

FAHNESTOCK VINER HOLDINGS INC.
9 MONTHS ENDED
SEPTEMBER 30, 1997

FAHNESTOCK VINER HOLDINGS INC.

To the Shareholders:

Fahnestock Viner Holdings Inc. reported earnings of U.S.\$7,417,000 or \$0.58 per share compared to U.S. \$5,554,000 or \$0.45 per share for the third quarter of 1996, an increase of 34%. Revenue for the third quarter of 1997 was U.S. \$72,720,000 compared to revenue of U.S. \$45,763,000 in the third quarter of 1996, an increase of 59%. The third quarter of 1997 includes the operations of First of Michigan Capital Corporation which was acquired on July 17, 1997. The increase in revenue is attributable to this acquisition as well as generally excellent business conditions. Commission revenue in the third quarter of 1997 was significantly improved from the third quarter of 1996, up 83%. Principal transactions, up 42%, also showed significant gains from levels reported in the same period of 1996. Advisory fees increased 43% from levels reported in 1996 due both to the addition of assets under management and to increases in the market values of existing accounts. All expense categories were affected by the acquisition of First of Michigan. It is anticipated that the costs associated with integrating First of Michigan, including incentives, will preclude a profit contribution from that segment until 1998. Variable expenses such as compensation increased with commission and trading volume increases in the quarter.

Net profit for the nine months ended September 30, 1997 was U.S. \$18,992,000 or \$1.50 per share compared to U.S. \$25,102,000 or \$2.02 per share for the comparable period of 1996, a decrease of 24% in net profit. Revenue for the first nine months of 1997 was U.S. \$167,626,000, compared to revenue of U.S. \$168,964,000 in the first nine months of 1996.

The consolidation of First of Michigan was substantially completed during the third quarter with the absorption of the accounts and business of First of Michigan's "back office operations". Full integration of the business continues. As mentioned above, the costs associated with this process are expected to postpone a contribution to overall profitability. . The addition of First of Michigan increased the Company's sales force by 51% and added 33 branch offices bringing the total to 81. The Company today employs over 800 investment executives.

The weighted average number of shares outstanding in 1997 was 12,729,350, an increase of 2% over 12,449,093 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 outstanding Normal Course Issuer Bid. The book value per share at September 30, 1997 was U.S. \$12.30, an increase of 16% compared to U.S. \$10.59 at September 30, 1996.

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 November 7, 1997 in the amount of U.S.\$0.06 per share. The dividend payment date will be November 21, 1997.

Toronto, Canada
October 20, 1997

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

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

<i>unaudited</i>	1997	December 31, 1996 *
	Expressed in thousands of U.S. dollars	
ASSETS		
Current assets		
Cash and short-term deposits	\$42,977	\$9,363
Restricted deposits	1,449	1,902
Securities purchased under agreements to resell	4,315	2,005
Receivable from brokers and clearing organizations	394,162	186,543
Receivable from customers	341,902	266,142
Securities owned, at market value	55,650	39,591
Demand notes receivable	30	30
Other	27,383	10,143
	<u>867,868</u>	<u>515,719</u>
Other assets		
Stock exchange seats (approximate market value \$4,715; \$3,503 in 1996)	1,540	1,411
Fixed assets, net of accumulated depreciation of \$7,350; \$3,853 in 1996)	5,320	1,856
Goodwill, at amortized cost	5,795	930
	<u>12,655</u>	<u>4,197</u>
	<u>\$880,523</u>	<u>\$519,916</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Drafts payable	\$15,650	\$12,439
Bank call loans	22,680	11,800
Payable to brokers and clearing organizations	447,138	193,965
Payable to customers	128,408	91,880
Securities sold, but not yet purchased, at market value	52,807	32,756
Accounts payable and other liabilities	49,227	29,366
Income taxes payable	10,386	11,803
	<u>726,296</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	111,364	94,621
	<u>154,197</u>	<u>135,877</u>
	<u>\$880,523</u>	<u>\$519,916</u>

* Condensed from audited financial statements

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

<i>unaudited</i>	Third quarter ended September 30,		Nine months ended September 30,	
Expressed in thousands of U.S. dollars, except per share amounts	1997	1996 (Note d)	1997	1996 (Note d)
REVENUE:				
Commissions	\$34,624	\$16,811	\$72,418	\$55,707
Principal transactions	17,061	13,905	46,582	66,789
Interest	11,681	8,073	27,660	25,325
Underwriting fees	1,240	2,138	5,822	6,840
Advisory fees	5,104	3,574	10,554	11,513
Other	3,010	1,262	4,590	2,790
	<u>72,720</u>	<u>45,763</u>	<u>167,626</u>	<u>168,964</u>
EXPENSES:				
Compensation and related expenses	37,630	22,223	84,195	79,782
Clearing and exchange fees	3,023	1,760	6,598	5,565
Communications	4,164	4,544	11,386	12,468
Occupancy costs	3,368	2,416	7,917	7,134
Interest	5,865	3,924	13,204	13,221
Other	5,999	1,284	10,812	6,098
	<u>60,049</u>	<u>36,151</u>	<u>134,112</u>	<u>124,268</u>
Profit before income taxes	12,671	9,612	33,514	44,696
Income tax provision	<u>5,254</u>	<u>4,058</u>	<u>14,522</u>	<u>19,594</u>
NET PROFIT FOR PERIOD	<u><u>\$7,417</u></u>	<u><u>\$5,554</u></u>	<u><u>\$18,992</u></u>	<u><u>\$25,102</u></u>
Profit per share				
- basic	\$0.58	\$0.45	\$1.50	\$2.02
- fully diluted	\$0.56	\$0.44	\$1.44	\$1.91

Note:

(a) Basic earnings per share is based on the weighted average number of Class A non-voting and Class B shares outstanding of 12,729,350 in 1997 and 12,449,093 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, May 23, 1997 and August 22, 1997 to holders of Class non-voting and Class B shares totaling \$2,250,000.

(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 NINE MONTHS ENDED SEPTEMBER 30, 1997

unaudited

	1997	1996
Expressed in thousands of U.S. dollars		
Cash provided by (used for)		
Operating activities:		
Net profit for the period	\$18,992	\$25,102
Charges not affecting cash:		
Depreciation and amortization	932	520
Decrease (increase) in non-cash operating capital:		
Restricted deposits	453	59
Receivable from brokers and clearing organizations	(207,619)	63,772
Receivable from customers	(75,760)	(10,305)
Securities purchased under agreements to resell	(2,310)	127
Securities owned	(16,059)	1,078
Other assets	(17,240)	5,313
Drafts payable	3,211	(6,983)
Payable to brokers and clearing organizations	253,173	(60,241)
Payable to customers	36,528	9,184
Securities sold, but not yet purchased	20,051	(2,493)
Accounts payable and other liabilities	19,860	8,166
Income taxes payable	(1,417)	3,475
	<u>32,795</u>	<u>36,774</u>
Investing and other activities:		
Purchase of First of Michigan Capital Corporation, net of cash acquired	(9,711)	-
Proceeds from sale of exchange seat	1,360	-
Purchase of fixed assets	(1,037)	(379)
	<u>(9,388)</u>	<u>(379)</u>
Financing activities:		
Cash dividends paid on Class A non-voting and Class B shares	(2,250)	(3,678)
Issuance of Class A non-voting shares	1,577	2,134
Increase (decrease) in bank call loans	10,880	(26,700)
	<u>10,207</u>	<u>(28,244)</u>
Increase in cash and short-term deposits	33,614	8,151
Cash and short-term deposits, beginning of period	9,363	9,707
Cash and short-term deposits, end of period	<u>\$42,977</u>	<u>\$17,858</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 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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