

FAHNESTOCK VINER HOLDINGS INC.  
3 MONTHS ENDED  
MARCH 31, 1997

FAHNESTOCK VINER HOLDINGS INC.

To the Shareholders:

Fahnestock Viner Holdings Inc. reported net profit of U.S.\$7,069,000 or \$0.55 per share for the first quarter of 1997 compared to U.S.\$7,891,000 or \$0.63 per share for the first quarter of 1996, a decline of 10% in net profit. Revenue for the first quarter of 1997 was U.S.\$50,488,000 compared to U.S.\$55,750,000 in the first quarter of 1996, a decline of 9%.

While revenues and earnings did not reach the high levels achieved in the first quarter of 1996, the first quarter of 1997 showed significant improvement from results reported for the last two quarters of 1996. Fahnestock's commission business remained strong through February and compared favorably with last year. Weakening markets and increased volatility in March were caused by investor concern over predictions of rising interest rates and mixed inflation indications. Consequently, March results reflected lower investor activity levels. In recent weeks investors appear to be sitting on the side-lines assessing possible future interest rate tightening by the Federal Reserve and awaiting first quarter corporate earnings reports. Trading income, particularly over-the-counter market making, also lagged the results achieved in the first quarter of 1996. Income from underwriting increased in 1997 by 59% over 1996 primarily due to the success of the firm's investment banking division. Fahnestock's expenses in 1997 were 9% lower than in 1996. While a large component of the reduction in expenses is volume-related, the Company continues to focus on control of expenses.

The weighted average number of Class A non-voting and Class B shares outstanding in 1997 was 12,797,051, compared to 12,495,251 outstanding in 1996, an increase of 2% due primarily to the exercise of employee stock options and employee stock purchases through the 401(k) plan. The book value per share at March 31, 1997 was U.S.\$11.52 compared to U.S.\$9.32 at March 31, 1996, an increase of 24%.

There is a Normal Course Issuer Bid outstanding which expires on June 24, 1997. The Company has not made any purchases thereunder to date.

The Company announced today the declaration of a regular quarterly dividend payable on May 23, 1997 to holders of Class A non-voting and Class B shares of record May 9, 1997 in the amount of U.S.\$0.06 per share.

Toronto, Canada  
April 21, 1997

On behalf of the Board,  
E.K. Roberts,  
President

FAHNESTOCK VINER HOLDINGS INC.  
CONSOLIDATED BALANCE SHEET

<i>unaudited</i>	March 31, 1997	December 31, 1996 *
	Expressed in thousands of U.S. dollars	
<b>ASSETS</b>		
Current assets		
Cash	\$8,476	\$9,363
Restricted deposits	2,399	1,902
Receivable from brokers and clearing organizations	208,609	186,543
Receivable from customers	263,690	266,142
Securities owned, at market value	39,186	41,596
Demand notes receivable	30	30
Other	9,350	10,143
	531,740	515,719
Other assets		
Stock exchange seats (approximate market value \$3,720; \$3,503 in 1996)	1,402	1,411
Fixed assets, net of accumulated depreciation of \$4,069; \$3,853 in 1996)	1,576	1,856
Goodwill, at amortized cost	884	930
	3,862	4,197
	\$535,602	\$519,916
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Drafts payable	\$25,750	\$12,439
Bank call loans	7,226	11,800
Payable to brokers and clearing organizations	232,326	193,965
Payable to customers	76,739	91,880
Securities sold, but not yet purchased, at market value	19,198	32,756
Accounts payable and other liabilities	26,360	29,366
Income taxes payable	4,767	11,803
	392,366	384,009
Subordinated loans payable	30	30
Shareholders' equity		
Share capital		
12,335,760 Class A non-voting shares (1996 - 12,265,760 shares)	41,030	40,024
99,680 Class B voting shares	133	133
	41,163	40,157
Contributed capital	1,099	1,099
Retained earnings	100,944	94,621
	143,206	135,877
	\$535,602	\$519,916

\* Condensed from audited financial statements

FAHNESTOCK VINER HOLDINGS INC.  
CONSOLIDATED STATEMENT OF OPERATIONS

<i>unaudited</i>	Three months ended March 31, 1997                      1996 (d)	
	Expressed in thousands of U.S. dollars	
<b>REVENUE:</b>		
Commissions	\$18,853	\$19,389
Principal transactions	17,537	21,756
Interest	7,406	8,587
Underwriting fees	3,160	1,992
Advisory fees	2,865	3,290
Other	667	736
	50,488	55,750
<b>EXPENSES:</b>		
Compensation and related expenses	24,453	26,370
Clearing and exchange fees	1,753	1,929
Communications	3,564	3,877
Occupancy costs	2,294	2,346
Interest	3,078	4,795
Other	2,612	2,256
	37,754	41,573
Profit before income taxes	12,734	14,177
Income tax provision	5,665	6,286
<b>NET PROFIT FOR PERIOD</b>	<b>\$7,069</b>	<b>\$7,891</b>
<b>Profit per share</b>		
- basic	\$0.55	\$0.63
- fully diluted	\$0.53	\$0.61

\* restated to conform with presentation adopted at December 31, 1996.

Note: (a) Basic earnings per share is based on the weighted average number of Class A non-voting and Class B shares outstanding of 12,797,051 in 1997 and 12,495,251 in 1996. Fully diluted earnings per share reflects the effect of outstanding employee stock options.

(b) The consolidated financial statements have been prepared using accounting principles generally accepted in Canada.

(c) The Company paid a cash dividend on February 21, 1997 to holders of Class non-voting and Class B shares totalling \$746,000.

(d) Certain figures have been reclassified to conform with the financial statement presentation adopted at December 31, 1996.

FAHNESTOCK VINER HOLDINGS INC.  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE THREE MONTHS ENDED MARCH 31, 1997

<i>unaudited</i>	1997	1996
	Expressed in thousands of U.S. dollars	
<b>CASH PROVIDED BY (USED FOR):</b>		
Operating activities:		
Net profit for the period	\$7,069	\$7,891
Charges not affecting cash:		
Depreciation and amortization	271	173
Decrease (increase) in non-cash operating capital:		
Restricted deposits	(497)	121
Receivable from brokers and clearing organizations	(22,066)	85,024
Receivable from customers	2,452	(18,334)
Securities owned	2,410	1,431
Other assets	793	3,320
Drafts payable	13,311	(2,357)
Payable to brokers and clearing organizations	38,361	(16,073)
Payable to customers	(15,141)	(11,549)
Securities sold, but not yet purchased	(13,558)	(6,923)
Accounts payable and accrued liabilities	(3,006)	294
Income taxes payable	(7,036)	(1,710)
	<u>3,363</u>	<u>41,308</u>
Investing and other activities:		
Disposal of fixed assets	64	-
Purchase of fixed assets	-	(80)
	<u>64</u>	<u>(80)</u>
Financing activities:		
Cash dividends paid on Class A non-voting and Class B shares	(746)	(2,448)
Issuance of Class A non-voting shares	1,006	1,280
Decrease in bank call loans	(4,574)	(41,200)
	<u>(4,314)</u>	<u>(42,368)</u>
Decrease in cash	(887)	(1,140)
Cash, beginning of period	<u>9,363</u>	<u>9,707</u>
Cash, end of period	<u><u>\$8,476</u></u>	<u><u>\$8,567</u></u>

## **OFFICES**

Fahnestock Viner Holdings Inc.  
P.O. Box 2015, Suite 1110  
20 Eglinton Avenue West  
Toronto, Canada M4R 1K8  
Tel.(416)322-1515  
Fax (416)322-7007

Fahnestock & Co. Inc.  
110 Wall Street  
New York, New York 10005  
U.S.A.  
Tel.(212)668-8000  
Fax (212)943-8728