FIRSTSERVICE®

FOR: FIRSTSERVICE CORPORATION

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FOR IMMEDIATE RELEASE

FIRSTSERVICE REPORTS THIRD QUARTER RESULTS, REVISES FISCAL 2003 OUTLOOK AND PROVIDES PRELIMINARY FISCAL 2004 OUTLOOK

TORONTO, Ontario, January 28, 2003 – Despite solid performances in its Consumer Services and Integrated Security Services businesses, FirstService Corporation (Nasdaq: FSRV; TSX: FSV) today reported results that were below expectations for its third quarter ended December 31, 2002. FirstService also provided a revised outlook for the remainder of its fiscal year ending March 31, 2003, which incorporates a plan to reduce costs and realize synergies in its Business Services operations, as well as a preliminary outlook for fiscal 2004.

Third quarter revenues for the Company increased to US$126.7 million, up 8% from US$117.8 million in the comparable quarter one year ago. Earnings before interest, taxes, depreciation and amortization (EBITDA) were US$8.2 million for the quarter, down from US$9.2 million in the prior year's third quarter.

Net earnings were US$1.4 million, compared to US$1.7 million in the prior year period. Diluted earnings per share were US$0.10 versus US$0.12 reported in last year's third quarter.

Revenues for the nine months ended December 31, 2002 were US$417.9 million, a 6% increase from the US$394.9 million reported in the comparable period last year. EBITDA was US$47.9 million compared with US$50.0 million in the prior period, and net earnings and diluted earnings per share (before an extraordinary item in the prior period) were flat year-over-year at US$17.7 million and US$1.21, respectively. Net cash flow from operations for the nine-month period was strong at US$26.4 million, compared to US$18.4 million for the same period in the prior year.

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

Consumer Services revenues rose to US$19.1 million in the third quarter, reflecting strong year-over-year growth of 15%. Internal growth of 10% was the product of strong performances at the California Closets and Paul Davis Restoration franchise systems. The balance of the growth came from the October 2002 acquisitions of two California Closets franchises. For the quarter, EBITDA was US$1.3 million or 6.6% of revenues compared to US$1.0 million or 6.2% of revenues in the prior year quarter.

Third quarter Integrated Security Services revenues were also strong, at US$28.3 million, up 17% relative to the prior year, all due to internal growth. EBITDA was US$2.1 million or 7.4% of revenues up from US$1.6 million or 6.5% of revenues in the prior year quarter. The current quarter's margin was comparable to margins generated in the first and second quarters of fiscal 2003.

Residential Property Management revenues were US$46.8 million, an increase of 3% relative to last year's third quarter. EBITDA was US$2.1 million or 4.6% of revenues, down from US$2.4 million or 5.4% of revenues last year. During the quarter, the segment's restoration activities, which comprised 9% of segment revenues, generated softer than expected results, primarily due to continued difficult market conditions. The Company intends to scale back these operations until market conditions improve. During the quarter, segment results were also impacted by US$0.4 million of increased insurance costs, as previously announced.

Business Services revenues were US$32.4 million in the third quarter, a 3% increase over the prior year quarter, with revenue growth from an acquisition made during the fourth quarter of last year offsetting a 5% internal revenue decline. Revenues were impacted by year-over-year reductions in volumes principally at the Watts Group and also at DDS Distribution Services. EBITDA was US$3.7 million or 11.4% of revenues, down from US$5.2 million or 16.5% of revenues in the third quarter of last year. The margin decline was the result of a mix change from the acquisition, which carries relatively lower margins; the reduction in volumes at Watts, which had a large negative impact on margins due to the relatively high fixed costs associated with its customer support operations; and severance and transition costs related to the previously announced departure of a significant client.

BUSINESS SERVICES INTEGRATION

As a result of continued weakness in the Business Services segment, the Company has initiated a plan to reduce overheads and more aggressively realize synergies. To facilitate the plan, the earn-out in connection with the March 2001 Watts acquisition was settled one year earlier than originally contracted. As a result, the balance of the purchase price contingent on post-acquisition earnings, totalling US$10.4 million, was not paid.

The plan includes certain cost reductions to better align fixed costs with expected revenues and also includes the integration of certain Watts operations with complementary BDP Business Data Services and DDS operating units. The Company expects to recognize and incur integration and severance costs of approximately US$2.5 million in executing the plan during the fourth quarter.

REVISED OUTLOOK FOR THE REMAINDER OF FISCAL 2003

The Company has revised its estimated range for the year ending March 31, 2003. The outlook for EBITDA has been adjusted downward by US$8.0 million, comprised of: (i) US$4.5 million to reflect operational weakness in the third and fourth quarters, primarily at Watts and DDS; (ii) an estimated US$1.0 million reflecting a delay in BDP's Canadian Department of Justice Firearms Registry contract; and (iii) US$2.5 million in connection with the Business Services integration plan discussed above.

Outlook for year ending March 31, 2003 (in millions of US dollars, except per share amounts)	**Previous**	**Revised**
Revenues	$540.0 - $550.0	$535.0 - $540.0
EBITDA	$58.0 - $59.5	$52.5 - $53.5
Business Services integration	-	($2.5)
	$58.0 - $59.5	$50.0 - $51.0
Diluted earnings per share	$1.37 - $1.43	$1.20 - $1.24
Business Services integration	-	($0.12)
	$1.37 - $1.43	$1.08 - $1.12

PRELIMINARY OUTLOOK FOR FISCAL 2004

The Company's preliminary outlook is that its results of operations in fiscal 2004 will be similar to those currently expected for fiscal 2003 before Business Services integration costs, leading to revenues of US$530.0 to US$550.0 million, EBITDA of US$53.0 to US$55.0 million and diluted earnings per share of US$1.20 to US$1.30. The Company is currently in the midst of its budgeting process and expects to introduce an outlook for fiscal 2004 prior to March 31, 2003.

CONFERENCE CALL

FirstService will be holding a conference call on Tuesday, January 28th at 2:00 pm Eastern Time to discuss results for the third quarter and the updated outlook for the remainder of the fiscal year. 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 statements are generally accompanied by words such as "intend", "anticipate", "believe", "estimate", "expect" or similar statements. The Company's actual results may differ materially from such statements. Among the factors that could result in such differences 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 Form 10-K for the year ended March 31, 2002 filed with the Securities and Exchange Commission.

FIRSTSERVICE CORPORATION

Condensed Consolidated Statements of Earnings
(in thousands of US dollars, except per share amounts)
(unaudited)

		Three months ended December 31		Nine months ended December 31	
		2002	2001	**2002**	2001
Revenues		**$ 126,684**	$ 117,809	**$ 417,929**	$ 394,852
Cost of revenues		**89,664**	81,189	**280,998**	260,894
Selling, general and administrative expenses		**28,840**	27,405	**89,077**	83,971
EBITDA[1]		**8,180**	9,215	**47,854**	49,987
Depreciation and amortization of intangibles		**3,393**	3,040	**9,884**	8,896
Interest		**2,082**	3,000	**6,666**	8,951
Earnings before the following:		**2,705**	3,175	**31,304**	32,140
Income taxes		**896**	1,063	**10,330**	10,961
Earnings before minority interest		**1,809**	2,112	**20,974**	21,179
Minority interest share of earnings		**376**	375	**3,241**	3,514
Net earnings before extraordinary item		**1,433**	1,737	**17,733**	17,665
Extraordinary loss on early retirement of debt, net of income tax benefit of nil (2001 - $578)		**-**	-	**-**	797
Net earnings		**$ 1,433**	$ 1,737	**$ 17,733**	$ 16,868
Net earnings per share before extraordinary item:	Basic	**$ 0.10**	$ 0.13	**$ 1.28**	$ 1.31
	Diluted	**0.10**	0.12	**1.21**	1.21
Net earnings per share:	Basic	**0.10**	0.13	**1.28**	1.25
	Diluted	**0.10**	0.12	**1.21**	1.16
Weighted average shares outstanding: (in thousands)	Basic	**13,876**	13,592	**13,846**	13,501
	Diluted	**14,445**	14,644	**14,628**	14,555

[1] EBITDA is not a recognized measure for financial statement presentation under United States or Canadian generally accepted accounting principles (GAAP). EBITDA refers to net earnings before extraordinary items, minority interest, income taxes, interest, depreciation and amortization. Non-GAAP terms such as EBITDA do not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers.

Segmented Revenues and EBITDA
(in thousands of US dollars)
(unaudited)

Three months ended December 31	Residential Property Management	Integrated Security Services	Consumer Services	Business Services	Corporate	Consolidated
2002						
Revenues	**$ 46,810**	**$ 28,253**	**$ 19,132**	**$ 32,428**	**$ 61**	**$ 126,684**
EBITDA	**2,133**	**2,094**	**1,271**	**3,709**	**(1,027)**	**8,180**
2001						
Revenues	$ 45,431	$ 24,168	$ 16,624	$ 31,519	$ 67	$ 117,809
EBITDA	2,447	1,567	1,025	5,189	(1,013)	9,215

Nine months ended December 31	Residential Property Management	Integrated Security Services	Consumer Services	Business Services	Corporate	Consolidated
2002						
Revenues	**$ 163,496**	**$ 80,779**	**$ 76,509**	**$ 96,923**	**$ 222**	**$ 417,929**
EBITDA	**14,005**	**6,175**	**16,526**	**14,569**	**(3,421)**	**47,854**
2001						
Revenues	$ 160,751	$ 70,441	$ 69,475	$ 93,998	$ 187	$ 394,852
EBITDA	16,384	5,282	14,406	17,313	(3,398)	49,987

Condensed Consolidated Balance Sheets
(in thousands of US dollars)

	December 31 2002 (unaudited)	March 31 2002 (audited)
Assets		
Cash and cash equivalents	**$ 12,012**	$ 7,332
Accounts receivable	**92,347**	88,587
Inventories	**8,450**	9,078
Prepaids and other current assets	**15,970**	15,874
Current assets	**128,779**	120,871
Interest rate swap	**6,250**	-
Fixed assets	**44,956**	45,367
Other assets	**9,780**	11,291
Goodwill and intangibles	**189,523**	180,676
Total assets	**$ 379,288**	$ 358,205
Liabilities and shareholders' equity		
Accounts payable and other current liabilities	**$ 64,212**	$ 61,698
Unearned revenues	**6,495**	9,654
Long term debt – current	**3,276**	7,193
Current liabilities	**73,983**	78,545
Interest rate swap	**-**	2,070
Long term debt less current portion	**164,876**	158,418
Deferred income taxes	**7,810**	7,881
Minority interest	**14,023**	11,449
Shareholders' equity	**118,596**	99,842
Total liabilities and equity	**$ 379,288**	$ 358,205

Condensed Consolidated Statements of Cash Flows
(in thousands of US dollars)
(unaudited)

	Nine months periods ended December 31	
	2002	2001
Operating activities		
Net earnings	**$ 17,733**	$ 16,868
Items not affecting cash:		
Depreciation and amortization	**9,884**	8,896
Deferred income taxes	**(1,051)**	(308)
Minority interest share of earnings	**3,241**	3,514
Other	**425**	1,710
Changes in operating assets and liabilities	**(3,392)**	(12,270)
Net cash provided by operating activities	**26,840**	18,410
Investing activities		
Acquisition of businesses, net of cash acquired	**(9,600)**	(15,345)
Purchases of fixed assets, net	**(8,055)**	(12,678)
Other investing activities	**1,115**	(76)
Net cash used in investing	**(16,540)**	(28,099)
Financing activities		
Net (decrease) increase in long-term debt	**(6,290)**	13,573
Other financing activities	**528**	(1,043)
Net cash provided by financing	**(5,762)**	12,530
Effect of exchange rate changes on cash	**142**	(549)
Increase in cash and cash equivalents during the period	**4,680**	2,292
Cash and cash equivalents, beginning of period	**7,332**	5,115
Cash and cash equivalents, end of period	**$ 12,012**	$ 7,407