulfillment operation based in Dallas, Texas. DDS Southwest is a seasonal business generating high margins in the first and second fiscal quarters prior to the commencement of the school year. As expected, volumes are down this year in the markets served by DDS Southwest in accordance with the textbook adoption program for the 2002-2003 school year.

OUTLOOK

The Company is maintaining its outlook for the year ending March 31, 2003 as follows:

(in millions of US dollars, except per share amounts)	Year ending March 31, 2003
Revenues	\$540.0 - \$560.0
EBITDA	\$60.5 - \$63.0
Diluted EPS	\$1.42 - \$1.52

CONFERENCE CALL

FirstService will be holding a conference call on Tuesday, July 23, 2002 at 2:00 pm Eastern Time to discuss results for the first quarter. The call will be simultaneously webcast and can be accessed live or after the call at www.firstservice.com in the “News Release” section.

FORWARD-LOOKING STATEMENTS

Certain statements included in this release constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. 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

Condensed Consolidated Statements of Earnings

(in thousands of US dollars, except per share amounts)

	Three Months Ended June 30	
	<u>2002</u>	<u>2001</u>
Revenues	\$ 146,036	\$ 136,575
Cost of revenues	96,191	89,358
Selling, general and administrative expenses	31,335	28,457
EBITDA	18,510	18,760
Depreciation and amortization of intangibles	3,201	2,956
Interest	2,349	2,668
Earnings before the following:	12,960	13,136
Income taxes	4,277	4,595
Earnings before minority interest	8,683	8,541
Minority interest share of earnings	1,275	1,451
Net earnings before extraordinary item	7,408	7,090
Extraordinary loss on early retirement of debt, net of income tax benefit of \$578	-	797
Net earnings	\$ 7,408	\$ 6,293
Net earnings per share before extraordinary item:		
	Basic	\$ 0.54
	Diluted	\$ 0.50
Net earnings per share:		
	Basic	\$ 0.54
	Diluted	\$ 0.50
Weighted average shares outstanding: (in thousands)		
	Basic	13,800
	Diluted	14,747

Notes to the Condensed Consolidated Statements of Earnings:

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets (SFAS 141 & 142). Effective April 1, 2001, the Company elected early adoption of SFAS 142. The adoption of this standard has the effect of eliminating amortization expense of goodwill and indefinite life intangibles.

EBITDA is not a term recognized under United States generally accepted accounting principles. EBITDA refers to earnings before interest, taxes, depreciation and amortization. Non-US GAAP terms such as EBITDA do not have a standardized meaning and are therefore unlikely to be comparable to similar measures presented by other issuers.

Segmented Revenues and EBITDA

(in thousands of US dollars)

<u>Three Months Ended June 30</u>	<u>Residential Property Management</u>	<u>Integrated Security Services</u>	<u>Consumer Services</u>	<u>Business Services</u>	<u>Corporate</u>	<u>Consolidated</u>
2002						
Revenues	\$ 57,143	\$ 27,310	\$ 29,067	\$ 32,465	\$ 51	\$ 146,036
EBITDA	6,495	2,101	6,012	5,089	(1,187)	18,510
2001						
Revenues	\$ 56,995	\$ 22,874	\$ 25,613	\$ 31,031	\$ 62	\$ 136,575
EBITDA	7,093	1,895	5,473	5,455	(1,156)	18,760

Condensed Consolidated Balance Sheets

(in thousands of US dollars)

	June 30	March 31
	2002	2002
<u>Assets</u>		
Cash and cash equivalents	\$ 10,463	\$ 7,332
Accounts receivable	100,650	88,587
Inventories	8,349	9,078
Prepays and other current assets	14,282	15,874
Current assets	133,744	120,871
Fixed assets	47,107	45,367
Other assets	13,604	11,291
Goodwill and intangibles	183,537	180,676
Total assets	\$ 377,992	\$ 358,205
<u>Liabilities and shareholders' equity</u>		
Accounts payable and other current liabilities	\$ 63,123	\$ 61,698
Unearned revenues	14,356	9,654
Long term debt – current	8,000	7,193
Current liabilities	85,479	78,545
Long term debt less current portion	162,441	160,488
Deferred income taxes	8,519	7,881
Minority interest	12,435	11,449
Shareholders' equity	109,118	99,842
Total liabilities and equity	\$ 377,992	\$ 358,205

Condensed Consolidated Statements of Cash Flows

(in thousands of US dollars)

	Three Months Ended June 30	
	<u>2002</u>	<u>2001</u>
<i>Operating activities</i>		
Net earnings	\$ 7,408	\$ 6,293
Items not affecting cash:		
Depreciation and amortization	3,201	2,956
Deferred income taxes	(1,040)	(159)
Minority interest share of earnings	1,275	1,451
Other	142	1,485
	<u>10,986</u>	<u>12,026</u>
Changes in operating assets and liabilities	<u>(3,534)</u>	<u>(6,172)</u>
Net cash provided by operating activities	<u>7,452</u>	<u>5,854</u>
<i>Investing activities</i>		
Acquisition of businesses, net of cash acquired	(1,904)	(1,190)
Purchases of fixed assets, net	(3,738)	(4,993)
Other investing activities	(786)	(417)
Net cash used in investing	<u>(6,428)</u>	<u>(6,600)</u>
<i>Financing activities</i>		
Net increases in long-term debt	943	6,439
Other financing activities	234	(1,297)
Net cash provided by financing	<u>1,177</u>	<u>5,142</u>
Effect of exchange rate changes on cash	<u>930</u>	<u>(257)</u>
Increase in cash and cash equivalents during the period	3,131	4,139
Cash and cash equivalents, beginning of period	<u>7,332</u>	<u>5,115</u>
Cash and cash equivalents, end of period	<u>\$ 10,463</u>	<u>\$ 9,254</u>