

FAHNESTOCK VINER HOLDINGS INC.
3 MONTHS ENDED
MARCH 31, 1998

FAHNESTOCK VINER HOLDINGS INC.

To the Shareholders:

Fahnestock Viner Holdings Inc. reported unaudited net profit of U.S.\$7,033,000 or \$0.56 per share for the first quarter of 1998 compared to U.S.\$7,069,000 or \$0.57 per share for the first quarter of 1997. Revenue for the first quarter of 1998 was U.S.\$69,199,000 compared to U.S.\$50,488,000 in the first quarter of 1997, an increase of 37%.

Approximately 67% of the increase in revenue is attributable to the business of First of Michigan Corporation ("FOM"), a broker-dealer which was acquired in July 1997.

Market conditions remained strong in the first quarter of 1998 with the Dow Jones industrial average reaching the 9000 mark for the first time due to low interest rates and high expectations for corporate earnings. Commission revenue increased 56% in the first quarter of 1998 compared to 1997, of which 75% was as a result of the addition of the FOM operations. Net revenue from principal trading activities increased 10% compared to 1997. Capital markets, in particular NASDAQ trading and taxable fixed income, contributed strong net gains in the first quarter of 1998 compared to results in the first quarter of 1997. These gains were offset by a loss during the quarter on a market hedge position. Net interest revenue (interest revenue less interest expense) increased approximately 10% over 1997 levels. Net interest revenue was affected adversely by problems associated with the transfer out of client accounts due to the FOM broker defections. Expenses, other than interest, increased 46% in the first quarter of 1998 over the comparable quarter of 1997 with the FOM operations accounting for 78% of the increase. Operations at FOM continued to be adversely affected by the loss of investment executives as reported in the fourth quarter of 1997. This has resulted in higher than expected expenses of consolidating FOM's operations including expenses incurred closing certain branches, repopulating other branches, transferring client accounts and attendant costs. FOM's contributions to revenue were also lower than expected because of the uncertainties created by the defection of investment executives and consequent branch disruptions.

The weighted average number of Class A non-voting and Class B shares outstanding in 1998 was 12,670,362, compared to 12,424,551 outstanding in 1997, 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, 1998 was U.S.\$13.34 compared to U.S.\$11.52 at March 31, 1997, an increase of 16%.

There is a Normal Course Issuer Bid outstanding which expires on July 1, 1998. During 1998, the Company has purchased for cancellation 2,000 Class A non-voting shares thereunder.

The Company announced today the declaration of a regular quarterly dividend payable on May 22, 1998 to holders of Class A non-voting and Class B shares of record May 8, 1998 in the amount of U.S.\$0.07 per share.

April 20, 1998
Toronto, Canada

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

FAHNESTOCK VINER HOLDINGS INC.
CONSOLIDATED BALANCE SHEET

unaudited

March 31,
1998

December
31, 1997*

Expressed in thousands of U.S. dollars

ASSETS

Current assets

Cash and short-term deposits	\$ 15,322	\$ 10,784
Restricted deposits	1,719	1,537
Deposits with clearing organizations	3,303	4,734
Receivable from brokers and clearing organizations	348,920	359,205
Receivable from customers	352,554	350,807
Securities owned, at market value	82,239	63,262
Demand notes receivable	30	30
Other	15,796	27,945
	<u>819,883</u>	<u>818,304</u>

Other assets

Stock exchange seats (approximate market value \$5,909; \$5,592 in 1997)	1,533	1,542
Fixed assets, net of accumulated depreciation of \$7,991; \$7,458 in 1997)	9,222	9,128
Goodwill, at amortized cost	6,056	6,172
	<u>16,811</u>	<u>16,842</u>
	<u>\$ 836,694</u>	<u>\$ 835,146</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Drafts payable	\$ 19,935	\$ 18,507
Bank call loans	31,766	23,755
Payable to brokers and clearing organizations	402,948	422,173
Payable to customers	113,300	117,033
Securities sold, but not yet purchased, at market value	50,066	31,090
Accounts payable and other liabilities	44,699	45,571
Income taxes payable	5,391	16,052
	<u>668,105</u>	<u>674,181</u>

Subordinated loans payable

	<u>30</u>	<u>30</u>
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Shareholders' equity

Share capital

12,598,760 Class A non-voting shares (1997 - 12,408,760 shares)	42,600	41,119
99,680 Class B voting shares	133	133

	<u>42,733</u>	<u>41,252</u>
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Contributed capital	1,333	1,333
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Retained earnings	124,493	118,350
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	<u>168,559</u>	<u>160,935</u>
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	<u>\$ 836,694</u>	<u>\$ 835,146</u>
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*Condensed from audited financial statements

FAHNESTOCK VINER HOLDINGS INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31,

<i>unaudited</i>	1998	1997
<i>Expressed in thousands of U.S. dollars, except per share amounts</i>		
REVENUE:		
Commissions	\$ 29,401	\$ 18,853
Principal transactions, net	19,229	17,537
Interest	10,983	7,406
Underwriting fees	2,317	3,160
Advisory fees	5,762	2,865
Other	1,507	667
	<u>69,199</u>	<u>50,488</u>
EXPENSES:		
Compensation and related expenses	36,393	24,453
Clearing and exchange fees	3,281	1,753
Communications	5,264	3,564
Occupancy costs	3,040	2,294
Interest	6,217	3,078
Other	2,815	2,612
	<u>57,010</u>	<u>37,754</u>
Profit before income taxes	12,189	12,734
Income tax provision	<u>5,156</u>	<u>5,665</u>
NET PROFIT FOR PERIOD	<u>\$ 7,033</u>	<u>\$ 7,069</u>
Profit per share		
- basic	\$ 0.56	\$ 0.57
- fully diluted	\$ 0.54	\$ 0.55

Note:

(a) Basic earnings per share is based on the weighted average number of Class A non-voting and Class B shares outstanding of 12,670,362 in 1998 and 12,424,551 in 1997. 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 cash dividends on February 20, 1998 to holders of Class A non-voting and Class B shares totaling \$889,000.

(d) Certain figures have been restated to conform with financial statement presentation adopted at December 31, 1997.

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

<i>unaudited</i>	1998	1997
<i>Expressed in thousands of U.S. dollars</i>		
Cash provided by (used in)		
Operating activities:		
Net profit for the period	\$ 7,033	\$ 7,069
Charges not affecting cash:		
Depreciation and amortization	658	271
Decrease (increase) in non-cash operating capital,		
Restricted deposits	(182)	(497)
Deposits with clearing organizations	1,431	(30)
Receivable from brokers and clearing organizations	10,285	(22,066)
Receivable from customers	(1,747)	2,452
Securities owned	(18,977)	2,440
Other assets	12,150	793
Drafts payable	1,428	13,311
Payable to brokers and clearing organizations	(19,225)	38,361
Payable to customers	(3,733)	(15,141)
Securities sold, but not yet purchased	18,976	(13,558)
Accounts payable and other liabilities	(872)	(2,684)
Income taxes payable	(10,661)	(7,036)
Cash (used in) provided by operating activities	<u>(3,436)</u>	<u>3,685</u>
Investing and other activities:		
Purchase of fixed assets	<u>(629)</u>	<u>(258)</u>
Cash used in investing and other activities	<u>(629)</u>	<u>(258)</u>
Financing activities:		
Cash dividends paid on Class A non-voting and Class B shares	(889)	(746)
Issuance of Class A non-voting shares	1,516	1,006
Repurchase of Class A non-voting shares for cancellation	(35)	-
Increase (decrease) in bank call loans	8,011	(4,574)
Cash provided by (used in) financing activities	<u>8,603</u>	<u>(4,314)</u>
Increase (decrease) in cash and short-term deposits	4,538	(887)
Cash and short-term deposits, beginning of period	10,784	9,363
Cash and short-term deposits, end of period	<u>\$ 15,322</u>	<u>\$ 8,476</u>

STOCK LISTING

The Class A non-voting shares of Fahnestock Viner Holdings Inc. are listed on the New York (FVH) and Toronto (FHV.A) Stock Exchanges.

FORM 10-Q

The Company's Quarterly Report to the U.S. Securities and Exchange Commission on Form 10-Q is available upon request in writing, by telephone, by E-Mail to fvh@idirect.com or from our website at www.fahnestock.com by clicking on Corporate Information.

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