

Fahnestock Viner Holdings Inc.
3 Months ended
March 31, 1999

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Fahnestock Viner Holdings Inc.

To the Shareholders:

Fahnestock Viner Holdings Inc. reported net profit of U.S.\$5,345,000 or \$0.43 per share for the first quarter of 1999 compared to U.S.\$7,033,000 or \$0.56 per share for the first quarter of 1998, a decrease of 24% in net profit. Revenue for the first quarter of 1999 was U.S.\$63,951,000 compared to U.S.\$69,199,000 in the first quarter of 1998, a decrease of 8%.

Market conditions remained strong in the first quarter of 1999 with the Dow Jones industrial average reaching the 10,000 mark for the first time due to low interest rates, expectations of a strong economy, and substantial cash inflows. Revenue for the first quarter of 1999 trailed the previous year due to reduced revenue from trading activities. Revenue from retail activities remained strong and revenue from investment banking and advisory fees grew by 17%, however this was not sufficient to offset the reduced trading revenue. Over-the-counter trading was profitable for the 1999 quarter, but at a significantly reduced level compared to the same quarter of 1998. As the quarter progressed, trading revenues strengthened as the Company adjusted to the more volatile markets. Reduced inventories were carried throughout the quarter.

During the first quarter of 1999, the Company purchased six branch offices from Fifth Third/ The Ohio Company. All of these branches are located in the State of Michigan and will operate as part of the First of Michigan division. The First of Michigan division continues to regain market share as it continues to add to its sales force. As previously reported, the operations of First of Michigan Corporation were reorganized as the First of Michigan division of Fahnestock & Co. Inc. in the beginning of 1999.

The Company's internal systems have been substantially modified for Year 2000 compliance. The testing phase is underway and there have been no major problems to date. The Company successfully participated in industry-wide testing in March and April, 1999 and its progress to date is on target with its Year 2000 planning strategy. On the whole, the securities industry appears to be prepared for the Year 2000 and the arrival of the new millennium.

The weighted average number of Class A non-voting and Class B shares outstanding in 1999 was 12,511,282, compared to 12,670,362 outstanding in 1998, a decrease of 1% due primarily to the repurchase of Class A non-voting shares under the Normal Course Issuer Bid currently outstanding, net of the exercise of employee stock options and employee stock purchases through the 401(k) plan.

The Company has been active in making purchases under the Normal Course Issuer Bid which is open from July 3, 1998 through July 2, 1999. The Company has purchased a total of 651,200 Class A non-voting shares thereunder, for cancellation, at an average price of U.S.\$14.61 per share (252,700 shares at an average price of \$13.95 per share were purchased during the first quarter of 1999). The book value per share at March 31, 1999 was U.S.\$13.76 compared to U.S. \$13.34 at March 31, 1998, an increase of 3%.

The Company announced today the declaration of a regular quarterly dividend payable on May 21, 1999 to holders of Class A non-voting and Class B shares of record May 7, 1999 in the amount of U.S.\$0.07 per share.

This press release includes certain "forward-looking statements" relating to anticipated future performance. For a discussion of the factors that could cause future performance to be different than anticipated, reference is made to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

On behalf of the Board,
E.K. Roberts, President
Toronto, Canada
April 21, 1999

FAHNESTOCK VINER HOLDINGS INC.
CONSOLIDATED BALANCE SHEET

unaudited

March 31,
1999

December 31,
1998 (*)

Expressed in thousands of U.S. dollars

ASSETS

Current assets

Cash and short-term deposits	\$ 10,270	\$ 11,501
Restricted deposits	2,302	2,312
Securities purchased under agreement to resell	6,191	12,174
Deposits with clearing organizations	4,950	7,072
Receivable from brokers and clearing organizations	227,868	167,018
Receivable from customers	397,781	334,664
Securities owned, at market value	110,549	88,579
Demand notes receivable	30	30
Other	18,716	26,912
	<u>778,657</u>	<u>650,262</u>

Other assets

Stock exchange seats (approximate market value \$7,096; \$4,798 in 1998)	1,498	1,507
Fixed assets, net of accumulated depreciation of \$9,580; \$8,896 in 1998)	9,041	9,286
Goodwill, at amortized cost	5,592	5,708
	<u>16,131</u>	<u>16,501</u>
	<u>\$ 794,788</u>	<u>\$ 666,763</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Drafts payable	\$ 11,824	\$ 22,734
Bank call loans	21,515	42,217
Securities sold under agreement to repurchase	22,400	664
Payable to brokers and clearing organizations	375,987	235,029
Payable to customers	107,154	115,878
Securities sold, but not yet purchased, at market value	39,526	41,104
Accounts payable and other liabilities	39,802	40,119
Income taxes payable	4,620	2,665
Subordinated loans payable	30	30
	<u>622,858</u>	<u>500,440</u>

Shareholders' equity

Share capital

12,398,319 Class A non-voting shares (1998 - 12,241,269 shares)	36,973	36,728
99,680 Class B voting shares	133	133
	<u>37,106</u>	<u>36,</u>
Contributed capital	3,105	2,196
Retained earnings	131,719	127,266
	<u>171,930</u>	<u>166,323</u>

	<u>\$ 794,788</u>	<u>\$ 666,763</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>	1999	1998
Expressed in thousands of U.S. dollars, except per share amounts		
REVENUE:		
Commissions	\$ 29,273	\$ 29,401
Principal transactions, net	14,803	19,229
Interest	9,196	10,983
Underwriting fees	2,916	2,317
Advisory fees	6,499	5,762
Other	1,264	1,507
	63,951	69,199
EXPENSES:		
Compensation and related expenses	33,994	36,393
Clearing and exchange fees	2,180	2,118
Communications	5,328	5,264
Occupancy costs	3,007	3,040
Interest	4,635	6,217
Other	4,815	3,978
	53,959	57,010
Profit before income taxes	9,992	12,189
Income tax provision	4,647	5,156
	NET PROFIT FOR PERIOD	NET PROFIT FOR PERIOD
	\$ 5,345	\$ 7,033
Profit per share		
- basic	\$ 0.43	\$ 0.56
- fully diluted	\$ 0.42	\$ 0.54

Note:

(a) Basic earnings per share is based on the weighted average number of Class A non-voting and Class B shares outstanding of 12,511,282 in 1999 and 12,670,362 in 1998. 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 26, 1999 to holders of Class A non-voting and Class B shares totaling \$892,000.

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

<i>unaudited</i>	1999	1998
Expressed in thousands of U.S. dollars		
Cash flows from operating activities:		
Net profit for the period	\$ 5,345	\$ 7,033
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
Non-cash items included in net profit:		
Depreciation and amortization	809	658
Decrease (increase) in operating assets,		
Restricted deposits	10	(182)
Securities purchased under agreement to resell	5,983	-
Deposits with clearing organizations	2,122	1,431
Receivable from brokers and clearing organizations	(60,850)	10,285
Receivable from customers	(63,117)	(1,747)
Securities owned	(21,970)	(18,977)
Other assets	8,196	12,150
Increase (decrease) in operating liabilities,		
Drafts payable	(10,910)	1,428
Securities sold under agreement to repurchase	21,736	-
Payable to brokers and clearing organizations	140,958	(19,225)
Payable to customers	(8,724)	(3,733)
Securities sold, but not yet purchased	(1,578)	18,976
Accounts payable and other liabilities	(317)	(872)
Income taxes payable	1,955	(10,661)
Cash provided by (used in) operating activities	<u>19,648</u>	<u>(3,436)</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(439)</u>	<u>(629)</u>
Cash used in investing activities	<u>(439)</u>	<u>(629)</u>
Cash flows from financing activities:		
Cash dividends paid on Class A non-voting and Class B shares	(892)	(889)
Issuance of Class A non-voting shares	3,771	1,516
Repurchase of Class A non-voting shares for cancellation	(3,526)	(35)
Tax benefit from employee stock options exercised	909	-
Increase (decrease) in bank call loans	<u>(20,702)</u>	<u>8,011</u>
Cash (used in) provided by financing activities	<u>(20,440)</u>	<u>8,603</u>
Net (decrease) increase in cash and short-term deposits	(1,231)	4,538
Cash and short-term deposits, beginning of period	11,501	10,784
Cash and short-term deposits, end of period	<u>\$ 10,270</u>	<u>\$ 15,322</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 on request.