

FAHNESTOCK VINER HOLDINGS INC.
6 MONTHS ENDED
JUNE 30, 1997

FAHNESTOCK VINER HOLDINGS INC.
To the Shareholders:

Fahnestock Viner Holdings Inc. reported earnings of U.S.\$4,506,000 or \$0.36 per share compared to U.S. \$11,657,000 or \$0.94 per share for the second quarter of 1996. Revenue for the second quarter of 1997 was U.S. \$44,418,000 compared to revenue of U.S. \$67,451,000 in the second quarter of 1996. Commission revenue in the second quarter of 1997 reached its highest level since the quarter ended June 30, 1996. Advisory fees declined from the levels achieved in the first half of 1996 due to the retirement of a key employee and the consequent decline in assets under administration. No significant impact on net earnings has resulted. The largest impact on both revenue and earnings in 1997 is significant reduction in gross trading profits from principal transactions in the over-the-counter equity markets compared to 1996. Market volatility and an uninterrupted and dramatic increase in equity prices, has created a difficult trading environment. Compensation expense was down substantially in the second quarter of 1997 compared to 1996 due to the aforementioned reduction in revenues. Other expenses remained relatively stable from period to period.

Net profit for the six months ended June 30, 1997 was U.S. \$11,575,000 or \$0.91 per share compared to U.S. \$19,548,000 or \$1.57 per share for the comparable period of 1996, a decrease of 41% in net profit. Revenue for the first six months of 1997 was U.S. \$94,906,000, a decrease of 23% compared to revenue of U.S. \$123,201,000 in the first six months of 1996.

The weighted average number of shares outstanding in 1997 was 12,727,526, an increase of 2% over 12,429,534 outstanding in 1996 due to employee stock purchases through the 401(k) plan and the exercise of employee stock options. The Company made no purchases pursuant to the Normal Course Issuer Bid which terminated on June 25, 1997. The book value per share at June 30, 1997 was U.S. \$11.77, an increase of 15% compared to U.S. \$10.20 at June 30, 1996.

On June 27, 1997 the Company announced that commencing July 2, 1997 it intended to purchase up to 800,000 Class A non-voting shares by way of a Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange and the New York Stock Exchange (approximately 7.9% of the public float). The Company stated that it believed that the Class A non-voting shares are undervalued from time to time and that the repurchase of such shares is an appropriate use of corporate funds. Unless terminated earlier by the Company, the Normal Course Issuer Bid will terminate on July 1, 1998. Copies of the Notice of Intention to make the Normal Course Issuer Bid, as filed with securities regulatory authorities, may be obtained from the Company free of charge.

On July 17, 1997 the Company announced that it had acquired 99.7% of the outstanding common shares of

First of Michigan Capital Corporation by way of a tender offer for cash consideration of US\$15.00 per share for a total cost of \$37,366,000. First of Michigan is engaged in securities brokerage and trading and investment banking. First of Michigan is a member of the New York Stock Exchange and employs approximately 280 investment executives from 34 retail branches, 33 of which are located in Michigan. The addition of First of Michigan will increase the Company's sales force by 51% and total branch offices by 71%. It is anticipated that the costs associated with the integration of First of Michigan will postpone its contribution to future profitability until 1998.

The Company announced today the declaration of a regular quarterly dividend payable to holders of Class A non-voting and Class B shares of record on August 8, 1997 in the amount of U.S.\$0.06 per share. The dividend payment date will be August 22, 1997.

Toronto, Canada
July 21, 1997

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

FAHNESTOCK VINER HOLDINGS INC.
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 1997

<i>unaudited</i>	June 30,	December 31,
Expressed in thousands of U.S. dollars	1997	1996 *
ASSETS		
Current assets		
Cash	\$ 9,565	\$9,363
Restricted deposits	2,396	1,902
Escrow deposit for stock of First of Michigan Capital Corporation	38,000	-
Receivable from brokers and clearing organizations	326,120	186,543
Receivable from customers	263,407	266,142
Securities purchased under agreement to resell	2,025	2,005
Securities owned, at market value	44,057	39,591
Demand notes receivable	30	30
Other	9,237	10,143
	<u>694,837</u>	<u>515,719</u>
Other assets		
Stock exchange seats (approximate market value \$3,950; \$3,503 in 1996)	1,394	1,411
Fixed assets, net of accumulated depreciation of \$4,419; \$3,853 in 1996)	1,919	1,856
Goodwill, at amortized cost	836	930
	<u>4,149</u>	<u>4,197</u>
	<u>\$698,986</u>	<u>\$519,916</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Drafts payable	\$10,585	\$12,439
Bank call loans	17,300	11,800
Payable to brokers and clearing organizations	356,769	193,965
Payable to customers	96,563	91,880
Securities sold, but not yet purchased, at market value	38,559	32,756
Accounts payable and other liabilities	25,633	29,366
Income taxes payable	6,016	11,803
	<u>551,425</u>	<u>384,009</u>
Subordinated loans payable	<u>30</u>	<u>30</u>
Shareholders' equity		
Share capital		
12,435,760 Class A non-voting shares (1996 - 12,265,760 shares)	41,601	40,024
99,680 Class B voting shares	133	133
	<u>41,734</u>	<u>40,157</u>
Contributed capital	1,099	1,099
Retained earnings	104,698	94,621
	<u>147,531</u>	<u>135,877</u>
	<u>\$698,986</u>	<u>\$519,916</u>

* Condensed from audited financial statements

FAHNESTOCK VINER HOLDINGS INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1997

<i>unaudited</i>	Second quarter ended June 30,		Six months ended June 30,	
	1997	1996	1997	1996
Expressed in thousands of U.S. dollars		(Note d)		(Note d)
REVENUE:				
Commissions	\$18,941	\$19,507	\$37,794	\$38,896
Principal transactions	11,984	31,128	29,521	52,884
Interest	8,573	8,665	15,979	17,252
Underwriting fees	1,422	2,710	4,582	4,702
Advisory fees	2,585	4,649	5,450	7,939
Other	913	792	1,580	1,528
	<u>44,418</u>	<u>67,451</u>	<u>94,906</u>	<u>123,201</u>
EXPENSES:				
Compensation and related expenses	22,112	31,189	46,565	57,559
Clearing and exchange fees	1,822	1,876	3,575	3,805
Communications	3,658	4,047	7,222	7,924
Occupancy costs	2,255	2,372	4,549	4,718
Interest	4,261	4,502	7,339	9,297
Other	2,201	2,558	4,813	4,814
	<u>36,309</u>	<u>46,544</u>	<u>74,063</u>	<u>88,117</u>
Profit before income taxes	8,109	20,907	20,843	35,084
Income tax provision	<u>3,603</u>	<u>9,250</u>	<u>9,268</u>	<u>15,536</u>
NET PROFIT FOR PERIOD	<u><u>\$4,506</u></u>	<u><u>\$11,657</u></u>	<u><u>\$11,575</u></u>	<u><u>\$19,548</u></u>
Profit per share				
- basic	\$0.36	\$0.94	\$0.91	\$1.57
- fully diluted	\$0.34	\$0.91	\$0.88	\$1.54

- Note:
- (a) Basic earnings per share is based on the weighted average number of Class A non-voting and Class B shares outstanding of 12,727,526 in 1997 and 12,429,534 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 cash dividends on February 21, 1997 and May 23, 1997 to holders of Class non-voting and Class B shares totaling \$1,498,000.
- (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 SIX MONTHS ENDED JUNE 30, 1997

<i>unaudited</i>	1997	1996
Expressed in thousands of U.S. dollars		
Cash provided for (used by):		
Operating activities:		
Net profit for the period	\$11,575	\$19,548
Charges not affecting cash:		
Depreciation and amortization	566	343
Decrease (increase) in non-cash operating capital:		
Restricted deposits	(494)	149
Receivable from brokers and clearing organizations	(139,577)	19,211
Receivable from customers	2,735	(16,955)
Securities purchased under agreement to resell	(20)	(793)
Securities owned	(4,466)	(1,919)
Other assets	905	7,609
Drafts payable	(1,854)	(5,450)
Payable to brokers and clearing organizations	162,804	(230)
Payable to customers	4,683	(4,267)
Securities sold, but not yet purchased	5,803	(10,744)
Accounts payable and other liabilities	(3,733)	7,232
Income taxes payable	(5,787)	4,946
	33,140	18,680
Investing and other activities:		
Escrow deposit for stock of First of Michigan Capital Corporation	(38,000)	-
Purchase of fixed assets	(517)	(234)
	(38,517)	(234)
Financing activities:		
Cash dividends paid on Class A non-voting and Class B shares	(1,498)	(3,061)
Issuance of Class A non-voting shares	1,577	2,010
Increase (decrease) in bank call loans	5,500	(18,050)
	5,579	(19,101)
Increase (decrease) in cash	202	(655)
Cash, beginning of period	9,363	9,707
Cash, end of period	\$9,565	\$9,052

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 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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