ANNUAL REPORT

2006

VDM
VAN DER MOOLEN

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VDM
VAN DER MOOLEN

Headquarters

Van der Moolen Holding NV

Visitors	Keizersgracht 307, 1016 ED Amsterdam, the Netherlands
Mail	P.O. Box 11374, 1001 GJ Amsterdam, the Netherlands
Telephone	+31 20 535 6789
Facsimile	+31 20 535 6744
E-mail	info@nl.vandermoolen.com
Website	www.vandermoolen.com

Commercial Register

Van der Moolen Holding NV is registered in the commercial register of the Amsterdam Chamber of Commerce under number 33000644.

Operating Units:

Netherlands

Van der Moolen Effecten Specialist BV, Amsterdam Branch
Van der Moolen Obligaties BV
Van der Moolen Financial Services BV
Van der Moolen Financial Services SAS, Amsterdam Branch

Telephone	+31 20 535 6789
Facsimile	+31 20 535 6744
E-mail	info@nl.vandermoolen.com

Curvalue II, BV
Curvalue III, BV

Telephone	+31 20 713 4800
Facsimile	+31 20 713 4809
E-mail	info@nl.vandermoolen.com

Germany

Van der Moolen Effecten Specialist BV, Cologne Branch

Telephone	+49 221 924 250
Facsimile	+49 221 924 251 61
E-mail	info@de.vandermoolen.com

France

Van der Moolen Financial Services SAS

Telephone	+33 170 383 880
Facsimile	+33 170 383 881
E-mail	vdmfs@fr.vandermoolen.com

Colophon

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United Kingdom

Van der Moolen Equities Ltd.
Van der Moolen Holding UK, Ltd.
Curvalue III, London Branch
Van der Moolen Financial Services SAS, London Branch

Telephone	+44 207 959 0400
Facsimile	+44 207 959 4050
E-mail	info@uk.vandermoolen.com

Switzerland

Van der Moolen Effecten Specialist BV, Amsterdam, Swiss Branch, Zug

Telephone	+41 41 7233700
Facsimile	+41 41 7233719
E-mail	info@ch.vandermoolen.com

United States of America

VDM Specialists USA, LLC

Telephone	+1 212 495 0500
Facsimile	+1 212 269 6737
E-mail	vdm.spec@us.vandermoolen.com

Van der Moolen Capital Markets, LLC

Telephone	+1 646 5762868
Facsimile	+1 646 5762869

VDM Trading, LLC

Telephone	+1 646 5762840

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In this report the expression 'Van der Moolen', 'VDM', the 'Group' or the 'Company' is sometimes used for convenience in contexts where reference is made to Van der Moolen Holding NV and/or any of its subsidiaries in general. The expression is also used where no useful purpose is served by identifying the particular company or companies. The expression 'VDMS' or 'VDM Specialists' is sometimes used for convenience in contexts where reference is made to VDM Specialists U.S.A., LLC.

This annual report contains forward-looking statements within the meaning of, and which have been made pursuant to, the Private Securities Litigation Reform Act of 1995. All statements regarding our future financial condition, results of operations and business strategy, plans and objectives are forward-looking. Statements containing the words 'anticipate', 'believe', 'intend', 'estimate', 'expect', 'hope', and words of similar meaning are forward-looking. In particular, the following are forward-looking in nature: statements with regard to strategy and management objectives; pending or potential acquisitions; pending or potential litigation and government investigations, including litigation and investigations concerning specialist trading in the U.S.; future revenue sources; the effects of changes or prospective changes in the regulation or structure of the securities exchanges on which our subsidiaries operate; and trends in results, performance, achievements or conditions in the markets in which we operate. These forward-looking statements involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our results, performance, achievements or conditions in the markets in which we operate to differ, possibly materially, from those expressed or implied in these forward-looking statements. We describe certain important factors to consider in connection with these forward-looking statements under 'Key Information - Risk Factors' and elsewhere in our annual filing with the U.S. Securities and Exchange Commission on Form 20-F 2005. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this annual report. We have no obligation to update these forward-looking statements.

Executive Board

Richard E. den Drijver, Chief Executive Officer

Casper F. Rondeltap, Chief Operating Officer

Michiel Wolfswinkel, Chief Financial Officer

Executive Board	Age
Richard E. den Drijver, CEO	45
Casper F. Rondeltap, COO	51
Michiel Wolfswinkel, CFO [1)]	43

1) Nominated as member of the Board subject to approval by the Annual General Meeting of shareholders on April 26, 2007

Supervisory Board


Prof. dr. R.G.C. van den Brink, Chairman


G.H. de Marez Oyens


G.L. van den Broek, Vice Chairman


M. Arentsen

Supervisory Board	Age
Prof. dr. R.G.C. van den Brink, Chairman [1]	59
G.L. van den Broek, Vice Chairman [2]	65
M. Arentsen [3]	67
G.H. de Marez Oyens [4]	65

1) Member of the Audit Committee and member of the Remuneration and Nominating Committee
2) Chairman of the Remuneration and Nominating Committee and member of the Audit Committee
3) Chairman of the Audit Committee
4) Member of the Audit Committee

Van der Moolen at a Glance

Key Figures

(in € millions)	International Financial Reporting Standards			Dutch Generally Accepted Accounting Principles	
	2006	2005	2004	2003	2002
Revenues	149.4	112.3	122.9	174.7	327.6
(Loss)/profit attributable to common equity holders 1)	(78.7)	11.3	12.3	(15.9)	55.6
Shareholders' equity, common shares 2)	163.9	221.2	183.0	150.1	260.8
Shareholders' equity, financing preferred shares	51.4	-	51.4	51.4	51.4
Minority interest	4.7	10.9	26.4	33.0	62.0
Subordinated borrowings 3)	78.6	179.3	117.2	151.7	199.4
Guarantee capital	298.6	411.4	378.0	386.2	573.6
Common shares outstanding, year-end 4)	43,583,962	39,343,295	38,317,100	37,537,100	38,419,282
Common shares outstanding, yearly average 4)	43,431,326	39,031,219	38,078,411	37,797,329	38,388,043
Figures per common share (in €) 4)					
(Loss)/profit attributable to holders of common equity holders 5)	(1.74)	0.29	0.32	(0.42)	1.45
Dividend per common share 6)	-	0.13	0.22	-	0.72
Equity attributable to common shareholders 2)	3.76	5.62	4.78	4.01	6.80
Share price and volumes (common shares)					
Euronext (in €)					
Highest price	9.13	6.57	8.14	21.70	36.25
Lowest price	3.94	3.75	4.34	5.51	15.70
Year-end price	4.45	6.03	5.68	6.92	20.50
Average daily volume	489,658	378,539	321,192	415,219	202,758
NYSE (in $)					
Highest price	10.50	8.27	9.95	22.04	32.35
Lowest price	5.07	4.57	5.68	6.70	15.64
Year-end price	5.87	7.14	7.59	8.69	21.49
Average daily volume	47,967	84,999	117,991	134,513	42,523

Where applicable, figures are adjusted for purposes of comparison, to reflect changes to the presentation of our accounts. The figures for the years 2004, 2005 and 2006 are presented under International Financial Reporting Standards, prior years under Dutch GAAP.

1) after dividends on financing preferred shares

2) before appropriation of the income

3) including capital of minority members in 2006, including financing preferred capital and capital minority members in 2005 and including subordinated debt related to seats contributed by members of VDM Specialists under Dutch GAAP

4) excluding shares repurchased and held in treasury

5) the calculation of the profit attributable to holders of common shares 2006 include the weighted impact of the 1,920,964 shares issuable in respect of the earn-out 2005, which are considered to be earned at acquisition date

6) common share alternatives to cash dividend were available in each year that a dividend on common shares was paid, except for the year 2002 (only cash)

Letter from the CEO

As Chief Executive Officer of Van der Moolen I want to share with you the developments in 2006, a year of challenges and change. European trading results increased organically, but U.S. revenues further declined. Operating profit for 2006 fell to EUR 6.8 million, down from EUR 22.0 million in 2005. The decline in operating profit reflects mainly the deteriorating situation in our U.S. specialist unit, which we plan to address urgently.

In the U.S. we were also confronted with settlements of legal claims and law suits relating from the 2003 specialist and stock lending investigations. The net result attributable to common equity holders for 2006 - a loss of EUR 78.7 million - was negatively impacted by various one of legal costs as well as impairments on goodwill and derecognition of deferred tax assets.

From an operational point of view, in the second quarter we started options market making, a new activity enabling us to apply our European options expertise to the U.S. markets. In addition we invested in new exchange startups that enabled us to combine an investor role with active participation on the Chicago Board Stock Exchange ('CBSX') and International Securities Exchange ('ISE') as a Designated Primary Market Maker ('DPM').

In Europe exchange volume and intra day volatility were up significantly versus last year. The acquisition of Curvalue in January and of Hill Independent Traders ('HIT') in July, broadened the scope of our activities. Our overall performance in Europe was good in revenue. By the end of 2006 we had partly integrated the activities of Curvalue with those of VDM. During the year we have opened a new office in Zug and merged our three London sites into one.

Another important area of focus was to strengthen our professional capability. We have improved and professionalized our training courses for new trading personnel, which we see as a necessary and inevitable course of action as our organization grows and expands. We also put additional resources into developing new algorithmic trading systems to apply to our various operations. These we see as key to remaining competitive on price and speed in a rapidly-changing securities marketplace.

On a personal note, I have now had the opportunity to work with VDM for a full year at close quarters, since the acquisition in January of Curvalue, the company I founded. I must say I find it a pleasure to work with such a motivated, dedicated team and look forward to building our future together. I would also like to take the opportunity to thank all my colleagues for their hard work and the Supervisory Board for their input in this important transitional year.

Richard E. den Drijver,

Chief Executive Officer, Van der Moolen Holding NV
Amsterdam, April 4, 2007

History, Profile, Vision and Strategy

History

Van der Moolen & Co. was founded on July 1, 1892, as a 'jobber' or 'hoekman'[1] company of financial intermediaries that operated on the Amsterdam Stock Exchange. The company initially made a market in equities and bonds only. In the late 1970's the company expanded into derivatives too. Since then, Van der Moolen has grown both organically and by acquisition to become an important player in key securities and derivatives markets world-wide. Established as a general partnership, the company became a limited liability company in December 1986 and soon afterwards was listed on the Amsterdam Stock Exchange (now Euronext Amsterdam BV). On October 18, 2001, the Company's shares were listed on the New York Stock Exchange ('NYSE'). The acquisition of Curvalue Beheer BV in January 2006, strengthened and widened the focus of trading and market making activities in Europe, adding new trading platforms and professional brokerage services.

Profile

International securities trading firm
Van der Moolen is an international securities trading and brokerage firm that specializes in providing low-cost liquidity in markets world-wide. Its business is to make money on financial markets, as a broker and proprietary trader in securities, futures, derivatives indexes and exchange traded funds. Headquartered in Amsterdam and listed on Euronext and the NYSE, Van der Moolen has built a significant position on many of the leading securities exchanges in the United States and Europe, operating throughout the day in two of the three main time zones. In 2006 Van der Moolen earned revenues of EUR 149.4 million and employed 446 people, at year end.

Vision

Capitalizing on changing market structure
The traditional role of financial exchanges worldwide is changing. Trading in financial instruments is likely to become more fragmented with the implementation of the Markets in Financial Instruments Directive ('MiFID') in October 2007. We believe there will be more competition between large established exchanges and new Multi Trading Facilities. Competition between exchanges and other types of trading venues is good for trading companies like Van der Moolen. We foresee lower exchange fees and possibly even rebates for liquidity providers, which will reduce the cost of execution in securities and derivatives to VDM's benefit.

Ambition

To be a leading global securities trading firm in three time zones
VDM aspires to become a global securities trading firm active in three time zones serving clients around the world with the following product mix: proprietary day trading, liquidity provider, execution brokerage, online internet brokerage, clearing and settlement and possible other investment services that correlate with our current activities. Our long-term ambition is to be a leading securities trading firm in the three time zones, which will require establishing a presence in Asia.

Strategy

Van der Moolen's strategy is to earn income from the following four main business activities:

- As a market maker and liquidity provider and specialist in equities, bonds and derivatives world-wide
- As an execution broker for professional and institutional clients
- As an online broker, providing access to major financial equity and derivatives markets through our brand OnlineTrader
- As a participant in strategic partnerships with exchanges (CBSX and ISE).

See the chapter Group Strategy on page 11 for a more extensive overview of these activities.

1) A Dutch 'hoekman' was an intermediary on the stock exchange and had a similar function to that of the NYSE specialist. The role of the 'hoekman' was abolished in the Netherlands in 2001.

Operating Units

	Operating Unit	Primary instruments	Exchange memberships
Europe			
Amsterdam	Van der Moolen Effecten Specialist Amsterdam Branch	Equities, Exchange Traded Funds ('ETF')	Borsa Italiana, Euronext, Deutsche Börse, Helsinki S.E.,Virt-X/SWX, Eurex
	Van der Moolen Obligaties	Bonds	Euronext, Borsa Italiana
	Van der Moolen Financial Services (OnlineTrader)	Equities, Derivatives, Futures	Electronic broker service
	Van der Moolen Financial Services	Equities, Options	Euronext.liffe
	Curvalue Amsterdam	Derivatives, Futures	Euronext.liffe, Eurex, Eurex US, Xetra, Chicago Board of Trade ('CBOT')
Cologne	Van der Moolen Effecten Specialist Cologne Branch	Equities, Derivatives, ETF	Xetra, Borsa Italiana, Euronext, Deutsche Börse, Helsinki S.E., Virt-X/SWX, Eurex
Zug	Van der Moolen Effecten Specialist Swiss Branch	Equities, Derivatives, ETF	Eurex, Virt-X/SWX, Xetra
London	Van der Moolen Holding UK	Equities	London Stock Exchange, Euronext, Euronext.liffe, Virt-X
	VDM Equities (HIT)	Derivatives	Euronext.liffe
Paris	Van der Moolen Financial Services (OnlineTrader)	Back-office support	
United States of America			
New York	VDM Specialists	Equities	NYSE (Specialist)
Chicago	VDM Capital Markets	Equities, Derivatives	Chicago Board Options Exchange ('CBOE'), Chicago Board Stock Exchange ('CBSX'), (Designated Primary Market Maker, Remote Market Maker Q1 07)
New York	VDM Trading	Equities, ETF, Derivatives	All U.S. Exchanges

VDM events in 2006

- Acquisition of Curvalue in January and integration during the course of 2006
- U.S. litigation settlements resolved, resulting in EUR 4.3 million charges
- Acquisition of Hill Independent Traders Ltd. strengthening U.K. operations
- Introduction of Hybrid system by the NYSE

VDM financial headlines in 2006

- Net loss attributable to common equity holders of EUR 78.7 million (2005: net profit of EUR 11.3 million)
- Impairment intangibles EUR 30.2 million, including the impairment of intangible assets of EUR 10.0 million linked to Curvalue acquisition (2005: impairment EUR 13.6 million)
- Derecognition of EUR 70.4 million (mainly U.S. tax assets)
- Operating profit of EUR 6.8 million (2005: operating profit EUR 22.0 million)
- NYSE Net Liquid Asset ('NLA') requirement cut by USD 107.0 million to USD 136.0 million (decrease phase out until June 2007)
- Net loss per share of EUR 1.74 (2005: net profit per share EUR 0.29)

Strategic management priorities 2007-2008

- **NYSE Specialist position:** to refine the NYSE Hybrid model, reorganising our specialist activities from floor-based to screen-based trading, while reconsidering the business model;
- **VDM Capital Markets:** start CBSX market making as Designated Primary Market Maker ('DPM');
- **U.S. options market making:** expand derivatives trading on U.S. markets;
- **European expansion:** expand trading capability to Madrid, Milan and/or other major markets where VDM does not yet have a presence;
- **MiFid:** explore new exchange execution opportunities created by the Market in Financial Instruments Directive ('MiFID');
- **Algorithmic and automated trading:** further develop and invest in new algorithms and automated trading in cross-listed, multiple products;
- **Online brokerage:** develop and expand OnlineTrader's role as provider of low-cost online execution;
- **Execution brokerage:** expand our execution brokerage into the U.S.

Important dates 2007 and 2008

Date	Year	Event
April 26	2007	Annual General Meeting of Shareholders
May 16	2007	Publication of first quarter 2007 results
August 16	2007	Publication of second quarter 2007 results
November 15	2007	Publication of third quarter 2007 results
March 19	2008	Publication of full year 2007 results
May 15	2008	Annual General Meeting of Shareholders

All dates are subject to change.

Report of the Executive Board

Member	Biographical note
Mr. Richard E. den Drijver Chairman Age: 45 Member of the Board since: 2006 Current term expires: 2010	Founder of Curvalue and CEO from 1991 onwards. Previous functions at Euronext, Fortis Clearing, ABN AMRO Supervisory Board memberships: none
Mr. Michiel Wolfswinkel Chief Financial Officer Age: 43 Current term expires: 2011	Nominated to join our Executive Board at our Annual General Meeting on April 26, 2007. Previous functions as Group Controller at Eneco, Financial Director EMEA at Matrix One and VP Finance at Priority Telecom. Supervisory Board memberships: none
Mr. Casper F. Rondeltap Chief Operating Officer Age: 51 Member of the Board since: 2003 Current term expires: n.a.	Member of the Executive Board since April 9, 2003. Former member of the management committee of VDM Specialists USA since 2000. Served from 1983 to 1997 as a hoekman (specialist) on the Amsterdam Exchanges and Van der Moolen's Director of Investor Relations from 1997 to 2000. Supervisory Board memberships: none

All Executive Board members have Dutch nationality.

Composition of the Executive Board

Members of the Executive Board are appointed by the General Meeting of Shareholders on the binding nomination of the Supervisory Board. Members of the Executive Board appointed in 2004 or thereafter will be appointed for a maximum period of four years, and these members may be re-appointed.

After having served nine years on the Executive Board, of which four years as Chairman of the Executive Board, Mr. Fred M.J. Böttcher retired from the Executive Board in September 2006. Mr. Richard E. den Drijver was newly appointed by the Annual General Meeting ('AGM') of Shareholders as Chairman of the Executive Board on April 5, 2006. Mr. Leo Pruis resigned from the Executive Board as managing director and Chief Financial Officer on October 16, 2006. Pending the appointment of a new CFO, Mr. Jan van de Water was appointed as interim CFO succeeding Mr. Pruis. On March 1, 2007 Mr. Michiel Wolfswinkel succeeded Mr. Van de Water as CFO. It will be proposed to the AGM on April 26, 2007 to appoint Mr. Wolfswinkel as member of the Executive Board.

Group Strategy

Our Group strategy: global securities trading firm

Van der Moolen earns income from four main business activities:

- As a liquidity provider in equities and derivatives markets, we make money on the difference between bid-offer spreads as well as through proprietary trading
- As an execution broker for professional and institutional clients, we earn income through commission
- As an online broker, we provide access and electronic execution to major financial equity and derivatives markets through our brand *OnlineTrader*
- As a participant in strategic partnerships with exchanges, (CBSX and ISE), we seek to earn income as a shareholder and active exchange participant

Diversified operations and instruments

Van der Moolen is geographically diversified. Through our subsidiaries in the United States, France, Switzerland, Germany, the United Kingdom and the Netherlands, we trade actively on and make a market in many of the world's largest securities exchanges. The exchanges where we have established a strong local trading capability include the New York Stock Exchange, the Deutsche Börse, the London Stock Exchange, Euronext and derivatives exchange Euronext-LIFFE, Swiss Exchange, the Borsa Italiana and the OMX Exchanges. VDM is also diversified in terms of the financial instruments it trades and makes a market in. Over the years we have expanded the range to cover not only equities, but also equity-related products such as options, futures, exchange traded funds, warrants and fixed income instruments.

In recent years the share of our U.S.-based revenues has decreased and that of Europe has increased, which reflects our growth and expansion of our activities in Europe. In 2006, approximately 52% of our revenues stemmed from the U.S. and 48% from Europe. In 2005, this was 80% and 20% respectively.

Our strategy is to build on these main business activities further:

- In Europe, we intend to expand to major exchanges we do not yet cover, such as Milan or Madrid, and to roll out our professional brokerage services
- In the U.S., where we act as a specialist on the New York Stock Exchange, we plan to diversify our activities further, for example by starting new trading activities
- Investments in exchanges where we intend to leverage our strategic investments by playing an active role as liquidity providers
- We plan to expand our trading activities into the US options markets, applying our European knowledge and systems

VDM Key Activities
In Europe:
■ Leading liquidity provider in equities and derivatives
■ Market maker in equities and derivatives
■ Market maker in bond futures
■ Execution brokerage for professional clients
In the US:
■ Specialist on the NYSE
■ Designated Primary Market maker on CBSX
■ Market maker in US derivatives

Ambition: to be a leading trading firm in three time zones

VDM's ambition is to become a Global Securities Firm active in three time zones serving clients around the world, focusing on the following areas of activity: proprietary trading, acting as liquidity provider, execution brokerage, online electronic brokerage, clearing and settlement and possibly other investment services that correlate with our current activities. Our long-term ambition is to be a leading securities trading firm in three time zones, which will require establishing a presence in Asia, when the right opportunity arises.

Operational and Financial Review

Operational Review

Market developments in 2006 mirrored 2005 with the exception of the volatility spike during the months of May and June, when volatility rose to an all-time high. In general, market conditions in the international securities markets were favorable and indices set new record highs. Volumes increased in virtually all markets and the European markets were particularly positive, where the benefit of higher turnover was magnified by the higher price trend. The positive performance in Europe contrasted with a less auspicious trend in U.S. markets, specifically the NYSE, where NYSE market share further declined and volatility was lower due to a smaller average order size.

Against this market background, VDM's total revenues rose 33% to EUR 149.4 million. In Europe, organic revenues rose 42% to EUR 31.9 million. The acquisition of Curvalue contributed EUR 38.3 million to our 2006 revenues. In the U.S. revenues fell 14% to EUR 77.7 million.

Operating profit for the full year was EUR 6.8 million, down 69% on 2005 (EUR 22.0 million). Excluding other gains and losses (net), together with the amortization and impairments of intangible fixed assets, operating profit amounted to EUR 19.4 million in 2006 compared to EUR 29.0 million in 2005, a 33% decline. The operating margin, calculated on this basis, fell to 13% in 2006 from 26% in 2005, mainly reflecting the decline in profitability of VDM Specialists, costs relating to settlements (EUR 4.3 million) and professional fees with respect to the NYSE investigation. Given the decline in revenues at VDM Specialists, we performed an impairment test on the intangible assets allocated to this subsidiary. This test

(€ millions)	FY 2006	FY 2005	Change in %
Revenues	149.4	112.3	33%
VDM Specialists	76.1	89.9	-15%
European Trading	33.4	22.4	49%
Curvalue Principal Trading	23.4	-	
Curvalue Brokerage	14.9	-	
Unallocated	1.6	-	

was carried out in consultation with external advisors and resulted in an impairment of intangible fixed assets amounting to EUR 8.0 million (net of tax and minority interest) and derecognition of deferred tax assets of EUR 70.4 million. A further impairment of EUR 10.0 million was recognized, reflecting the downward adjustment to the valuation of intangible fixed assets (goodwill) relating to the Curvalue brokerage activities.

European Developments 2006

European overview: European scale, local knowledge

In European trading, Van der Moolen combines its pan-European network with local expertise. Through our European Trading units, we trade equities, equity options and fixed income instruments from offices in Amsterdam, London, Cologne and as of October 2006, Zug, Switzerland. These equity trading units operate largely independently of each other on a day-to-day basis, but all engage in intraday proprietary trading, especially in the more liquid segments of the markets in which they operate.

The liquid segments of the markets where we are active in Europe are order-driven markets, which means they lack an official liquidity provider. Virtually all the European equity markets on which our subsidiaries trade are fully electronic, without physical trading floors. Arbitrage between shares traded on multiple markets, either within Europe or between Europe and the United States, is also an important activity.

In 2006, Van der Moolen had approximately 50 traders in Amsterdam, 50 in London and 30 in Germany and Switzerland.

Performance in 2006

VDM's European activities performed strongly in 2006. Revenues grew more than 220.0% to EUR 71.7 million, representing 48% of total group revenues. The revenue increase reflects the consolidation of the activities acquired with Curvalue in January 2006, as well as organic growth. Approximately 78% of the revenue growth in 2006 reflects Curvalue, 3% other acquisitions, and the remainder organic growth.

European business strengthened with acquisition of Curvalue

On January 2, 2006, VDM acquired Curvalue, a Dutch trading company specialized in derivatives. Curvalue was founded in March 1991 and has expanded over the last 14 years to become a major player in the European derivative markets. It has an in-house software platform, developed and maintained by its own software engineers, enabling the company to adapt fast to the requirements of new exchanges and any changes in requirements by existing exchanges. Curvalue's roles comprise options specialist, futures trader and brokerage services. Curvalue and VDM are complementary. Curvalue's activities will be merged further into VDM's existing operations in the course of 2007, whereby VDM inherits 71 Euronext.Liffe options specialist licenses. Curvalue's activities were consolidated in the unit European Trading as of 31 December 2006.

Organic growth in Europe

All European activities, and Germany and Switzerland in particular, contributed to the Company's organic growth in 2006. VDM strengthened its operations in Germany and set up a new trading centre in Zug covering the Swiss market. The successful German/Swiss team employs 40 people, in Cologne and Zug. The two offices work closely together to make markets and provide liquidity on almost 15 exchanges world-wide, ranging from the U.S. and Europe to markets in South Africa and Asia.

EQUITY TURNOVER

On the major exchanges where we are active: change on prior year.

	2006	2005
Borsa Italiana	▲ 20%	▲ 38%
Deutsche Börse	▲ 32%	▲ 26%
Euronext	▲ 33%	▲ 16%
London Stock Exchange	▲ 44%	▲ 19%
New York Stock Exchange	▲ 18%	▲ 22%
SWX Swiss Exchange	▲ 28%	▲ 27%

Source: individual exchanges. Local currency value traded, equities only.

Acquisition strengthens UK operations

VDM also strengthened its UK trading operation in 2006 with the acquisition of Hills Independent Traders Ltd. This specialized options trading firm, acquired in July along with its 18 employees, has a strong presence on Euronext-Liffe and the London Stock Exchange. HIT, whose activities include directional derivatives trading, has been integrated with VDM's existing London trading operations. It fits well with the VDM operations and our mid-term growth strategy to expand our role as a global liquidity provider on all major electronic derivatives exchanges.

Execution only brokerage

The development of sophisticated execution brokerage services is important for VDM's current growth strategy. In 2006, VDM worked to develop this service as an integral part of the firm's European trading and brokerage activities. By facilitating complex trades through the addition of voice brokerage, VDM plans to capture a significant part of European business in this niche market. Execution only brokerage is offered as an access point for institutional and professional traders. The plan for 2007 is to extend execution capabilities to all major markets and to establish a physical presence in the U.S.

Online trading

Our brand OnlineTrader, the internet-based direct access brokerage platform launched by Curvalue in 2005, was further developed and refined in 2006 prior to its expected re-launch in May 2007. Van der Moolen's long-term aim is to seize opportunities to match in-house the OnlineTrader order book for professional customer orders and principal trading in order to realize savings in exchange, clearing and brokerage fees.

MiFID

The Markets in Financial Instruments Directive ('MiFID') is a European Union initiative aimed at creating a level playing field across all execution venues in the European Union. Implementation is expected to start in the last quarter of 2007 but it is not expected to be fully operational until 2008. MiFID will create the possibility to match buyers and sellers directly, without going through any official exchange. VDM welcomes this development as an opportunity to reduce exchange-related expenses. In 2006 VDM paid out EUR 29.9 million to exchange and clearing fees on gross revenue of EUR 71.7 million in Europe. This excluded exchange and clearing fees paid in the U.S.

U.S. trading activities

Overview

VDM's U.S. activities comprise VDM Specialists and VDM Trading, based in New York, and VDM Capital Markets, based in Chicago. VDM's strategy for the U.S. markets is to diversify revenues. We took an important step in that direction in 2006 with the start of derivatives trading and the signing of two strategic partnerships with the CBSX and the ISE, as explained further in this chapter.

VDM Specialists, New York

Based in New York City, VDM Specialists is currently the designated specialist in respect of 402 listed issues. Van der Moolen Holding NV holds a 75% interest in VDM Specialists, which contributed EUR 76.1 million, or 50.9% of our total revenues. As from March 9, 2007 our interest increase to 82.5% took into effect.

Developments in 2006

On October 6, 2006, the NYSE started migrating to the so-called Hybrid Market Model. The new system of part screen-, part floor-based trading, was fully implemented by the end of January 2007. The new screen-based trading model has automated much of the specialist activity at the point of sale. From an IT stand point, VDMS was well prepared and successfully tested the technological trading platform to interact with the NYSE Hybrid market. However, the trading results of VDMS in the first two months in 2007 were most disappointing.

NYSE intraday volatility has been declining, due to a lower average order size. Our participation rate went down from 17% to 12.5% in 2006.

During 2006, much attention was paid to re-training floor traders in preparation for the transition to screen-based trading. This involved developing new algorithmic models, testing them and training staff in how to work with them.

In anticipation of the introduction of the new Hybrid system, VDM began a rightsizing program as part of a major reorganization resulting in a workforce reduction of approximately 30% due to more automation at the point of sale in 2007.

NLA reduction

In August 2006, the Securities and Exchange Commission ('SEC') approved the proposed reduction of Specialist Net Liquid Asset ('NLA') Requirements, agreeing to phase in the reduction over a nine-month period. The decision immediately reduced VDM Specialists' NLA requirement by approximately USD 25.0 million, with further similar reductions kicking in three, six and nine months from the effective date of August 2, 2006 for a total capital reduction of approximately USD 107.0 million.

New U.S. ventures

In the third quarter of 2006, VDM signed agreements with the new CBSX and the ISE to create a new equity exchange to offer attractive alternative execution venues for the U.S. markets. The objective is to also participate as liquidity provider in to these exchanges with whom we have an alliance namely the CBSX, NYSE, and ISE. Under the agreement with the CBSX, VDM invested USD 10 million in exchange for a 20% equity stake. In 2007, 50% of our profit share in this investment will be allocated to external partners. The CBSX has a market model that combines elements of both screen and floor-based trading and provides thus a new venue for the trading of securities listed on NASDAQ, the American Stock Exchange and the NYSE. VDM will act as a Designated Primary Market maker ('DPM') in approximately 400 NYSE, NASDAQ and International listed securities, of which Intel Corp, Cisco Systems Inc, Dell Inc. Exxon Mobil Corp. and Ebay Inc. are the largest in terms of market capitalization and trading volume. The CBSX offers a compelling value proposition to its users: a state-of-the-art trading system, a competitive fee structure and dedicated liquidity providers.

Under the agreement with the ISE, one of the largest equity options exchanges, VDM acquired a 3% stake for an investment of USD 3.0 million, which began operations in the last quarter of 2006. Van der Moolen made this investment in the expectation of becoming an active participant in this new venture as equity owner of the new exchange and a provider of liquidity and order flow.

Developments VDM Trading

VDM Trading LLC, an affiliate of VDM Specialists, is a greenfield operation which was established in early 2006. VDM Trading started remote market-making in equity and index options traded on the Chicago Board Options Exchange ('CBOE') and ISE in 2006. VDM Trading's electronic options market-making system is complemented by an institutional sales arm offering listed equity and index options to institutional customers. Additionally, VDM Trading will be augmented by floor-based market-makers located at the CBOE. The new company started trading on June 1, 2006 and was fully operational as of January 1, 2007.

Report of the Supervisory Board

Member	Biographical note
Mr. Rudolf G.C. van den Brink[1)] Chairman Age: 59 Member since: 2002 Current term expires: 2010 Final eligible year: 2014 **Expertise:** general management, risk management, finance, strategy	Ph.D. Economics, University of Amsterdam. Professor of Monetary Economics and Financial Institutions, University of Amsterdam; Chief Economic Advisor to the Managing Board of ABN AMRO Bank NV Other Supervisory Board memberships: chairman: Center Parcs Europe NV, Arbo Unie BV, Nederlandse Waterschapsbank NV, University of Nijenrode; member: Samas-Groep NV, Oranje-Nassau Groep BV, Legal & General Nederland Levensverzekering Mij. NV, Akzo Nobel NV
Mr. Gerard L. van den Broek[2)] Vice Chairman Age: 65 Member since: 1996 Current term expires: 2008 Final eligible year: 2008 **Expertise:** management of development, executive recruitment, remuneration	Law degree, Erasmus University Rotterdam. Former partner with Spencer Stuart Management Consultants Other Supervisory Board memberships: Alcan Holdings Nederland BV
Mr. Marinus Arentsen[3)] Member of the Board Age: 67 Member since: 2004 Current term expires: 2008 Final eligible year: 2016 **Expertise:** finance and accounting, internal risk management and control systems	Registered Accountant. Former CFO and Member of the Executive Board of CSM NV Other Supervisory Board memberships: chairman: Klaverblad Verzekering UA, member: Incotec BV, Océ NV
Mr. Gerrit H. de Marez Oyens[4)] Member of the Board Age: 65 Member since: 1998 Current term expires: 2010 Final eligible year: 2010 **Expertise:** general management, compliance, law and regulation, stock exchange rules, corporate governance.	Law degree, University of Leiden. Former Secretary General of the International Federation of Stock Exchanges. Other Supervisory Board memberships: chairman: Bank Oyens & Van Eeghen NV; Vice-Chairman: Amsterdam Power Exchange Spot Market BV

All members of the Supervisory Board have Dutch nationality.

1) Member of the Audit Committee and member of the Remuneration and Nominating Committee
2) Chairman of the Remuneration and Nominating Committee and member of the Audit Committee
3) Chairman of the Audit Committee
4) Member of the Audit Committee

Composition of the Supervisory Board

The Company's Supervisory Board currently consists of four members. Both members Professor Rudolf van den Brink and Mr. Gerrit de Marez Oyens were reappointed by the General Meeting of Shareholders on April 5, 2006 for an additional four year term. Mr. Jan Aalberts chose to retire from the Supervisory Board. We express our gratitude to Mr. Aalberts for his excellent contribution during the past eight years.

Composition Committees

The Supervisory Board has an Audit Committee and a Remuneration and Nominating Committee. Given the number of our Supervisory Board members, Van der Moolen has chosen to combine the functions of the Remuneration and Selection and Appointment committees. In conformity with the most recent recommendations of the Monitoring Committee, the Chairman of the Supervisory Board is also a member of the Remuneration and Nominating Committee. Subsequent to the resignation of Mr. Aalberts as Supervisory Board member on April 5, 2006, and due to the current size of the Company, all four members of the Supervisory Board are also member of the Audit Committee. The Remuneration and Nominating Committee consists of two members, Mr. Van den Broek and Professor Van den Brink.

Independence of Members of the Supervisory Board

The Supervisory Board considers all members to be independent in accordance with the best practice provision III.2.2 of the Dutch Code and the New York Stock Exchange independency requirements, with the exception of Professor Van den Brink, as described on page 21. None of the members of either committee has any personal financial interest in any decision by a Committee and/or the Supervisory Board. Reference is made to the biographical notes of the Supervisory Board members on page 16.

Induction

The members of the Supervisory Board may, as deemed appropriate, attend informational programs at the Company's expense to improve their knowledge of management, financial or accounting issues that are specific to Van der Moolen and its businesses or relate to the responsibilities of members of Dutch Supervisory Boards in general. The Supervisory Board conducts an annual review to identify any aspects in which Supervisory Board members require further training or education during their term of appointment. Considering the backgrounds and wide expertise and experience of the current members, none of the Supervisory Board members needed additional training in 2006. New Supervisory Board members will follow a tailor-made introduction program.

Supervisory Board Meetings

The Supervisory Board held nine formal meetings in 2006 with the Executive Board. No single Board member was absent frequently from meetings. During various meetings, the Supervisory Board discussed among other matters Van der Moolen's corporate strategy and the risks inherent to the business activities; the achievement of the Company's objectives; the structure and operation of the internal risk management and control systems; the financial reporting process and compliance with the legislation and regulations.

The Supervisory Board met once without the Executive Board being present to discuss inter alia the composition of the Supervisory Board, the functioning of the Supervisory Board and its individual members, as well as performance and relevant succession planning. Furthermore the functioning and remuneration of the members of the Executive Board, the Executive Board's performance and the Supervisory Board's relationship with the Executive Board were discussed during this meeting.

In addition to their regularly scheduled meetings in 2006, there were frequent consultations between the Supervisory Board and the Executive Board members, together with ad hoc meetings and conference calls on specific topics. Findings of the external auditors were discussed with the external auditor in one meeting without the presence of the Executive Board. Three meetings occurred with both Boards and the external auditor present.

As a matter of course, meetings preceded the publication of quarterly, semi-annual and annual results. The Audit Committee advised the Supervisory Board on the financial results, prior to these meetings. Internal and external auditors, as well as the Executive Board, provided the Supervisory Board with the required information to have a clear overview of the risks, results and capital.

During 2006, the Supervisory Board assisted and supported the Executive Board in its ongoing effort to ensure that the Company's practices and procedures reflect good corporate governance and comply with applicable corporate governance requirements under U.S. and Netherlands law, the rules of Exchanges and associated best practices. A substantial amount of time was spent on effective internal controls, the Sarbanes-Oxley Act, section 404 in particular. With regard to the ongoing improvement regarding the implementation of Dutch corporate governance provisions, VDM clarified its remuneration and dividend policy and will suggest an amendment of its articles of association to create flexibility with respect to the so-called registration date for shareholders to the AGM of April 26, 2007. The remuneration policy will be submitted to the AGM for approval. The Company continues to improve its procedures and processes further, especially with regard to the Group compliance procedures. A more detailed description on corporate governance appears on page 20 and further in this report.

Meetings of the Committees

Audit Committee

In accordance with the charter established by the Supervisory Board, the Audit Committee comprises of at least three members who are appointed by the Supervisory Board from among its members. The Committee currently consists of four members: the Chairman Mr. Arentsen, Mr. De Marez Oyens, Professor Van den Brink and Mr. Van den Broek. The members have the necessary experience, financial expertise and independence to supervise the business, financial statements and risk profile, both individually and collectively. The Supervisory Board has determined that Mr. Arentsen is an independent 'Audit Committee financial expert' as defined by the Sarbanes-Oxley Act and the Dutch Code. Mr. Arentsen, who is a registered accountant in the Netherlands, has served as a senior financial officer of several corporations, e.g. as Chief Financial Officer and member of the Executive Board of CSM NV.

The Audit Committee met 12 times in 2006 with members of the Executive Board present. During ten meetings, the internal and external auditor attended the meetings. The Committee met once without members of the Executive Board present in accordance with its obligation to meet at least once a year with the external auditors without members of the Executive Board present. The Audit Committee met once without the external auditor and Executive Board present.

The Audit Committee's tasks as set out in the Audit Committee Charter are to assist the Supervisory Board in fulfilling its responsibilities. This Charter can be found on VDM's website www.vandermoolen.com. During its meetings, the Audit Committee discussed, assessed and advised the Supervisory Board on among other issues, the operation of the internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations; the supervision of codes of conduct procedures; the provision of financial information by the Company (choice of accounting policies; the application and assessment of the effects of new rules; information about the handling of estimated items in the annual accounts, forecasts, the work of internal and external auditors etc.); compliance with recommendations and observations of internal and external auditors; the role and functioning of the internal audit department; corporate tax planning; relations with the external auditor, including, in particular, its independence, remuneration and any non-audit services for the Company; corporate finance and ICT. Much attention was paid to the implementation of the Sarbanes-Oxley Act, especially section 404. Van der Moolen will continue to put great effort into implementing Sarbanes-Sox Section 404. The impairment of intangibles including derecognition of deferred tax assets were also extensively discussed by the Committee. Also, the implications surrounding the new regulations with regard to the disclosure of price sensitive information and the supervision of and relationship with the Netherlands Authority for the Financial Markets ('Autoriteit Financiele Markten' or 'AFM') were addressed.

The external auditor Ernst & Young Accountants reported on its independence to the Audit Committee. Ernst & Young Accountants has reviewed its engagements with Van der Moolen and confirmed to the Audit Committee that these engagements have not impaired Ernst & Young Accountants as independent auditors of Van der Moolen. The Audit Committee reviewed the performance and the quality standards of the external auditor and reported its findings and recommendations to the Supervisory Board.

Remuneration and Nominating Committee

The Remuneration and Nominating Committee's tasks are to assist the Supervisory Board in fulfilling its responsibilities, as defined in the Articles of Association. The Committee's tasks include the determination of the terms of engagement and remuneration of the members of the Executive Board, including defining and measuring the performance targets of individual members. The Committee also sets and evaluates the standards for the functioning of the Supervisory Board as a whole. It determines the compensation of members of the Supervisory Board and any of its Committees. Moreover, the Committee undertakes preparatory work to identify possible candidates for either the Executive or Supervisory Board, to be nominated for election by the Supervisory Board and appointed by the AGM.

The Remuneration and Nominating Committee consists of the Chairman Mr. Van den Broek and member Professor Van den Brink.

The Committee convened three times in 2006, once in the absence of the members of the Executive Board. The Chairman of the Executive Board was invited to the Committee's meetings to discuss relevant issues, such as the composition and remuneration of the Executive Board.

Topics discussed during 2006 included:

- The Remuneration Policy
- The appropriate structure and level of Executive Board compensation, including the fixed remuneration, variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application
- Preparation of the remuneration report
- The proposed appointment of the ad interim CFO Mr. Van de Water and the CFO Mr. Wolfswinkel

The Supervisory Board and the Remuneration and Nominating Committee discussed the subject of the succession of the Chief Financial Officer. The Remuneration and Nominating Committee was assisted by an external global executive search company for guidance and counsel.

Remuneration Policy

For the remuneration policy of the Executive Board see pages 24 tot 26, for the remuneration of members of the Executive Board and the Supervisory Board over 2006, see Note 33 to the Consolidated Financial Statements.

Financial Statements

The Supervisory Board has, in conformity with Article 27.2 of Van der Moolen's Articles of Association, reviewed the financial statements for the year 2006 and the notes to them, as prepared by the Executive Board and included in this annual report. Ernst & Young Accountants, the Company's external auditor, has audited the Company's financial statements for 2006 and their independent Auditors' Report can be found on page 105.

The Supervisory Board recommends that the AGM adopts the 2006 VDM financial statements in accordance with the proposal of the Executive Board.

The Company's Articles of Association state that if in a financial year a loss is sustained, no dividends shall be paid on common shares for that year. Considering the reported net loss attributable to common equity holders of EUR 78.7 million in 2006 and in conformity with the Articles no dividend will thus be paid on common shares for the year 2006.

Appreciation for the Executive Board and the Van der Moolen employees

The Supervisory Board acknowledges the professional contributions and dedication towards the Company by the Executive Board and employees of Van der Moolen in 2006. We wish to convey our sincere appreciation and gratitude for their daily commitment showed towards the Company and for always acting in the interest of the shareholders and other stakeholders.

The Supervisory Board,
Amsterdam, April 4, 2007

Corporate Governance

Introduction

Van der Moolen Holding NV is incorporated under the laws of the Netherlands as a limited liability company with its registered office in Amsterdam. Its common shares are listed on Euronext and quoted on the New York Stock Exchange in the form of American Depositary Receipts ('ADRs').

Van der Moolen has a two-tier corporate governance structure, consisting of an independent, non-executive Supervisory Board and the Executive Board. The Supervisory Board supervises and advises the members of the Executive Board in performing its management tasks. The Executive Board is responsible for the management of the Company. It is in the interest of Van der Moolen and all its stakeholders that each respective Board performs its functions appropriately and that there is a clear division of responsibilities between the Executive Board, the Supervisory Board, the AGM and the external auditor in a well-functioning system of checks and balances. Both Boards are required to act in the interests of the Company and all its stakeholders and are as such accountable to the General Meeting of Shareholders for the performance of their duties.

Corporate Governance in the Netherlands

In 2004, the Netherlands introduced new corporate governance principles, the 'Code Tabaksblat', currently known as the Dutch Corporate Governance Code ('Dutch Code'). Companies subject to the Dutch Code are required either to conform to its principles and best practices or explain why they do not ('comply or explain'). After the adoption of the Dutch Code a monitoring committee was set up, which looks into the implementation of the Dutch Code by Dutch listed companies and issues an annual report with additional guidelines on implementation.

With regard to 2006, the members of both Boards have reaffirmed that compliance with requirements for corporate governance and transparency are very important. The Dutch Code and the recommendations of the Monitoring Committee are considered to be the basis for the continuous development of the present Corporate Governance structure of the Company. VDM believes that a proper governance structure and, given the international environment in which the Company operates, compliance with internationally accepted standards, will further enhance confidence in the Company by our shareholders and other stakeholders. Each substantial change in the corporate governance structure of the Company and in the compliance with the Dutch Code shall be submitted to the AGM for discussion.

Corporate Governance in the United States

Van der Moolen is a U.S. Securities and Exchange Commission ('SEC') registered company. Therefore, we are subject to U.S. securities laws, the New York Stock Exchange ('NYSE') corporate governance rules and the provisions of the U.S. Sarbanes-Oxley Act.

We comply with the corporate governance rules applicable to foreign private issuers listed on the NYSE. Under the NYSE listing standards as a foreign private issuer with American Depositary Receipts listed on the NYSE, we are permitted to follow our Dutch corporate governance practices with respect to most corporate governance matters instead of those that apply to U.S. domestic issuers. This provided that we disclose any significant ways in which our corporate governance practices differ from those that have to be adhered to by listed domestic U.S. companies. In accordance with NYSE Rule 303A.11 the Executive Board makes specific reference to page 67 of our 20-F dated June 23, 2006 for the disclosure of the significant differences between our corporate governance practices in accordance with the Dutch Corporate Governance Code and the corporate governance rules followed by listed domestic U.S. companies under the New York Stock Exchange listing standards.

Corporate Governance Code

Subject to the adoption by the AGM to be held on April 26, 2007 of the proposed amendment of the Articles of Association, Van der Moolen trusts that the Company complies with the principles and best practices of the Dutch Code, with the exception of a limited number of points. These deviations are:

1. Provision II.1.1: states that an Executive Board member is appointed for a maximum period of four years. The existing employment contract of Executive Board

member Mr. Casper Rondeltap, which was entered into before the Dutch Code was introduced, provides for an indefinite term.

2. Provision II.2.7: states that the maximum remuneration in the event of dismissal is one year's salary. Mr. Rondeltap, who was appointed prior to the introduction of the Dutch Code, will receive as his severance payment the Dutch Cantonal Formula (Kantonrechtersformule), with a maximum of two years payment of his fixed base salary.
3. Provisions III.2.1, III.2.2 and III.2.3 state that all Supervisory Board members shall be independent. Prof. Van den Brink, Chairman of VDM's Supervisory Board also acts as Chief Economic Advisor of macroeconomics at ABN AMRO Bank. ABN AMRO Bank provided Van der Moolen with a EUR 15.0 million credit line. Formally, therefore, Prof. Van den Brink does not meet the independence requirements. However, Van der Moolen is convinced that, as Professor van den Brink is not involved in the management of ABN AMRO nor advises on credit or corporate finance issues, he should be considered as an independent Supervisory Board member.
4. Best practice provisions II.2.6 and III.7.3 state that the Supervisory Board shall draw up rules for Executive and Supervisory Board members for the holding of and transactions in securities other than those issued by Van der Moolen. Van der Moolen will internally report on the holding of and transactions in securities by Executive Board members. The Supervisory Board has adopted a set of regulations with regard to securities transactions by its members, which regulations have been published on the website. The Supervisory Board fully complies with these regulations. VDM, however, does not keep track of share transactions by its Supervisory Board members. This policy is not fully in compliance with the Dutch Code.
5. Provision IV.3.1 states that meetings with analysts, presentations to analysts and press conferences shall be announced in advance on the Company's website and by means of a press release. The Company has improved its external communication by providing webcasts of press and analyst meetings and will continue to strive to optimize its communication to shareholders and other stakeholders further.
6. Provision IV.1.7 determines a registration date for the exercise of the voting rights and the rights relating to meetings. The VDM Articles of Association currently provide that the Executive Board may determine a record date for a maximum period of 7 days. Van der Moolen will propose to the AGM of April 26, 2007 to amend the Articles of Association such that the Company can set a registration date for shareholders in any period from 3 to 30 days prior to the AGM.

Annual General Meeting of Shareholders

Annually, and at any rate no later than six months after the end of the financial year, an Annual General Meeting of Shareholders ('AGM') must be held. Extraordinary General Meetings are held as often as deemed necessary by the Executive Board or Supervisory Board, or upon the request of one or more shareholders and other persons entitled to attend meetings who jointly represent at least 10% of our issued share capital as provided for under the laws of the Netherlands.

Shareholders' meetings are held in Amsterdam. Their agenda, published on the website at a reasonable period before the meeting date, contains all subjects to be considered at the Meeting, as the persons convening or requesting the Meeting decide. One or more shareholders representing at least 1% of the issued share capital or representing a value of at least EUR 50.0 million according to prices published in the Prize Gazette on the Official List of Euronext Amsterdam NV, may put in an agenda item request, in writing and not later than on the sixtieth day prior to the day of the General Meeting. Provided that it is not detrimental to the vital interest of the Company, items may be included in the Meeting's agenda. No valid resolutions can be adopted at a General Meeting of Shareholders in respect of subjects that are not included in that Meeting's agenda.

Shareholders' meetings are convened by at least 15 days' prior notice published in a nationally distributed daily newspaper and in the Official Price List of Euronext Amsterdam NV.

Anti-takeover Measures

Van der Moolen has granted the Stichting Van der Moolen Holding the right to acquire a number of preferred shares, of which the aggregate par value is equal to the aggregate par value of the total number of all outstanding common shares and financing preferred shares of whatever class at the time the option right is exercised. The option right is further detailed in the option agreement between Van der Moolen and Stichting Van der Moolen Holding dated July, 12, 2001. The issuance of preferred shares shall take place at a rate of 100% against payment of an amount equal to 25% of the aggregate par value of the preferred shares to be issued. The option to acquire preferred shares has certain anti-takeover effects. Upon exercising the option, the Stichting Van der Moolen Holding could acquire control in the General Meeting of Shareholders. This measure may, for instance, be used in case of a proposed takeover of Van der Moolen if the Stichting considers it to be in the best interest of the firm to delay, to defer or prevent a change of control of Van der Moolen.

The Supervisory Board has the right to draw up a binding nomination for the appointment of members of the Executive Board and the members of the Supervisory Board. Further, the Supervisory Board has the right to determine the number of members of the Executive Board and Supervisory Board. These rights have on occasion been considered to have an anti-takeover effect.

Supervisory Board

General

The overall assignment of the Supervisory Board is to exercise supervision over the policies adopted by the Executive Board and over the general conduct of the business of Van der Moolen and its subsidiaries. Further, the Supervisory Board provides the Executive Board with advice. The supervision of the Executive Board shall include oversight of (i) achievement of Van der Moolen's objectives, (ii) corporate strategy and the risks inherent to the firm's business activities, (iii) the structure and operation of internal risk management and control systems, (iv) the financial reporting process, and (v) compliance with relevant legislation and regulation. In carrying out its duties, the Supervisory Board takes into account the interests of Van der Moolen, its activities and all parties involved in the Company, shareholders but also its other stakeholders. The Supervisory Board is responsible for the quality of its own performance.

Rules and Regulations of the Supervisory Board

The Supervisory Board is structured so that its members are able to act with due objectivity and independently of one another and the Executive Board. Every Supervisory Board member has the specific expertise that is necessary for the fulfillment of his duties, as described in the profile of the Supervisory Board, which is included in the rules and regulations of the Supervisory Board. The profile aims to achieve an appropriate combination of knowledge and experience among the Supervisory Board's members in the following areas: (i) financial administration and accounting, and internal risk management and control systems, (ii) management strategy and risks inherent to Van der Moolen's business, (iii) management selection, recommendation and development, compliance, law and (iv) shareholder and employee relations.

Van der Moolen's Supervisory Board's rules and regulations are posted on its website. They include the charters of its Committees, to which the plenary Supervisory Board, while retaining overall responsibility, has assigned certain tasks: these are the Audit Committee and the Remuneration and Nomination Committee. These Committees prepare certain resolutions of the Supervisory Board. They are required to meet independently of the Executive Board at least once annually and are empowered to solicit external advice as they deem necessary. The current regulations of the Committees can be found on our website. A report on how the duties of the Supervisory Board and its Committees have been carried out in 2006, the number of Committee meetings and the main items discussed is included in the Report of the Supervisory Board, on pages 16 to 19 of this report.

Conflicts of Interest

Resolutions to enter into transactions that are of material significance to Van der Moolen and/or the relevant members of the Supervisory Board which would place members of the Supervisory Board in a position of conflict of interest with Van der Moolen require the approval of the Supervisory Board. No conflicts of interest have been reported during the financial year 2006.

The rules and regulations of the Supervisory Board contain rules on dealing with conflicts of interest and potential conflicts of interest between members of the Executive Board, members of the Supervisory Board and the external auditor on the one hand and Van der Moolen on the other.

Indemnification of Members of the Supervisory and Executive Boards

The Executive and Supervisory Board members shall be reimbursed for damages due to acts or omissions in the performance of their duty and any damages they may be ordered to pay. The Company indemnifies them against financial losses that are a direct result of this. A party involved has no claim towards the reimbursement as referred to above and towards indemnification, in case and to the extent that a court of the Netherlands irrevocably has established that the acts and omissions may be characterized as being wilfully misconducted ('opzet'), intentionally reckless ('bewuste roekeloosheid') or seriously imputable ('ernstig verwijtbaar'). In addition, no right to indemnification is applicable to the extent that the financial loss is covered by insurance and the financial loss has been reimbursed by the insurer. The Company may on behalf of the party involved take out insurance against liability.

Remuneration of the Supervisory Board

Remuneration of members of the Supervisory Board is approved by the General Meeting of Shareholders. The Remuneration Report incorporated in this annual report contains information about the level and structure of each individual Supervisory Board members' remuneration. Van der Moolen shall not grant its Supervisory Board members any personal loans, guarantees or similar arrangements, other than in the normal course of business and with the approval of the Supervisory Board. No remission of loans may be granted.

None of the members of the Supervisory Board shall receive shares and/or options or similar rights to acquire shares in Van der Moolen's capital as part of their remuneration. Any shares held by a member of the Supervisory Board must be held for long-term investment. For the remuneration of members of the Supervisory Board over 2006, see Note 33 to the consolidated financial statements.

Executive Board

General

The Executive Board is responsible for Van der Moolen's vision, strategy and overall results, as well as its day-to-day management. The Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders for the performance of its duties, and is required to provide the Supervisory Board in due time with all information necessary for the exercise of that Board's duties. The Executive Board is committed to manage the Company in a transparent fashion, concurrent with all relevant legislation and regulations. In performing its duties, the Executive Board acts in accordance with the interest of the Company, its activities and is required to consider all appropriate interests associated with our Company, including the interests of shareholders and other stakeholders.

Rules and regulations of the Executive Board

The Executive Board has included its procedures and the allocation of the duties of each Board member in the Executive Board Internal Rules of Van der Moolen, which are posted on our website.

Conflicts of interest

Resolutions to enter into transactions that are of material significance to Van der Moolen and/or the relevant members of the Executive Board, which would potentially place members of the Executive Board in a position of conflict of interest with Van der Moolen require the approval of the Supervisory Board. No such conflicts of interest have been reported during 2006, with the exception of the calculation of the Curvalue earn-out for the years 2005 and 2006. For further details regarding the Curvalue earn-out, see Note 6 to the consolidated financial statements.

Remuneration of the Executive Board

The remuneration policy of the Executive Board is described in the Supervisory Board Report 2006 on pages 24 to 26. For the remuneration report of members of the Executive Board members over 2006, refer to page 26 and see Note 33 financial statements.
The Supervisory Board is required to submit any arrangements for the remuneration of members of the Executive Board in the form of shares or rights to acquire shares, as well as any major changes to such a plan, to the General Meeting of Shareholders for approval. No such arrangements have been proposed during 2006.

The main elements of Executive Board members' contracts with Van der Moolen have been made public. These elements include the amounts of their fixed salaries, the structure and amount of the variable component of their remuneration, and any termination agreements, pension arrangements and performance criteria. Subject to the approval of the AGM on April 26, 2007 to appoint Mr. Wolfswinkel as Chief Financial Officer, the main elements of the contract were published on the Company's website.

Remuneration Policy

The current remuneration policy of Van der Moolen is available on the Company's website. The following remuneration policy is an overview of the clarified remuneration policy of Van der Moolen, which takes into account the best practice provisions of the Dutch Code and will be submitted to the AGM for approval.

Introduction

In accordance with the Articles of Association, the remuneration of the members of the Executive Board is the responsibility of the Supervisory Board as a whole. Resolutions on the remuneration adopted by the Supervisory Board shall be in line with the remuneration policy for Executive Board members as determined by the General Meeting of Shareholders.

The Supervisory Board has appointed a Remuneration and Nominating Committee from among its members to prepare proposals, advice and recommendations for the Supervisory Board on the remuneration policy and individual remuneration for the Executive Board members and to prepare the remuneration report. Furthermore, the Remuneration and Nominating Committee advises the Supervisory Board on the annual financial and non-financial targets for the Executive Board. The remuneration of the Supervisory Board members is determined by the General Meeting of Shareholders.

Given the current size of the Supervisory Board, VDM has decided to combine the Remuneration and the Nominating Committee into one body. As a matter of policy, this committee consists of the Chairman of the Supervisory Board, who will not be Chairman of the Remuneration and Nominating Committee, and at least one other member of the Supervisory Board. The Chairman of the Committee is Mr. Van den Broek; member is Professor Van den Brink.

Remuneration policy statement

The Supervisory Board proposes to adopt a clarified remuneration policy for the Executive Board. This policy is designed to reward the Executive Board members for achieving the targets as set out in VDM's strategic plans and to improve the performance of the Company.

The remuneration for the Executive Board currently consists of the following elements: base salary, annual cash bonus, pension and benefits.

The Company considers variable compensation an important part of the remuneration package of Executive Board members. Therefore, a considerable part of the total compensation package consists of a cash bonus payment which is related to preset and challenging performance measures. Of this annual cash bonus, 25% is deferred and payable subject to achieving a certain set average Return on Equity ('ROE') target at the end of a three-year performance period.

Employment contracts

Executive Board members are subject to an employment agreement with the Company. Both parties shall be entitled to terminate the employment agreement by giving notice equal to a period of six months, if notice is given by the Company, and three months if notice is given by the Executive Board member. If the Company initiates the termination of the employment agreement and if the termination is for a reason other than an urgent reason (cf. Section 7:677 of the Dutch Civil Code (Burgerlijk Wetboek), the Company and the Executive Board member will observe the provisions laid down in the Dutch Civil Code.

Consequently, the neutral Dutch Cantonal Formula will serve as a basis for the calculation of the severance payment, with the exception of Mr. Rondeltap, as explained on page 21. No severance payment will under any circumstances exceed the equivalent of a one year base salary as stipulated by the Dutch Code.

In addition to a severance payment to be calculated in accordance with the parameters set forth above, an Executive Board member may receive a part of his allocated conditional bonus, if any, as discussed below. The main elements of the contract of a new Executive Board member shall be made public after conclusion, and will include disclosure of base salary, variable remuneration (structure and amount), any redundancy scheme, pension arrangements and performance criteria.

Term of appointment

As of 1 January 2004, new Executive Board members are appointed for a period of four years. On expiry, the Executive Board member may be re-appointed for successive terms of not more than four years. Members of the current Executive Board who were appointed before 1 January 2004 have, in contradiction to the Dutch Code, been appointed for an indefinite term, as explained on page 21 and 22.

VDM benchmark

VDM's guiding principle is that remuneration should be comparable to the market for senior management in The Netherlands, relevant to the members of the VDM Executive Board. Given the specific and highly specialized nature of VDM's business, it is not feasible to compose a well defined peergroup for remuneration purposes. The Supervisory Board periodically reviews the competitiveness of the remuneration packages using benchmark information provided by Hay Group. The package was most recently benchmarked against information from the Hay Group's 'Boardroom Guide on salaries for Board members in the Netherlands in 2006'.

Base salary

The base salary of the Executive Board members is calculated on the basis of the relevant number of so-called 'Hay points'. These points are derived from the following calculation:

- First, the size of the positions for all members of VDM's Executive Board is measured in terms of responsibilities, complexity and size
- Consequently, VDM Executive Board members are benchmarked against other senior management of comparable position at various freestanding Dutch companies from a range of business sizes

Base salary levels are in the upper quartile range, reflecting regular salary policies of companies active in financial markets.

Annual bonus

The current cash bonus scheme applicable to the Executive Board members is:

- 60% based on financial targets
- 20% based on non-financial individual targets and
- 20% based on discretionary targets

The financial and non-financial targets for the Executive Board are set by the Supervisory Board on an annual basis.

If all preset targets are achieved, the bonus for Executive Board members can amount to a maximum of 100% of base salary. However, with regard to the preset financial targets an 80% threshold applies. In the event that performance is below the 80% threshold, the Supervisory Board has the discretion to decide not to grant any bonus (including the bonus payments relating to non-financial and discretionary targets).

With respect to the 60% of total bonus relating to preset financial targets, an Executive member is entitled to:

- 70% of the financial bonus target (i.e. 42% of total bonus) if between 80% and 100% of the financial targets are met
- 90% of the financial bonus target (i.e. 54% of total bonus) if from 100% up to 120% of the financial targets are met
- 100% of the financial bonus target bonus (i.e. 60% of total bonus) if more than 120% of the financial targets are met

Bonus payments based on financial targets will be granted on the basis of audited annual results under IFRS only.

The Company does not pre-disclose individual performance targets for Executive Board members, but will disclose the basis on which the bonuses were granted afterwards both in the Remuneration Report and during the AGM.

If a member of the Executive Board is granted a bonus, 25% of this bonus is conditional. This part of the bonus shall become unconditional, when, at the end of a three-year performance period a certain set average ROE target is met. When the employment agreement is terminated by a member of the Executive Board, this member is no longer entitled to any bonus. In case of long lasting absence of a member of the Executive Board as a result of illness or leave of absence, the Supervisory Board can decide that no cash bonus or only part thereof will be granted.

In the event that the employment agreement with a member of the Executive Board is terminated by the Company within the three-year conditional bonus period referred to above, the Supervisory Board may, depending on the circumstances relating to this termination, decide to pay out part of a deferred bonus. This unless termination is due to an urgent reason as referred to Section 7:677 of the Dutch Civil Code.

Pension contribution

VDM Executive Board members will each be entitled to a fixed annual contribution towards an individual pension plan. Each member is currently entitled to the relevant 2006 level of contribution towards the VDM Pension Plan previously in place. This amount will be reviewed every four years. The retirement age for the Executive Board members is 65.

Benefits

Members of the Executive Board are entitled to allowances and/or benefits in kind. The majority of these allowances and benefits comprise elements based on general local practice (such as a Company car, contribution to health care costs, fixed annual cost allowances) or relate to specific international circumstances (such as grossed-up costs relating to relocation, accidental and health insurance, housing, school and travel). The latter are often one-off amounts or limited in time.

Loans

It is the current policy of the Company not to grant the Executive Board members any personal loans and guarantees.

Remuneration Report Executive Board 2006

The bonus of the Executive Board members consists of a financial target, individually based non-financial targets and a discretionary part. In general Executive Board members are only eligible for bonuses if the financial targets related to the annual budget is met. In 2006 the financial target was based on Revenue Growth. This financial target has not been met by the Executive Board in 2006. Each Executive Board member is for 20% of his bonus dependent on non-financial targets. These targets have (partially) been met by the Executive Board members in 2006, as illustrated in the table below. However, since 80% of the financial target for the year 2006 has not been met, the Supervisory Board has not granted any bonus to the Executive Board members. With regard to the 20% at the discretion of the Supervisory Board, the Supervisory Board has also determined that due to the overall results of the Company in 2006, the discretionary 20% will not be granted to any member of the Executive Board. The table below gives an overview of the performance indicators and the performance of the Executive Board members over the year 2006.
For the remuneration of members of the Executive Board members over 2006, see Note 33 to the consolidated financial statements.

As a result of the resignation of Mr. Pruis on October 16, 2006, Mr. Pruis received, in accordance with his contractual arrangements, a severance payment of EUR 329.000 gross, which amount is increased with a severance amount relating to his deferred bonus over the year 2005. Furthermore a pension contribution of EUR 45.000 gross was made.

Performance Indicators 2006 for the Executive Board

	Financial Target	% Target Realized
Mr. R.E. den Drijver		
Financial Target		
Revenue Growth	60%	0% realized
Non-financial targets		
Successful integration of Van der Moolen and Curvalue business	10%	50% realized
In control VDM U.S.A. entities	10%	100% realized
Discretionary	20%	-
Mr. C.F. Rondeltap		
Financial Target		
Revenue Growth	60%	0% realized
Non-financial targets		
Successful introduction and profitable algorithmic trading	10%	100% realized
≥ 20% growth of European VDM trading activities, based on net profit before taxes	10%	100% realized
Discretionary	20%	-

External Auditor

The external auditor is appointed by the AGM, based on a nomination submitted by the Supervisory Board. The external auditor must be invited to attend the meeting of the Supervisory Board at which the Financial Statements are approved and to attend the General Meeting of Shareholders at which the Financial Statements are adopted, and may be questioned by the General Meeting of Shareholders on his or her audit opinion on our Financial Statements. Pursuant to the regulations of the Audit Committee, the remuneration of the external auditor and instructions to the external auditor to provide certain non-audit services must be pre-approved by the Audit Committee.

The internal auditor operates under the responsibility of the Executive Board.

Risks and Risk Management

Van der Moolen runs the risks associated with general corporate activity, as well as risks particular to our business. We eliminate risks where possible, and monitor, limit and control them where they are inescapable. These risks comprise:

- Market risk, resulting from the effect of price movements on trading positions
- Currency risk, from exchange rate effects and the fact that most of our earnings and assets are in currencies other than the Euro
- Liquidity risk, arising from obligatory liquidity requirements or when trades generate short-term liabilities, since financing may not always be readily available
- Credit and settlement risk, because our counterparties could default and
- Legal, compliance and operational risk, which takes many forms

The above risks are discussed in Note 3.1 of the consolidated financial statements.

Market Risk

Our subsidiaries carry the main responsibility for managing market risk. On the NYSE, where specialist obligations require us to trade in any amount necessary to maintain a fair and orderly market during the trading day, we have established general risk parameters in accordance with the Group's risk policy. The first line of responsibility for risk management at VDM Specialists is with staff who are present on the floor of the NYSE throughout trading hours. For regulatory reasons, position data at the close of the market are transmitted to the head office in Amsterdam.

For our European units, our risk control department at Van der Moolen Holding, in consultation with management at these operations, sets more specific risk parameters. For these units, exposure limits are defined in terms of net individual and aggregate position sizes and also on inventory characteristics such as yield curve exposure and exposure with respect to option risk parameters, such as the exposure on price changes, delta, and the exposure on volatility, vega.

Position data and option risk parameters are transmitted real time to the head office, where this information is monitored and analyzed by independent risk managers. The Executive Board is informed of the risk positions per unit on a daily basis.

Our main defense against market risk is trading discipline. Our equity trading units generally do not hold the same positions for more than a few hours to a few days, a narrow window of exposure that reduces their risk from adverse price movements. In particular, they avoid holding large net positions when markets close, in order to minimize the risk that news could affect prices when traders cannot react to it. Arbitrages are held longer-term, but create no or little net exposure. Where longer-term equity exposure is unavoidable - primarily in illiquid stocks - we limit it as much as our trading obligations permit: the less liquid an instrument is, the more limited our risk appetite. In Europe, we generally do not trade illiquid equities.

Our equity derivatives trading units hold on to positions on a longer term. Strict limits in both positions and option risk parameters are set by the management of Curvalue, HIT and VDM Trading and are being monitored continuously by the risk control department at headquarters. Curvalue has an obligation as primary and competitive market maker to quote all strikes and maturities in a number of asset classes at Euronext.Liffe. The risk of adverse selection that may arise from this obligation is accepted and managed by maintaining a neutral opinion on the direction of prices, volatilities and interest rates.

We hold bond positions longer-term. We limit and continuously monitor its yield curve and credit exposure. Yield curve exposure is hedged by opposite positions in bond futures based on the duration of our inventory. Such hedges do not eliminate risk from changes in corporate credit standing. We accept risks in six hundred Euronext-traded Dutch bonds and a select group of French, Belgian and Italian ones, which we contain by trading out of them quickly or partially hedging with other bonds of the same issuer and/or duration. This unit limits its exposure to individual issues, issuers, credit rating and industry categories.

With the acquisition of Curvalue on January 2, 2006 and the acquisition of Hills Independent Traders on July 14th 2006, we have extended our risk management and controls to embrace all our operations. As far as Curvalue's and HIT's principal trading activities are concerned, this involves techniques that are similar to those we apply to our other trading activities, although monitoring derivatives positions requires additional attention to factors such as exposure to implied volatility. Our derivatives exposures are analyzed theoretically and on a market-to-market basis. Short-term risk exposures resulting from VDM Financial Services' activities as a broker to third parties are analyzed separately, but with essentially the same techniques.

Daily reports to the Executive Board analyze position characteristics and absolute exposures. They include so-called haircut analyses, stress tests, and analyses of profit and loss accounts at both individual trader and trading unit levels. The haircut analyses contain risk calculations of all positions based on various factors including changes in price and volatility within pre-determined ranges. The haircuts are calculated daily by our clearing members, both on entity-level as for individual positions. They consist of a number of worst-case scenarios. Independent of these haircut reports, each entity has a risk management system which calculates the entities' internal haircut in real time and overnight. Internal stress tests are conducted in order to examine positions under crisis scenarios. These internal risk calculations are linked to the calculations from the clearing members in order to accomplish an unequivocal risk.

The increase of our haircut-netliq ratio during 2006 was, as expected, largely the result of the acquisition of Curvalue and HIT. The nature of their trading activities entails larger overnight positions and thus a greater risk of adverse market movements.

We use a one-day horizon and 90-day trailing correlation and volatility data, both of which are shorter than many other firms employ. We believe this is appropriate to our trading orientation, and that 90-day data best reflect current market conditions within the demands of statistical significance. Although our haircut calculations are appropriate to our activities, different assumptions would produce materially different estimates. The third-party haircut calculation, supplied by our clearing members, is a control mechanism for our internal calculations and completes our overview of the risks we run on a daily and overnight basis.

The diversity of our business also reduces our exposure to market risk. With an average of over 150,000 transactions a day, diversified across a broad range of issuers, products and exchanges in several countries, we believe that we maintain a balanced risk profile.

Currency Risk

The Group is affected by a number of currency-related risks:

- The risk of currency gains or losses on monetary assets and liabilities denominated in currencies other than the functional currency of the relevant entity
- The effect of exchange rate fluctuations on the translation of the profit and loss accounts and balance sheets of entities for the purpose of presenting consolidated financial statements in euros and
- The risk arising from trading positions denominated in currencies other than the functional currency of the unit holding those trading positions

The following considerations will continue to determine our policy towards currency risk:

- Our trading units will continue to hedge currency exposures acquired in the course of their normal trading activities into their functional currencies
- We will seek, where possible and economically appropriate, to mitigate the effect of currency volatility on our Income Statement

- We will hedge cash inflows and outflows in various currencies to mitigate their possible translation effect on our reported liquidity position and
- Changes in value that result from converting into our presentation currency will, in principle, not be hedged

Liquidity Risk

Liquidity risk relates to our capacity to finance security positions and the liquidity requirements of exchanges and clearing utilities. Our financial resources, relative to the capital we employ in trading, and the liquidity of the instruments we trade, limit this risk. In addition, we maintain credit facilities with commercial banks.
We forecast cash flows on a rolling twelve-month basis. Cash flows and unrestricted cash positions are determined daily, and adjustments are made to our cash flow budgets if necessary.

Legal, Compliance and Operational Risk

Operational risk embraces everything from staff error to equipment failure and fire risk, either in our operations or those of our service providers, including the exchanges on which we operate. These risks cannot be completely eliminated. We use insurance, back-up facilities, detailed procedures and continuous monitoring to reduce them.

Our businesses are exposed to substantial risks of liability under federal and state securities laws, other federal and state laws and court decisions, as well as rules and regulations of the U.S. Securities and Exchange Commission, or the SEC, the New York Stock Exchange and similar regulatory authorities and self-regulatory organizations in the United States and Europe, as well as national and local legislation in various European jurisdictions. We are also subject to the risk of litigation, including claims that may be without merit. We could incur significant legal expenses in defending ourselves against such lawsuits or claims.

Our businesses and the securities industries in which they operate are subject to an extensive range of laws, rules and regulations in the United States and Europe that are promulgated by various governmental agencies and self-regulatory organizations. The laws, rules and regulations with which our businesses must comply include those relating to financial reporting requirements, trading practices, capital structure requirements, and record retention requirements governing the conduct of our directors, officers and employees. The failure or alleged failure to comply with any of the laws, rules or regulations applicable to us could result in censure, fine, the issuance of cease-and-desist orders or the suspension or disqualification of our directors, officers or employees, and other adverse consequences, which could have an adverse effect on our business. It could also result in the suspension or disqualification of whichever of our subsidiaries commits the violation by the SEC or other relevant regulatory authority or in that subsidiary's suspension or disqualification as a member of the securities exchange on which it operates. Most of our employees are also subject to extensive compliance requirements, and in the event of non-compliance they may risk similar sanctions: in the event of such sanctions, their ability to contribute to our results of operations and cash flows may be impaired. If sanctions against either our businesses or employees occur we may be unable to operate a portion of our business, which could adversely affect our financial condition, results of operations and cash flows.

The Company is involved in various legal proceedings resulting from its normal business operations. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, the Company's financial position and results of operations could be affected by an adverse outcome. Please refer to note 32 to the consolidated financial statements for additional disclosure relating to specific litigation matters.

The accuracy of financial reporting and disclosures provides investors, regulators and market professionals with significant information from the company. Material errors in financial reporting and disclosures could create uncertainty regarding the reliability of the data presented.

Risk Management and Internal Control

The Executive Board is responsible for the Company's system of risk management and internal control and for reviewing its operational effectiveness. The risk management and internal control systems are designed to identify significant risks and to assist the Company in managing the risks that could prevent it from achieving its strategic objectives. However, no risk management system can provide absolute assurance against material misstatements, fraud or violations of laws and regulations.

The risk management and internal control system with respect to financial reporting is designed based on the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') internal control framework. In order to comply with the recommendations of the Dutch Monitoring Committee Corporate Governance Code, the Executive Board makes a distinction (where necessary) between financial reporting risks and other risks: operational, strategic, legal and compliance risks.

Risk Management Approach

The Executive Board is committed to a policy of continuous enhancement of its systems for risk management and control to ensure their reliability and effectiveness and to improve them where necessary.

With respect to financial reporting, a structured self-assessment and monitoring process is used companywide to assess, document, review and monitor compliance with internal control over financial reporting.

Control Environment

The Company has established the following controls as part of the risk management approach:

- The Van der Moolen Holding NV's Code of Ethics and Whistleblower Procedure
- Internal letters of representation received from key senior management
- An internal audit function
- Compliance meetings
- Monitoring duties of the Audit Committee and
- Business performance reviews conducted by the Executive Board

Control Activities

Comprehensive internal procedures are in place for the preparation and publication of the Annual Report, the annual accounts, and the quarterly figures. Compliance with these procedures is monitored by the Executive and Supervisory Board. The most significant monitoring procedures and controls are:

- Regular business performance review meetings between the Executive Board and senior management on financial performance and realization of operational objectives and responses to emerging issues
- Financial planning meetings between the Executive Board and senior management
- Disclosure meetings with respect to the timely review, disclosure, and evaluation of periodic (financial) reports as well as with respect to the maintenance and evaluation of disclosure controls and procedures
- Internal audits on the quality of the internal controls conducted through risk-based operational audits, inspections of financial reporting controls and compliance audits. Findings of internal and external audits are reported to and discussed in the Executive Board and Audit Committee. Recommendations are validated with senior management and follow up is monitored
- Meetings between the Audit Committee and the Executive Board to address weaknesses in the internal control framework as reported by the auditors and self-assessments, and to take corrective action where necessary

With respect to financial reporting a structured assessment and monitoring process is used company-wide to enable the Chief Executive Officer and Chief Financial Officer to review and report on the effectiveness of risk management and internal controls over financial reporting. Key senior management involved in the financial reporting process quarterly issues a formal certification statement to confirm design and operating effectiveness of disclosure controls and internal controls over financial reporting, which is subject to review by the Executive Board.

During 2006 the Company has improved and extended the internal control framework to address the requirements of section 404 of the Sarbanes-Oxley Act of 2002. The Company believes it has implemented adequate steps to maintain an effective framework of internal control over financial reporting. These steps include the appointment of the Chief Executive Officer to the Management Committee of VDM Specialists, the improvement of the financial reporting process by the hiring of a new Chief Financial Officer and Controller at VDM Specialists, the hiring of an internal auditor based at VDM Specialists and directly reporting to our Group internal auditor, and the establishment of direct access to the general ledger of VDM Specialists for the Group Control department. The significant changes and improvements have been discussed with the Audit Committee and the external auditor. Any design and operating effectiveness deficiencies noted that were not completely remedied are formally evaluated by the Executive Board and Audit Committee as part of the assessment of the Company's design and operating effectiveness of internal controls within the scope of section 404 of the Sarbanes-Oxley Act of 2002. The Executive Board's evaluation of internal control over US GAAP financial reporting will take place during the preparation of the Annual Report on form 20-F. The Executive Board's report, including its conclusions, regarding the effectiveness of its internal control over US GAAP financial reporting will be disclosed in the Annual Report on form 20-F.

In control statement

In line with the best practice provision II.1.4. of the Dutch Corporate Governance Code and bearing in mind the recommendations of the Corporate Governance Code Monitoring Committee on the application thereof, the Executive Board has issued a declaration about the effectiveness of the system of internal control over financial reporting.

The internal control framework is based on the COSO framework and has been designed to provide a reasonable level of assurance that the financial reporting does not contain material errors.

The Executive Board has evaluated the design and operating effectiveness of the Company's risk management system and internal control framework. Its findings were positive. During the investigation on which the assessment was based no deficiencies were noted that might possibly have material consequences.

The Executive Board is of the opinion, based on the findings of the above assessment and the almost completed assessment of the Company's design and operating effectiveness of internal controls within the scope of section 404 of the Sarbanes-Oxley Act of 2002, that the system of internal control provides a reasonable degree of assurance that the financial reporting contains no material misstatements and has operated effectively during the year under review. There are no indications that the system of internal control will not function effectively in 2007. However the established risk management systems and internal controls do not guarantee that the Company's objectives will be achieved, nor can they prevent all misstatements, human errors, unforeseen circumstances, acts of fraud, and violation of acts and regulations.

The Executive Board has reported its assessment of the internal control framework to the Audit Committee.

This statement cannot be construed as a statement in accordance with the requirements of section 404 of the US Sarbanes-Oxley Act. Such statement will be set forth in the Annual Report on form 20-F.

Financial Review

Our financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'). The functional currency of Van der Moolen and a number of its group companies is the U.S. dollar and the financial statements are presented in euros. Data included in the income statement, the statement of recognized income and expense and the cash flow statement are, where relevant, translated at the average rate for the period under review, while balance sheet data are, where relevant translated at the period-end exchange rates. The average rate between the euro and the U.S. dollar in 2006 approximated the level in 2005. During the year 2006, the U.S. dollar depreciated against the euro: on December 31, 2005 the euro/dollar rate was 1.1829 compared to 1.3170 on December 31, 2006.

Developments in the U.S.

During 2006, unfavorable NYSE market conditions influenced our U.S. activities. The market share of the NYSE in the U.S. market declined from 79% to 68%. In addition to the average trade size declined from 750 shares to 430 shares per trade. Also the VDM participation rate on the NYSE declined from 17% to 12.5%. These U.S. market developments negatively impacted our revenues and results of our U.S. Specialist activities.

In December 2006, the NYSE started with the implementation of the Hybrid market system. Due to the implementation of the Hybrid market system, our NYSE specialist activities declined further.

Developments in Europe

European market conditions were favorable, resulting in increased market volumes. The exchange transaction volume on Euronext rose 36%, and the Deutsche Börse and the LSE showed an increase of 52% and 54% respectively. During the second quarter of 2006 the volatility on the European markets peaked. In the beginning of 2006 VDM acquired 100% of the share capital of Curvalue Beheer BV and its subsidiaries ("Curvalue"). Revenues from our European activities increased significantly in 2006 as a result of this acquisition, contributing EUR 38.3 million to our 2006 revenues.

Development in revenues

Revenue development is shown on a quarterly basis here below.

At EUR 149.4 million, our reported revenues in 2006 were 33% above the EUR 112.3 million earned in 2005.

Our U.S. specialist activities revenues fell 15.4% to EUR 76.1 in 2006.

Revenues from our European activities grew more than 220% to EUR 71.7 million. The acquisition of Curvalue and HIT contributed EUR 38.3 million and EUR 1.5 million respectively to our 2006 revenues, representing 107% of the increase in total revenues and 80.7% of the increase in the revenues resulting from our European activities.

Van der Moolen Holding N.V. Revenue breakdown in € millions	**Q1 2006**	**Q2 2006**	**Q3 2006**	**Q4 2006**	**FY 2006**	% of total	**FY 2005**	% of total	Change in %
VDM Specialists	22.6	21.0	15.7	16.8	76.1	50.9%	89.9	80.1%	-15.4%
European Trading	7.9	9.2	6.7	9.6	33.4	22.4%	22.4	19.9%	49.1%
Curvalue Principal Trading	5.1	6.4	6.3	5.6	23.4	15.7%	-	0.0%	na
Curvalue Brokerage	3.4	3.8	3.7	4.0	14.9	10.0%	-	0.0%	na
European activities	16.4	19.4	16.7	19.2	71.7	48.0%	22.4	19.9%	220.1%
Unallocated and Holding	0	0.1	0.7	0.8	1.6	1.1%	-	0.0%	na
Total revenues	**39.0**	**40.5**	**33.1**	**36.8**	**149.4**	**100.0%**	**112.3**	**100.0%**	**33.0%**

Organically, our European activities grew by EUR 9.5 million, representing 25.6% of the increase in total revenues and 19% of the increase in revenues resulting from our European activities.

Other gains and losses - net

In 2006 an amount of EUR 21.1 million was recognized in relation to the NYSE shares (conversion and secondary offering), hereby increasing net income attributable to common shareholders by approximately EUR 10.1 million.

Furthermore in December 2006 a non-taxable amount of EUR 0.5 million was received in respect of the settlement surrounding the value of an option to acquire 12.3% in Prebon. The litigation started as a result of a take-over of Prebon by a third party and the subsequent request of Van der Moolen Holding NV issued for the settlement of the option value.

Development in operating profit

Operating profit

Full year 2006 operating profit was EUR 6.8 million, compared to a profit of EUR 22.0 million in the preceding year; a decline of 69%. Excluding other gains and losses, the amortization expense and impairment charges, the operating profit for the full year 2006 amounted to EUR 19.4 million compared to EUR 29.0 million in 2005, a decrease of 33%. On a quarterly basis, the operating profit can be depicted as follows:

Compared to 2005, the operating profit adjusted for the other gains and losses, amortization expense and impairment charges resulting from our U.S. specialist activities declined from EUR 36.2 million to EUR 27.5 million in 2006, a decrease of 24%. This decline was mainly caused by the decreased profitability of VDM Specialists USA.

The operating profit adjusted for the other gains and losses, amortization expense and impairment charges in Europe increased from EUR 1.2 million to EUR 8.6 million in 2006. Curvalue contributed EUR 4.4 million in 2006. Organically, the increase amounts to EUR 3.0 million in 2006 to EUR 4.2 million.

The operating margin calculated on this basis was 13% in 2006, compared to 26% in 2005. The operating margin related to our U.S. activities declined from 40.3% to 36.1% in 2006 in comparison to the operating margin of the European activities which increased from 5.4% to 12.0% in 2006.

Development in operating expenses

Excluding the amortization and impairment charges of EUR 34.2 million (2006) and EUR 5.3 million (2005), total operating expenses in 2006 increased by EUR 46.7 million. The consolidation of Curvalue, HIT and the greenfield operations accounted EUR 39.6 million to this increase (excluding amortization and impairment charges).

Van der Moolen Holding N.V. Operating profit breakdown in € millions	**Q1 2006**	**Q2 2006**	**Q3 2006**	**Q4 2006**	**FY 2006**	% of total	**FY 2005**	% of total	Change in %
VDM Specialists	9.1	8.3	4.0	6.1	27.5	141.8%	36.2	124.8%	-24.0%
European Trading	2.0	2.5	0.2	(0.5)	4.2	21.6%	1.2	4.1%	250.0%
Curvalue Principal Trading	0.8	1.7	2.6	0.3	5.4	27.8%	-	0.0%	na
Curvalue Brokerage	(0.3)	(0.2)	0.3	(0.8)	(1.0)	-5.2%	-	0.0%	na
European activities	2.5	4.0	3.1	(1.0)	8.6	44.3%	1.2	4.1%	616.7%
Unallocated and Holding	(3.3)	(5.7)	(4.0)	(3.7)	(16.7)	-86.1%	(8.4)	-29.0%	98.8%
Total operating profit	**8.3**	**6.6**	**3.1**	**1.4**	**19.4**	**100.0%**	**29.0**	**100.0%**	**-33.1%**

Functionally, the increase is explained as follows:

- Exchange, clearing and brokerage fees rose EUR 20.3 million compared to 2005. As well as the acquisition of new activities and greenfield operations (impact EUR 18.1 million), this increase of EUR 20.3 reflects higher transaction volume in Germany, London and Amsterdam and listing fees expensed by VDM Specialists for new assignments.
- The 2006 fixed employee compensation and benefits were EUR 8.0 million above 2005 levels. The increase originated from new activities and greenfield operations (impact EUR 6.6 million), increased severance payments expenses and an expansion of our trading teams in Germany and London. Increased cost levels are partly offset by a decrease in the number of full time equivalents employed by VDM Specialists.
- The 2006 variable employee compensation and benefit expense rose EUR 8.9 million compared to 2005. This increase is mainly attributable to the effect of new activities and greenfield operations (impact EUR 6.9 million).
- Information and communication expenses rose EUR 4.1 million compared to 2005. This increase is mainly due to new activities and greenfield operations (impact EUR 2.2 million) and due to higher expenses related to the expansion of European trading activities and higher expenses related to the development of new businesses in the U.S.
- General and administrative expenses amounted to EUR 27.1 million in 2006 compared to EUR 21.1 million in the preceding year, an increase of 28%. This rise was primarily reflects new activities and greenfield operations (impact EUR 4.8 million). Furthermore, in 2006 an amount of EUR 4.3 million was recognized relating to the settlement reached in respect of the stock loan investigation of the NYSE, the settlement of the securities class action lawsuit in the U.S. and additional provisioning in relation to legal expenses incurred in respect to former members of VDM Specialists. In 2005 a non-recurring amount of EUR 3.1 million was included with respect to settlements and legal expenses.

Net result

The loss attributable to common shareholders was EUR 78.7 million in 2006 compared to a profit of EUR 11.3 million in 2005.

The loss for the year 2006 includes the following material non-recurring items:

- The impairment of intangibles and the derecognition of deferred tax assets related to our U.S. operations and Curvalue negatively impacted the net result by EUR 87.8 million
- The conversion and secondary offering of the NYSE shares increased net income by EUR 10.1 million

Excluding these items, full year 2006 net result attributable to common shareholders would amount to a profit of EUR 1.0 million compared to a profit excluding non-recurring items of EUR 4.4 million in 2005.

Before amortization and impairment of intangible assets, Curvalue contributed EUR 2.4 million to our 2006 net income. Amortization and the impairment of intangible assets related to this acquisition amounted to a net charge of EUR 11.8 million.

Development in the balance sheet

Balance sheet total

On December 31, 2006 our Balance Sheet total was approximately EUR 1.7 billion, more than double the EUR 731.0 million recognized on December 31, 2005. This increase is mainly caused by the increase of current assets and current liabilities related to positions and clearing balances arising from the trading activities of Curvalue. From an economic perspective, the market risk on the security positions of Curvalue is limited.

Deferred income tax assets

Deferred tax assets fell from EUR 80.8 million as of December 31, 2005 to EUR 1.9 on December 31, 2006. This decline is mainly due to derecognition of deferred tax assets in the amount of EUR 69.9 million and the depreciation of the U.S. dollar.

Total equity

Total equity divided by the Balance Sheet total fell from 32% at the end of 2005 to 13% on December 31, 2006, reflecting the larger Balance Sheet total mainly due to the acquisition of Curvalue and the loss for 2006. This was partly offset by increased equity primarily caused by the reclassification of financing preferred capital from non-current liabilities to equity in April 2006.

Guarantee capital

Guarantee capital, which consists of total equity plus the non-current portion of our subordinated indebtedness (including financing preferred capital and capital contributions from minority members), declined from EUR 411.4 million as on December 31, 2005 to EUR 298.6 million as on December 31, 2006.

The decline is mainly due to the recognition of the loss over 2006, the classification of the current portion of the subordinated loans as current liabilities, the depreciation of the U.S. dollar and repayments made on the capital accounts of minority members during 2006. The increase in issued shares and issuable shares is a result of the acquisition agreement with Curvalue and the contribution to the dividend reserve of our preferred financing shares, partly offset by the aforementioned factors. As a percentage of our Balance Sheet total, guarantee capital declined from 56% at the end of 2005 to 18% on December 31, 2006.

Cash flow

Cash flow from operating activities

Cash flow from operating activities amounted to EUR 52.2 million in 2006, consisting of EUR 17.5 million positive operating cash flows plus EUR 34.7 million positive cash flow resulting from a decline in working capital. The change in working capital stems mainly from the EUR 69.5 million relief on the NLA requirement, which is partly offset by cash used for trading working capital purposes.

Cash flow from investing activities

Cash flow from investing activities amounted to EUR 2.5 million positive. This is the combined effect of the cash considerations received in relation to the NYSE merger, the receipt of the proceeds of the secondary offering of NYSE Group shares in May 2006 and the receipt of the proceeds in January 2006 of the sale of four memberships in December 2005. The acquisition of Curvalue contributed negative EUR 0.5 million to cash flow from investing activities, being the balance of cash held by this entity less the EUR 5.0 million cash consideration paid on January 2, 2006 and less the earn-out payment relating to 2005. In the second half of 2006 the investment in ISE Stock Exchange LLC, CBOE Stock Exchange LLC and the cash outflow relating to the transfer of the securities portfolio and the assignment of the portfolio contracts from Hills Independent Traders Ltd amounted to EUR 14.4 million. Investments in intangible assets and property, plant and equipment amounted to EUR 7.0 million.

Cash flow from financing activities

Cash flow from financing activities amounted to EUR 52.7 million negative, mainly relating to EUR 25.6 million repayments of subordinated and long-term borrowings, EUR 11.1 million interest paid on these borrowings, dividend payments made of EUR 5.2 million on our common and financing preferred shares, and distributions and capital repayments to (former) members of VDMS in the amount of EUR 11.5 million.

Including the effect of currency differences and after deducting bank overdrafts, cash and cash equivalents increased by EUR 0.9 million compared to December 31, 2005.

Amsterdam, April 4, 2007

The Executive Board

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Consolidated balance sheet

(in € millions)	Note*	2006	2005
Assets		December 31	December 31
Non-current assets			
Goodwill	7	45.6	24.8
Other intangible assets	7	39.3	45.3
Property, plant and equipment	8	6.1	4.0
Deferred income tax assets	9	1.9	80.8
Investments in associates	10	9.3	-
Retirement benefit plans and other long-term benefits	26	3.5	3.4
Available-for-sale financial assets	11	24.2	18.0
Loans and receivables	13	0.2	-
Cash and cash equivalents	15	103.0	188.5
		233.1	364.8
Current assets			
Securities owned	12	1,077.8	91.8
Due from clearing organizations and professional parties		223.0	127.6
Loans and receivables	13	-	5.0
Current income tax receivables		11.3	8.9
Other current assets and prepaid expenses	14	6.9	17.4
Cash and cash equivalents	15	114.9	115.8
		1,433.9	366.5
Total assets		**1,667.0**	**731.3**
Equity and Liabilities			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	3.9	3.2
Share premium	16	230.9	135.7
Treasury shares	16	(2.5)	(2.5)
Fair value reserve	17	3.2	5.1
Cumulative translation adjustment reserve	17	(14.7)	7.8
Preferred financing dividend reserve	17	4.0	-
Retained earnings	17	(9.5)	71.9
		215.3	221.2
Minority interest	19	4.7	10.9
Total equity		**220.0**	**232.1**
Non-current liabilities			
Financing preferred shares	16	-	51.4
Capital of minority members	19	13.7	16.3
Subordinated borrowings	20	64.9	111.6
Long-term borrowings	21	1.0	1.4
Deferred income tax liabilities	9	7.4	1.1
		87.0	181.8
Current liabilities			
Securities sold, not yet purchased	12	967.7	77.7
Due to clearing organizations and professional parties		212.3	65.9
Due to customers		3.9	-
Short-term borrowings	22	38.9	33.8
Bank overdrafts	15	112.4	114.2
Current income tax liabilities		2.5	4.3
Provisions	23	0.7	3.1
Other current liabilities and accrued expenses	24	21.6	18.4
		1,360.0	317.4
Total equity and liabilities		**1,667.0**	**731.3**

* The notes to the consolidated financial statements on pages 43 to 94 are an integral part of these consolidated financial statements

Consolidated income statement

(in € millions)	Note*	2006	2005
Revenues	5	**149.4**	**112.3**
Other gains and losses - net	25	**21.6**	**8.3**
Exchange, clearing and brokerage fees		(41.1)	(20.8)
Employee benefit expense	27	(50.1)	(33.2)
Lease of exchange memberships/trading licences		(2.7)	(3.9)
Information and communication expense		(6.9)	(2.8)
Depreciation expenses	8	(2.1)	(1.5)
Amortization expenses	7	(4.0)	(1.7)
Impairment of intangible assets	7	(30.2)	(13.6)
General and administrative expenses	28	(27.1)	(21.1)
Total operating expenses		**(164.2)**	**(98.6)**
Operating profit		**6.8**	**22.0**
Foreign currency result - net		0.7	2.6
Interest income	29	1.5	1.2
Finance cost of financing preferred shares	16	(1.1)	(2.9)
Other finance costs	29	(9.9)	(10.8)
Profit/(loss) before income tax from continuing operations		**(2.0)**	**12.1**
Income tax benefit/(expense)	30	(74.7)	0.9
Profit/(loss) for the year from continuing operations		**(76.7)**	**13.0**
Loss from discontinued operations before income tax	34	-	(0.5)
Income tax benefit	30	-	0.4
Loss for the year from discontinued operations		**-**	**(0.1)**
Profit/(loss) for the year		**(76.7)**	**12.9**
Attributable to:			
Minority interest		(1.0)	1.6
Financing preferred shareholders of the Company		3.0	-
Common equity holders of the Company		**(78.7)**	**11.3**
		(76.7)	12.9
Earnings per share attributable to the common equity holders of the Company for the year (expressed in € per share):			
From continuing operations:			
- Basic	31	(1.74)	0.29
- Diluted	31	(1.74)	0.29
From discontinued operations:			
- Basic	31	-	0.0
- Diluted	31	-	0.0
Total			
- Basic	31	(1.74)	0.29
- Diluted	31	(1.74)	0.29

* The notes to the consolidated financial statements on pages 43 to 94 are an integral part of these consolidated financial statements

Consolidated cash flow statement

(in € millions)	Note*	2006	2005
Cash flow from operating activities			
Profit/(loss) for the year		(76.7)	12.9
Adjustments for:			
Income tax expense/(benefit)	30	74.7	(1.3)
Amortization of intangible assets	7	4.0	1.7
Depreciation of property, plant and equipment (PPE)	8	2.1	1.5
Impairment of other intangible assets	7	30.2	13.6
Retirement benefit plans and other long-term benefits	26	0.2	0.3
Foreign currency result - net		(0.7)	(2.6)
Interest income	29	(1.5)	(1.2)
Finance cost of financing preferred shares	16	1.1	2.9
Other finance costs	29	9.9	10.8
Share option expense	18	0.5	0.1
Gain on sale of available-for-sale financial assets	25	(21.1)	(7.4)
Distributions	25	-	(1.1)
Settlement litigation	25	(0.5)	-
Fair value loss on interest-rate swaps		-	0.2
Movement in provisions	23	(2.2)	3.1
NYSE/SEC settlement		-	(4.8)
Income tax (paid)/received		(2.5)	5.4
Operating cash flows before movements in working capital		17.5	34.1
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):			
- Non-current cash and cash equivalents	15	69.5	16.1
- Trading related working capital 1)		(40.6)	(40.4)
- Other working capital		5.8	4.7
Movements in working capital		**34.7**	**(19.6)**
Net cash generated by operating activities		**52.2**	**14.5**

* The notes to the consolidated financial statements on pages 43 to 94 are an integral part of these consolidated financial statements

1) Trading related working capital is comprised of securities owned and securities sold, not yet purchased, and amounts due from/to clearing organizations and professional parties.

Consolidated cash flow statement - continued

(in € millions)	Note*	2006	2005
Net cash generated by operating activities		52.2	14.5
Cash flow from investing activities			
Purchases of intangible assets	7	(3.2)	(1.5)
Purchases of PPE	8	(3.8)	(1.2)
Proceeds from sale of PPE	8	0.2	0.1
Acquisition group companies, less cash balances held	6	(0.5)	-
Financial investments		(14.4)	-
Proceeds from sale of available-for-sale financial assets		22.5	-
Dividends and distributions	26	-	1.1
Settlement litigation	26	0.5	-
Loans granted		-	(5.0)
Interest received		1.2	1.0
Net cash (used in)/generated from investing activities		**2.5**	**(5.5)**
Cash flow from financing activities			
Repayments of subordinated borrowings and long-term borrowings		(25.6)	(16.6)
Proceeds from the sale of treasury shares		0.7	-
Proceeds from interest-rate swaps		-	1.1
Dividends paid on common shares	16	(2.3)	(3.2)
Finance cost of financing preferred shares paid	16	(2.9)	(2.9)
Interest paid		(11.1)	(12.5)
Distributions paid to minority members, net of capital contributed	19	(7.9)	(7.1)
Payment to former partners of VDM Specialists		(3.6)	(3.1)
Net cash used in financing activities		**(52.7)**	**(44.3)**
Net increase/(decrease) in cash and cash-equivalents, net of amounts of bank overdrafts		**2.0**	**(35.3)**
Cash and cash-equivalents, net of amounts of bank overdrafts at January 1	15	1.6	40.1
Currency exchange differences on cash and cash-equivalents, net of bank overdrafts		(1.1)	(3.2)
Cash and cash-equivalents, net of amounts of bank overdrafts at December 31	15	**2.5**	**1.6**

* The notes to the consolidated financial statements on pages 43 to 94 are an integral part of these consolidated financial statements

Consolidated statement of recognized income and expense

Attributable to:		Financing preferred shares		Equity holders of the Company		Minority interest		Total Equity	
(in € millions)	**Note***	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Realized fair value on available-for-sale financial assets, net of tax	11	-	-	(5.1)	-	-	-	(5.1)	-
Fair value changes on available-for-sale financial assets	11	-	-	6.6	9.7	-	-	6.6	9.7
Taxation on fair value changes on available-for-sale financial assets	9	-	-	(3.1)	(4.6)	-	-	(3.1)	(4.6)
Currency exchange rate differences on translation of foreign operations and impact of translation to the presentation currency	17	-	-	(22.8)	25.1	(0.9)	1.9	(23.7)	27.0
Net income/ (expense) recognized directly in equity		**-**	**-**	**(24.4)**	**30.2**	**(0.9)**	**1.9**	**(25.3)**	**32.1**
Profit for the year		3.0	-	(78.7)	11.3	(1.0)	1.6	(76.7)	12.9
Total recognized income and expense for the year		**3.0**	**-**	**(103.1)**	**41.5**	**(1.9)**	**3.5**	**(102.0)**	**45.0**

*The notes to the consolidated financial statements on pages 43 to 94 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1 General information

Van der Moolen Holding NV ('the Company') and its subsidiaries (together 'Van der Moolen Holding' or 'the Group'), is an international trading firm active as a specialist, market maker and proprietary trader on major equity, bond and option exchanges in both the United States and Europe. Furthermore, the Group offers online brokerage services to institutional and other professional investors. Van der Moolen Holding is headquartered in Amsterdam.

The Company is a limited liability company (NV) incorporated and domiciled in the Netherlands. The address of its registered office is Keizersgracht 307, Amsterdam. The Company has its primary listing on Euronext Amsterdam. American depositary receipts are listed on the New York Stock Exchange.

These consolidated financial statements have been authorized for issue by the Executive Board on April 4, 2007. The financial statements are tabled for adoption by the annual general meeting of shareholders on April 26, 2007.

2 Summary of significant accounting policies

2.1 Basis of preparation

These consolidated financial statements of Van der Moolen Holding have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as such endorsed by the European Union (hereinafter referred to as 'IFRS'). The policies set out below have been consistently applied to all years presented.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Statutory income statement

Under Article 402 of Part 9, Book 2 of the Netherlands Civil Code, it is sufficient for a Company's statutory income statement (page 96) to present only the income of Group companies and other income and expenses, after income tax.

Information about companies over which the Company exerts significant influence

Information required by article 379, paragraph 5 and article 414 of Part 9, Book 2, of the Netherlands Civil Code concerning companies that are included in the consolidated financial statements and concerning companies over which Van der Moolen Holding NV exerts significant influence, is filed in the trade register of the Chamber of Commerce in Amsterdam.

Principles for the preparation of the consolidated cash flow statement

The consolidated cash flow statement is prepared using the indirect method, in which the movement of cash and cash equivalents, net of bank overdrafts, is based on net profit as presented in the consolidated income statement. Cash flows in foreign currencies are translated into euros using the average rates of exchange for the periods involved. Currency and translation differences are eliminated to the extent that they have not resulted in cash flows. Cash received through acquisitions or disposed of through a divestment is netted against the cost of acquired companies paid in cash or the consideration received, respectively.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and are no longer consolidated from the date that control ceases.

The Group uses the purchase price method of accounting to account for acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-Current Assets Held-for-sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 2.5 (a)). If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognized immediately in the income statement subject to reassessment requirements under IFRS 3. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

The interest of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized (Note 2.2 (c)).

On January 2, 2006, the Group acquired 100% of the share capital of Curvalue Beheer BV and its subsidiaries (together 'Curvalue'). As from that date, Curvalue is fully consolidated in the financial results of the Group.

(b) Associates

Associates are all entities over which the Group has the capacity to exert significant influence (the power to participate in the financial and operating policy decisions of the associate) but does not exercise control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under IFRS 5 Non-current Assets Held-for-sale and Discontinued Operations. As at December 31, 2006 and 2005 no assets are classified as such. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in equity is recognized in retained earnings. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is, after reassessment, recognized immediately in the income statement.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Minority interest
Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original acquisition (see Note 2.2 (a)) and the minority's share of changes in the equity of consolidated subsidiaries since the date of the acquisition. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. As from January 1, 2005, the date of IAS 32/39 transition, the capital accounts of minority members of VDM Specialists USA, LLC ('VDM Specialists') are classified as a liability. The classification of these capital balances as a liability is required by IAS 32 because these balances are interest bearing. Interest payable to minority members on minority members' capital balances is treated as an interest expense (Note 2.18 and 29).

The profit (or loss) share attributable to minority members of VDM Specialists continues to be recognized as attributable to the minority interest on the face of the income statement (and not as a component of profit for the year).

2.3 Segment reporting

A business segment is a distinguishable group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The accounting principles for segment reporting are the same as those applied in the consolidated financial statements.

2.4 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the particular entity operates (the 'functional currency'). The functional currency of the Company is the U.S. dollar.
The currency in which the financial statements are presented, the presentation currency, is the euro, given the statutory seat of the Company.

(b) Transaction and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied as explained in Note 3. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date when the items were recognized. Non-monetary items that are carried at fair value are recognized using the exchange rate on the date the fair values were determined.

The entire change in the carrying amount of financial instruments measured at fair value through profit or loss (Note 2.9), including the effect of changes in foreign currency rates, is recognized in the income statement. The entire change in the carrying amount of a non-monetary available-for-sale financial asset (Note 2.9), including the effect of changes in foreign currency rates, is reported in equity under fair value reserve at the balance sheet date.

A change in the carrying amount of monetary available-for-sale financial assets on subsequent measurement is analyzed between the foreign exchange component and the fair value movement. The foreign exchange component is recognized in the income statement and the fair value movement is recognized in equity. During the years ended December 31, 2006 and 2005, the Group did not hold any financial assets of this category.

(c) Group companies
The results and financial position of all Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different

from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated into the presentation currency at the closing rate at the date of that balance sheet;
ii. Income and expenses for each income statement are translated into the presentation currency at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
iii. All resulting exchange differences are recognized as a separate component of equity.

Exchange differences arising from the translation of the net investment in foreign operations, including long-term monetary items that are part of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are, net of applicable taxation, taken to capital and reserves atributable to the Company's equity holders ('shareholders equity') on consolidation through the Cumulative translation adjustment reserve ('CTA reserve'). On disposal of a foreign operation related cumulative translation adjustments which are taken to shareholders' equity are recognized in the income statement as part of the gain or loss on sale.

The Group has elected to adopt the exemption provided by IFRS 1 to establish the CTA reserve at zero at the date of transition to IFRS, being January 1, 2004. Hence any gain or loss to be recognized in the income statement on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRS, and shall only include translation differences recognized from that date.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate.

2.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately shown in the balance sheet as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested for impairment at least annually or when events and circumstances indicate impairment testing may be necessary. Goodwill is carried at cost less accumulated impairment losses. Impairment losses are charged to the income statement. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. No subsequent reversal of impairment is allowed for goodwill (Note 2.7).

Goodwill acquired through business combinations prior to January 1, 2001 has been written-off to reserves, net of taxation, in accordance with the exemption provided by IFRS 1.

(b) Specialist assignments

Specialist assignments represent the right to act as a specialist for securities listed on the New York Stock Exchange. Specialist assignments are recognized at cost, and are reported at cost less accumulated amortization and less accumulated impairment losses. Specialist assignments are amortized on a straight-line basis over 40 years, this being the estimated useful life. Amortization is based on the acquisition cost less impairment charges, and is recognized in the income statement as amortization expenses. The cost of specialist assignments acquired through business combinations and the determination of the useful life were based on independent appraisals. The useful life is determined based upon an analysis of the historical turnover characteristics of the assigned securities.
Specialist assignments acquired through business

combinations prior to January 1, 2001 have been written-off to reserves, net of taxation, in accordance with the exemption provided by IFRS 1.

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using the straight-line method over their estimated useful lives (two to three years), and are recognized in the income statement under amortization expenses. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

d) Trading rights Curvalue

Trading rights represent the right to act as a primary market maker ('PMM') or competitive market maker ('CMM') in certain option series. Trading rights are recognized at cost, and are reported at cost less accumulated amortization and less accumulated impairment losses. Trading rights are amortized on a straight-line basis over 10 years, this being the estimated useful life. Amortization is based on the acquisition cost less impairment charges, and is recognized in the income statement as amortization expenses. The cost of trading rights acquired through business combinations and the determination of the useful life were based on independent appraisals.

2.6 Property, plant and equipment

All property, plant and equipment is stated at cost less depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life, as follows:

■ Buildings:	40 years
■ Leasehold improvements:	useful life with a maximum of the lease term
■ Furniture and fixtures:	2 - 10 years
■ Hardware (including non-separable software):	2 - 3 years
■ Company cars:	3 - 5 years

Leasehold improvements are reported within furniture and fixtures, and are not being depreciated beyond the maturity of the lease term of the relevant premises. Hardware forms also part of furniture and fixtures.
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7). Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

2.7 Impairment of property, plant and equipment and intangible assets

Assets that have an indefinite life, such as goodwill, are not subject to amortization and are tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. To determine the value in use, the Group discounts the projected cash flows estimated to arise from the use of the asset over the remaining life of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized (other than goodwill) is reversed if, and only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized. When an impairment loss on assets other than goodwill subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in the income statement. If there is an indication of an impairment loss or a subsequent reversal of an impairment loss of assets that have a definite useful life, the Group reviews whether or not the remaining useful life or the residual value needs to be adjusted in accordance with the applicable IFRS.

2.8 Deferred income tax assets and liabilities

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not recognized if it arises from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to the remeasurement of available-for-sale financial assets is credited or charged directly to equity together with the related remeasurement gain or loss, and is subsequently recognized in the income statement together with the related gain or loss when the asset is sold or impaired.

2.9 Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through the profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. The Group classifies its securities owned, and securities sold, not yet purchased as held for trading. Derivatives are also categorized as held for trading unless they are designated as hedges (Note 2.11).

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date; these are classified as non-current assets.

(c) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(d) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The participations in NYSE and ISE are classified as available-for-sale financial assets.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. In the case of securities owned and securities sold, not yet purchased, the Group applies trade date accounting. Available-for-sale assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortized cost using the effective interest method. Interest calculated using the effective interest method is recognized in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the 'financial assets at fair value through the profit and loss' category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired (Note 2.10), the accumulated fair value adjustments are included in the income statement.

Dividends on available-for-sale equity instruments are recognized in the income statement when the entity's right to receive payment is established.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, comparison with other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

2.10 Impairment of financial assets

(a) Financial assets carried at amortized cost
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

(b) Financial assets carried at fair value
The Group does not hold any non-trading financial assets, other than equity instruments classified as available-for-sale (Note 11). The Group follows the guidance of IAS 39 on determining when an available-for-sale financial asset is impaired. In order to determine the existence of such impairment many factors are considered such as recent

sale prices. Impairment losses recognized in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

2.11 Securities owned and securities sold, not yet purchased

Securities owned (long) and securities sold, not yet purchased (short), represent held-for-trading assets and liabilities, respectively. These securities include derivative financial instruments used for trading purposes, including hedges of trading instruments. Purchases and sales of securities are recognized at trade date, and except as otherwise described below, the Group applies trade date accounting to the subsequent derecognition of positions in securities. Positions in securities are carried at fair value, with fair value changes recognized as revenue in the income statement, as such changes occur. Securities owned and securities sold, not yet purchased are valued at the quoted bid and ask price, respectively. Securities owned and securities sold, not yet purchased that have offsetting market risk are valued at the mid-price quoted for those instruments. If quoted market prices are not available, fair value is estimated using quoted prices of instruments with similar characteristics.

In response to the specific recognition and de-recognition rules of IAS 39, certain matching buy and sell transactions in the same security are grossed up for balance sheet presentation purposes. Positions in ADRs and underlying shares arising from the Group's arbitrage activities are only derecognized when the trading liability that arises is extinguished. ADRs are convertible into underlying shares. The Group executes short sales, selling securities that it does not currently own or that are not readily convertible and will therefore be obligated to purchase such securities at a future date.

Transaction costs arising on these financial assets and liabilities are included in Exchange, clearing and brokerage fees in the income statement as incurred.

2.12 Stock Borrowed and Stock Loaned

The Group terminated its stock lending activities at the beginning of 2005. The Group has continued to borrow securities in order to support the settlement of short sales. Such borrowing transactions require the Group to deposit cash collateral with the lender. This cash collateral is included in amounts due from clearing organizations and professional parties. The underlying securities are not recognized in the financial statements in accordance with the requirements of IAS 39.37(d).

2.13 Amounts due from/to clearing organizations and professional parties

Amounts due from/to clearing organizations and professional parties represent receivables for securities sold and payables for securities purchased that have been traded but not yet delivered by the end of the year (unsettled trades) as well as cash receivable balances arising in connection with the collateralization of trading positions and stock borrowing arrangements.
Amounts receivable and payable arising in connection with unsettled trades are recognized on a gross basis, except to the extent that there is a legal right of offset and the Group intends to settle on a net basis.

2.14 Cash and cash equivalents

The offsetting requirements of IAS 32 do not permit netting of cash and cash equivalents and bank overdrafts that are included in the cash pooling arrangement with a commercial bank. Hence, these balances are presented gross in the balance sheet.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.
Cash and cash equivalents used to collateralize trading positions and stock borrowing arrangements or held for margin purposes are classified under amounts due from clearing organizations and professional parties. Cash and cash equivalents required to meet the net liquid asset requirements in relation to the specialist activities of VDM Specialists on the New York Stock Exchange are classified as non-current assets for the amount that is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.16 Non-current assets and disposal groups held for-sale and discontinued operations

Non-current assets and disposal groups (when an entity disposes of a group of assets, possibly with some directly associated liabilities, together in a single transaction) are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group may be a group of cash-generating units (CGUs), a single CGU, or part of a CGU to which goodwill has been allocated (Note 2.5). The attributable amount of goodwill is included in the carrying amount of the disposal group. Non-current assets and disposal groups classified as held-for-sale are measured at the lower of the carrying amount and fair value less costs to sell. Depreciation and amortization of assets ceases at the moment of initial classification as held-for-sale. Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are separately classified on the face of the balance sheet. The liabilities of a disposal group classified as held-for-sale are separately classified from other liabilities on the face of the balance sheet. The presentation of held-for-sale assets and liabilities for previous comparative periods is not adjusted. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held-for-sale, represents a separate major line of business or geographical area of operations, and is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held-for-sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations.

2.17 Share capital and share premium

Common shares are classified as equity. Cumulative financing preferred shares have been classified as non-current liabilities up to April 5, 2006. On April 5, 2006 the Annual General Meeting of Shareholders approved alteration of our Articles of Association. Amongst others, these alterations include an amendment of articles in relation to our preferred financing shares. These alterations allow the Company to present the preferred financing capital as an equity instrument under IFRS as from that date (Note 2.18).

Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of taxation, from proceeds. Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from Shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in Shareholders' equity.

2.18 Borrowings

Borrowings, including minority members' capital accounts and up to April 5, 2006 the preferred financing shares, are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and if a reliable estimate of the amount can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date (Note 4). The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. No discount is applied when the impact of time value of money is assessed to be immaterial.

2.20 Employee benefits

(a) Retirement benefit plans

Group companies operate various retirement benefit schemes. The schemes are funded through payments to insurance companies or trustee-administered funds; these payments are determined by periodic actuarial calculations. The Group has employee retirement benefit plans in Germany, Switzerland, United Kingdom, the United States and the Netherlands. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a retirement benefit plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a retirement benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The asset recognized in the balance sheet (that includes net assets in relation to other long-term benefits see Note 2.20(b)) in respect of defined benefit retirement plans is the excess of the fair value of the plan assets over the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains and losses and past service costs. The asset resulting from this calculation is limited to cumulative unrecognized actuarial losses and past services cost, plus present value of available refunds and reductions in future contributions to the plan.

The present value of these economic benefits is determined using a discount rate based on high-quality corporate bonds. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit plan.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10 percent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortized to the income statement over the expected average remaining working lives of the participating employees.

Past-service costs are recognized immediately in the income statement, unless the changes to the retirement benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement benefit insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other long-term benefits

Other long-term benefits are employee benefit plans, other than retirement benefit plans, falling due more than 12 months after balance sheet date. Actuarial gains and losses are recognized immediately in the income statement and no 'corridor' is applied. Also past service costs, if any, are recognized immediately in the income statement.

(c) Share-based compensation

The Group operates an equity-settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of the options is determined by reference to the fair value of the options that are granted and expected to vest. This fair value is recognized as an expense over the vesting period, together with a corresponding increase in retained earnings within shareholders' equity. The plan does not include any market vesting conditions. Non-market vesting conditions are reflected in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimate of the number of options that are expected to vest is revised, and the impact of the revision, if any, is recognized in the income statement on a straight-line basis over the remaining vesting period, together with a corresponding adjustment to retained earnings within shareholders' equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

On January 2, 2006, the Group acquired 100% of the share capital of Curvalue Beheer BV and its subsidiaries (together 'Curvalue'). The consideration for this acquisition is comprised of a cash payment and a payment in common shares in Van der Moolen Holding NV. In addition, earn out payments dependent upon the profitability of Curvalue in 2005 and 2006 relative to pre-established profit targets are applicable.

On January 1, 2006, the RDD foundation has awarded the employee group of Curvalue a stock reward plan based on the acquisition price of Curvalue. As the RDD foundation is a related party under the definition under IFRS, this transaction qualifies as a share based payment transaction. The fair value of employee services received in exchange of the grant of shares is determined by reference to the fair value of equity instruments granted and vested on balance sheet date. The fair value of the awarded shares is recognized as an expense in 2006, together with a corresponding increase in the share premium within shareholders' equity.

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to payment thereof via a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(e) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit sharing, based on its employee bonus arrangements that are generally based on the individual performance of employees and the financial performance of the individual operating units of the Group. The Group recognizes a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Revenue recognition

Revenue comprises:

- Fair value changes of held-for-trading financial instruments, including net interest income from stock lending activities;
- Commission income; and
- Interest income and expense and exchange gains and losses allocated to the primary business activity.

Commission income is recognized on a settlement date basis, which is not significantly different from trade date. Commission income mainly arises from the specialist activities performed by VDM Specialists on the New York Stock Exchange and the brokerage activities of Curvalue.

Interest income and expenses, dividend income and expenses, and exchange gains and losses associated with trading are included in revenues because they form an important element of the result earned on securities owned and securities sold, not yet purchased. Interest income and expenses are recognized on an effective interest basis and dividend income is recognized when the rights to receive the cash flows are confirmed.

Other interest, dividend and exchange results are included in interest income, foreign currency result - net and other finance costs.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The Group leases offices and the related expenses are recognized in the income statement under the financial statement line item general and administrative expenses. Separately, costs incurred on exchange memberships contributed by minority members and other parties are presented in the income statement in the financial statement line item lease of exchange memberships.

2.23 Income tax

Income tax comprises both current taxation and deferred taxation. Income tax is calculated on the profit or loss before income tax, after minority interest, on the basis of current tax rates applicable or those rates substantially enacted in the several jurisdictions in which the Group operates. Income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity. Income tax includes tax arising on the Group's share (excluding the share of minority members) of the taxable profits or losses of the US Limited Liability Corporations ('LLCs') that are considered transparent for US tax purposes. The minority partners in these LLCs are liable for taxation arising on their share of the LLCs' taxable profits. Profit before income tax includes the fully consolidated results of these LLCs, and consequently the minority member share of the result of these LLCs reported in the income statement represents the share of income before taxation attributable to minority members. As a result, the consolidated effective tax rate is determined by dividing the income tax expense by the profit before income tax less profit attributable to minority interest.

2.24 Dividend distribution

Dividend distribution to the Company's common shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved and adopted by the Company's shareholders but not yet paid (Note 41).

2.25 Earnings per share ('EPS')

Basic EPS is calculated by dividing net results attributable to common shareholders by the weighted average number of common shares outstanding (excluding treasury shares). Diluted EPS includes the determinants of basic EPS and, in addition, reflects the (potential) dilutive effect of the common shares deliverable pursuant to share options and the number of shares that are issuable in respect of the Curvalue earn-out arrangement for the year 2006 (Note 31).

Potential common shares are treated as dilutive when, and only when, their conversion to common shares decrease the calculated earnings per share or increase the calculated loss per share from continuing activities.

2.26 New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after January 1, 2007. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 will be effective for the annual periods beginning on or after January 1, 2007, although earlier application is encouraged. The Group has not adopted IFRS 7 in advance of its effective date. IFRS 7 is only applicable to disclosures relating to financial instruments, and will not affect shareholders' equity or the profit or loss of the Group.

Other new accounting standards and interpretations are assessed not to be of relevance for the Group.

3 Derivatives and financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk
Market risk is the risk that price changes could affect the value of the equity, option or bond positions that arise from normal trading activity. Market risk increases when markets move sharply and volatility increases. The management of market risk is primarily based at each of the Group's operating units, with central oversight, analysis and formation of risk policy based at the Group's headquarters. Except for VDM Specialists and VDM Trading, the central risk control department establishes, in consultation with the Executive Board and the management of the operating units, specific maximum risk levels to which the operating units must adhere, monitors compliance with those limits and reports the risk profile of the group directly to the Executive Board on a daily basis. With respect to VDM Specialists, the first line of responsibility for risk management is with staff present on the floor of the New York Stock Exchange throughout trading hours.

(b) Currency risk
The Group is affected by a number of currency risks:

- The risks of currency gains or losses on monetary assets and liabilities denominated in currencies other than the functional currency of the entity concerned;
- The effect of exchange rate fluctuations on the translation of the income statements and balance sheets of entities for the purpose of presenting consolidated financial statements in euros; and
- The risk arising from trading positions denominated in any currency other than the functional currency of the trading unit holding those trading positions.

The Group's policy is to:

- Mitigate the effect of currency fluctuations that will result in volatility in the Group's profit or loss, as reported under IFRS;
- Hedge cash in- and outflows in various currencies to mitigate their possible translation effect on the Group's liquidity position; and
- Changes in valuation that result from translation into the Group's presentation currency will, in principle, not be hedged.

In addition to these considerations, a number of our operating units run currency exposure risks in the normal course of their trading activities. These exposures are hedged when incurred, amongst others by using foreign currency derivative contracts that are accounted for as derivatives used for trading purposes.

(c) Interest rate risk
The Group uses external debt instruments for financing its operations, subject to the capital and liquidity requirements of exchanges. The Group's interest risk policy is designed to match the financing instruments used to the risk profile of the underlying assets. Adjustment of this risk profile can be accomplished by the use of interest rate swaps. Interest rate exposure risks which are run in the course of our bond trading strategies are hedged either by bonds with similar risk characteristics or by interest rate derivatives.

(d) Credit risk
Credit risk that could result from counterparties defaulting is limited for the Group's operations that operate on regulated exchanges, since the settlement risk is essentially transferred to recognized clearing members. Excess cash and cash equivalents are invested in short-term money market instruments. The Group minimizes the related credit risk by following strict policies governing its choice of counterparties.

(e) Liquidity risk
Liquidity risk relates to the Group's capacity to finance security positions and meet the liquidity requirements of exchanges and clearing members. The Group's financial resources, relative to its capital employed, and the liquid nature of most of the instruments traded, limit this risk. In addition, the Group maintains credit facilities with commercial banks. The Group budgets cash flows on a rolling twelve-month basis. Cash flow and available cash positions are monitored daily, and when appropriate, these budgets are adjusted accordingly.

(f) Compliance, Legal and Operational risks
The Company and its subsidiaries, and the business segments in which they are active, operate under significant regulatory and legal obligations in both the

United States and Europe, imposed by (local) governments and securities regulators. The legal and regulatory obligations under which the Company's subsidiaries operate relate, among other things, to their financial reporting, their trading activities, capital requirements and the supervision of their employees. Failure to fulfill legal or regulatory obligations can lead to fines, censure or disqualification of management and/or staff and other measures that could have negative consequences for the Group's activities and financial performance. Certain violations could result in them losing their trading permissions. If that were to occur, the Group would lose its ability to carry out a portion of its existing activities, which could have a material effect on the Group's financial position, net profit and cash flows.

See Note 32 for an overview of pending and settled regulatory and litigation matters.

3.2 Accounting for derivative financial instruments and hedging activities

The Group's accounting policy for derivative financial instruments used for trading purposes, including hedges of trading instruments, is disclosed in Note 2.11.

The accounting policy for derivative financial instruments executed for non-trading purposes is described below.

Derivatives are initially measured at fair value on the date a derivative contract is entered into, and are subsequently remeasured to fair value. The recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Apart from derivative financial instruments used for trading purposes, the Group may designate certain derivatives as fair value hedges of the interest rate risk of certain fixed rate borrowings.

The Group documents at the hedge inception the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Goodwill

The Group tests annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.5. In determining the fair value of cash generating units, the Group uses standard valuation techniques, such as the market comparison approach and the income approach. The market comparison approach is based upon a comparison of the cash-generating unit to similar entities engaged in an actual merger or acquisition or to public companies whose shares are actively traded. The income approach involves estimating the present value of the future cash flows of the cash-generating unit by using projections of cash flows that the business is expected to generate, and discounting these cash flows at a given rate of return. Each of these methodologies requires the use of management estimates and assumptions, such as growth rates for revenues, expenses, effective tax rates, returns on working capital and capital expenditure, among others. The Group also estimates a discount rate and a terminal growth rate in the calculations.

The Group performs the required impairment test in the fourth quarter of each year or when events or circumstances indicate impairment may be necessary.

In the first half year of 2006, the Group has performed an impairment test for the trading and brokerage activities of Curvalue, mainly due to a downward trend in revenues and operating income and engaged an independent business valuation firm to assist the Group in the analysis. In determining the discounted future cash flows of the activities, the Company has been advised by external independent consultants and a post-tax discount rate of 13% for brokerage activities and 16% for brokerage activities has been applied.

In the second half year of 2006, an impairment test on goodwill for VDM Specialists has been performed and the Group engaged an independent business valuation firm to assist in the analysis. In determining the discounted value of future cash flows of VDMS, valuations by external independent consultants were used, and a post-tax discount rate of 12% was applied. No impairment was deemed required on the carrying value of goodwill of VDM Specialists.

In addition, as part of our year-end closing procedures the Group has performed a roll forward analysis on the impairment analysis performed on the VDM Specialist activities during the second half year 2006. The Group engaged an independent business valuation firm to comment on this impairment analysis. For purposes of discounting future cash flows, a post-tax discount rate of 11% has been applied.

Reference is made to Note 7 for further comments on the sensitivity of the impairment test to key assumptions.

(b) Specialist assignments

The Group's accounting policy for specialist assignments is described in Note 2.5. When factors indicate that specialist assignments should be evaluated for possible impairment or a subsequent reversal of an impairment loss or indicate that the useful life of specialist should be re-evaluated, the Group uses an estimate of discounted projected cash flows over the remaining life in order to measure whether the assets are recoverable. As a result of uncertain market conditions and declining results, the Group performed an impairment test for specialist assignments in the third quarter of 2006. External independent consultants in conformity with the provisions dictated by IAS 36 performed the valuations. An impairment loss, calculated as the difference between the estimated fair value and the carrying amount of the specialist assignments, was taken in the amount of €20.2 million. For purposes of determining the fair value, a post-tax discount rate of 15% has been applied in the calculations. Reference is made to Note 7 for comments on the sensitivity of the level of impairment to key assumptions.

In addition, as part of our year-end closing procedures the Group has performed a roll forward analysis on the impairment analysis performed on the VDM Specialist activities during the second half year 2006. The Group engaged an independent business valuation firm to comment on this impairment analysis. For purposes of discounting future cash flows, a post-tax discount rate of 11% has been applied.

(c) Deferred income tax assets

The Group's U.S. entities have significant carried forward tax losses and temporary deductible differences between book and tax balances. The related deferred income tax assets were derecognized as at December 31, 2006 for the amount that was dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The derecognition of deferred income tax assets resulted from management's reassessment of the probability criteria as stated in the applicable accounting standards in light of the multiple years of tax losses incurred in the applicable tax jurisdictions. Future utilization of the carried forward tax losses and temporary deductible differences will be dependent on the Group's ability to successfully generate tax income in the carry forward period. The carried forward tax losses and temporary deductible differences have a remaining term of usage of 17 to 25 years (see Note 9). Any reversal of the derecognition loss in the future may result in material tax benefits in the period in which such determination is made.

(d) Income tax

The Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income tax. There are transactions and calculations arising in the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether it is probable that additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact income tax expense and deferred tax provisions in the period in which such determination is made.

Certain tax positions in relation to the former Curvalue group entities for which the ultimate tax determination is uncertain and which originate from periods before January 1, 2006 have been fully indemnified by the selling shareholders of Curvalue.

(e) Provisions and contingent assets and liabilities
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; if it is more likely than not that an outflow of resources will be required to settle the obligation; and if a reliable estimate of the amount can be made.

The Group is subject to litigation as set out in Note 32. To the extent that management cannot predict the outcome of this litigation with sufficient reliability, a provision has not been recognized in the financial statements for the year ended December 31, 2006 (and 2005). A provision of €0.4 million has been recognized in respect of certain matters because the outcome can be reliably predicted. Further, at December 31, 2006, a provision is recognized in the amount of €0.2 million in connection with legal advisory expenses that can be reasonably estimated. See Note 23 and Note 32 for details.

It is management's believe that there are valid defences for all claims asserted in the various proceedings and actions described. There can be no assurance, however, as to the outcome or timing of the resolution of these proceedings and actions. The range of possible resolutions could include determinations and judgments against the Group or settlements that could require substantial payments by the Group, all of which could have a material adverse effect on the Group's financial condition, results of operations and cash flows.

5 Segment information

5.1 Primary reporting format - business segments

For management purposes, the Group is currently organized into four operating business segments:

- **VDM Specialists** - VDM Specialists is the Group's largest subsidiary and represents more than 50% of the revenues of the Group. VDM Specialists is a specialist firm on the New York Stock Exchange.
  As a specialist we play a number of different roles as a function of the NYSE. Those include:
  Auctioneer: We are at the center of the auction process. We manage the opening of the stocks we specialize in by seeking a price level at which buy and sell orders balance in equilibrium. Then, throughout the day, we facilitate the auction by showing market participants the best bids and offers currently available in the issue. We make certain that all orders are executed regardless of their size.
  Agent: We accept limit orders from investors, and act as an agent. In a limit order, investors specify the price at which they will buy or sell shares. We act as custodian for these orders and execute them until the share price reaches the investor's limit.
  Catalyst: Where we provide liquidity in the shares we specialize in by seeking out buyers and sellers when necessary. If we have a buy or sell order that can't be matched with the other orders, we will alert investors that were recently active in the stock to see if they can be brought into the transaction.
  Communicator: We provide the NYSE floor broker community timely and accurate information.
  Principal: We act as principal in two primary ways. We provide price improvement by using our own capital to narrow the spread between public bids and offers. We also reduce volatility and maintain market quality by injecting our capital against market trends.

- **European Trading** - trading in equities, equity options and fixed income instruments from subsidiaries in Amsterdam, London, Zug and Cologne. Although these subsidiaries operate largely independently of each other on a day-to-day basis, all equity-trading units are broadly similar, engaging primarily in intra-day proprietary trading, especially in the more liquid segments of the markets in which they operate. In general, they do not trade under privileges and obligations as a specialist would. The liquid segments of the markets where these subsidiaries are active are order-driven markets, which means they lack an official liquidity provider, and all orders entered into the markets' central limit order books interact freely with each other.

- **Curvalue Brokerage** - Brokerage activities involve Electronic and voice broking execution services to customers, mainly targeting institutional investors and professional traders. Brokerage has developed an on-line, interbased, version of its client facilitation activities named 'OnlineTrader'. This enables clients to trade online on all exchanges. For the brokerage activity we operate under a license of the Banque de France.

- **Curvalue principal trading** - The entities within the Curvalue principal trading group acts as market maker in options in Amsterdam. Furthermore, this business segment has licenses to act as Primary and Competitive Market Maker in options for various classes of equity on Euronext.LIFFE in Amsterdam. Where Curvalue acts as a liquidity provider in options, we act as a Designated Primary Market-maker by giving quotes. In addition, it trades for its own account in futures in Amsterdam and London. The business segment has started to trade bonds on the German Eurex/Xetra Market. All main positions are closed at the end of each day, either through direct closing or through appropriate hedging.

These business segments are the basis on which the Group reports its primary segment information. 'Unallocated' are those Group companies with primarily a (sub-) holding, finance function or activities recently started up. Segment information about the Group's continuing operations is presented below.

(in € millions)	VDM Specialists		European Trading		Curvalue Brokerage		Curvalue principal trading		Unallocated		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Specialist activities[1]	48.3	68.0	-	-	-	-	-	-	0.1	-	48.4	68.0
Proprietary trading/market making activities[2]	(0.1)	0.2	33.1	21.9	0.7	-	23.4	-	1.1	-	58.2	22.1
Commissions[3]	19.2	21.6	0.2	0.5	14.2	-	-	-	0.1	-	33.7	22.1
Other	8.7	0.1	0.1	-	-	-	-	-	0.3	-	9.1	0.1
Revenues	**76.1**	**89.9**	**33.4**	**22.4**	**14.9**	**-**	**23.4**	**-**	**1.6**	**-**	**149.4**	**112.3**
Operating profit [4]	**23.9**	**28.3**	**4.7**	**1.1**	**(12.3)**	**-**	**3.3**	**-**	**(12.8)**	**(7.4)**	**6.8**	**22.0**
Other information												
Capital expenditure	1.9	2.0	2.2	0.4	14.3	-	7.5	-	1.0	0.3	26.9	2.7
Other gains and losses - net	10.1	7.2	-	-	-	-	-	-	0.5	1.1	10.6	8.3
Significant non-cash segment expenses:						-		-				
- Depreciation expenses of PPE	0.7	0.8	0.5	0.3	0.3	-	0.2	-	0.4	0.4	2.1	1.5
- Amortization expenses of intangible assets	1.2	1.5	0.1	0.1	2.3	-	0.3	-	0.1	0.1	4.0	1.7
- Impairment of intangible assets	20.2	13.6	-	-	10.0	-	-	-	-	-	30.2	13.6

1) Revenues from specialist activities consist primarily of net trading income from principal transactions in securities for which the Group acts as specialist. The net gain on principal transactions represents trading gains net of trading losses and is earned by the Group when it acts as principal buying and selling its specialist stocks. These revenues are primarily affected by the total number of specialist stocks for which the Group acts as specialist, as well as changes in share volume and fluctuations in the price of the specialist stocks.

2) Revenues from proprietary trading/market making activities consist primarily of net trading income earned by the Group when trading as principal in competition with other traders. Similar to specialist activities, net trading income from proprietary trading/market making activities represents trading gains net of trading losses. A proprietary trader/market maker trades for its own account at its own risk, similar to a specialist, and thus performs a similar function of providing liquidity to the market. However, in contrast to a specialist, this function is fulfilled in competition with others, and the activities do not in principle generate any commissions.

3) Commissions mainly arise from specialist activities of VDM Specialists and the brokerage activities of Curvalue.

4) Operating profit per segment is the same as segment result as defined in IAS 14.

Segment assets and liabilities are as follows:

(in € millions)	VDM Specialists		European Trading		Curvalue Brokerage		Curvalue Principal trading		Unallocated		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Segment assets	353.0	430.5	524.2	97.0	14.6	-	684.3	-	77.6	103.0	1,653.7	630.5
Total segment assets	**353.0**	**430.5**	**524.2**	**97.0**	**14.6**	**-**	**684.3**	**-**	**77.6**	**103.0**	**1,653.7**	**630.5**
Segment liabilities	107.5	108.3	484.4	59.4	8.7	-	646.6	-	71.5	100.8	1,318.7	268.5
Total segment liabilities	**107.5**	**108.3**	**484.4**	**59.4**	**8.7**	**-**	**646.6**	**-**	**71.5**	**100.8**	**1,318.7**	**268.5**

Segment results include operating results which are directly attributable to the business segments of the Group. Non-trading interest income, finance costs and foreign currency results and income tax expense or benefits are excluded from segment results. Impairment charges of i.e. goodwill, specialist assignments and available-for-sale financial assets, if any, however, are part of segment results.

Segment assets consist primarily of property, plant and equipment, intangible assets including specialist assignments, available-for-sale financial assets, securities owned, receivables and cash. Segment assets exclude assets related to taxation.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings and related hedging derivatives.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

5.2 Secondary reporting format - geographical segment

The Group's business segments operate in two main geographical areas: the United States of America and Europe. The geographical segmentation approximates the business segmentation as included in Note 5.1.
The following table provides an analysis of the Group's revenues and capital expenditure (additions to property, plant and equipment and intangible assets) by geographical area for the years ended December 31, 2006 and December 31, 2005:

(in € millions)	United States of America		Europe		Unallocated		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenues	**76.1**	**89.9**	**71.7**	**22.4**	**1.6**	**-**	**149.4**	**112.3**
Capital Expenditure	1.9	2.0	24.0	0.4	1.0	0.3	26.9	2.7

The following is an analysis of the carrying amount of segment assets analyzed by the geographical area in which the assets are located at December 31, 2006 and December 31, 2005:

(in € millions)	United States of America		Europe		Unallocated		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Segment assets	353.0	430.5	1,223.1	97.0	77.6	103.0	1,653.7	630.5
Total assets	**353.0**	**430.5**	**1,223.1**	**97.0**	**77.6**	**103.0**	**1,653.7**	**630.5**

6 Business combinations

Acquisition of Curvalue Beheer BV

On January 2, 2006, the Group acquired 100% of the share capital of Curvalue Beheer BV and its subsidiaries (together 'Curvalue'). Curvalue is an unlisted company and one of the leading independent trading and broker/dealer houses in Europe. Curvalue focuses mainly on the European derivative exchanges.

The fair value of the identifiable assets and liabilities of Curvalue as at the date of the acquisition and the corresponding carrying amounts immediately before the acquisition were:

(in € millions)	Book value consolidated	Fair value step up	Fair value consolidated
Tangible fixed assets	1.1	-	1.1
Investments	0.4	-	0.4
Net working capital positions	8.9	-	8.9
Net working capital operations (of which € 5.4 million relates to cash)	3.9	-	3.9
Trading rights	-	9.7	9.7
Software	1.1	8.0	9.1
Long term liabilities	(5.0)	-	(5.0)
Net deferred tax liability on step up	(4.0)	(5.0)	(9.0)
Net assets	**6.4**	**12.7**	**19.1**
Initial goodwill arising from acquisition			32.1
Total Consideration including costs as at the date of acquisition			**51.2**

The total consideration consist of:

(in € millions)	
Amount paid in cash	5.9
Amount paid in issued and issuable VDM shares (at a share price of € 6.37)	42.8
Costs related directly to the acquisition	2.5
Total Consideration including costs as at the date of acquisition	**51.2**

The reconciliation between the initial goodwill recorded and total goodwill related to the acquisition can be summarized as follows:

(in € millions)	
Initial goodwill arising from acquisition	32.1
Final determination of earn-out 2006	1.2
Total goodwilll related to the acquisition (before impairment)	**33.3**

On the basis of a preliminary valuation, the cost of the Curvalue business combination was estimated at €51.2 million, comprising the fair value estimate of the Van der Moolen Holding N.V. ('VDM shares') issued and issuable at a share price of €6.37 per share (the quoted price of VDM shares on January 2, 2006), the initial cash payment of €5.0 million, the estimated cash earn-out payments and costs directly attributable to the business combination.

As per January 2, 2006 the estimated consideration for this acquisition is comprised of an initial cash payment of €5.0 million and 3,803,509 VDM shares issued on the date of acquisition ('closing'), being January 2, 2006. In addition, an earn out was agreed consisting of two payments: a maximum amount of €10.4 million in cash and a maximum number of 1,920,964 VDM shares due approximately five months and one year after closing of the transaction; and a maximum amount of €10.4 million in cash and a maximum number of 1,920,964 VDM shares due approximately seventeen months and two years after closing of the transaction. The amount of the earn-out payments is dependent upon the profitability of Curvalue in 2005 and 2006 relative to pre-established profit targets.

On January 2, 2007 the first part of the earn out has been settled. The payment consisted of 1,920,964 VDM shares and an amount of €940,679 in cash. Furthermore, as part of the second part of the earn out, the Company will issue 1,175,965 shares in 2008.

The VDM shares issued and issuable with respect to this transaction have selling restrictions of between two to four years.

From the date of acquisition, Curvalue has contributed a loss of €9.4 million to the net result of the Group, including the impairment of goodwill of €10.0 million

Acquisition of Hills Independent Traders Ltd ('HIT')

On July 25, 2006 VDM has acquired a call option for the securities portfolio of HIT for an amount of GBP 3 million (€4.4 million), representing the fair value of the securities portfolio at that moment. On October 13, 2006 the purchase of the business and assets as specified in the Asset Purchase Agreement together with the assignment of the portfolio contracts and the transfer of the portfolio contracts was completed.

As from the date of acquisition, the business of HIT contributed €0.1 million to the net profit of the Group. As we have not been provided with details of the (IFRS-based) figures of HIT before the date of acquisition, we cannot provide the impact of this acquisition as if the combination would have taken place at the beginning of the year on the net profit and the revenue from continuing information of the Group.

7 Intangible assets

(in € millions)	Goodwill	Specialist assignments	Software	Trading rights	Other intangibles
At January 1, 2005					
Cost	21.5	83.8	0.5	-	84.3
Accumulated amortization and impairment	-	(32.7)	(0.4)	-	(33.1)
Net book amount January 1, 2005	21.5	51.1	0.1	-	51.2
Additions	-	-	1.5	-	1.5
Amortization charge	-	(1.5)	(0.2)	-	(1.7)
Impairment charge	-	(13.6)	-	-	(13.6)
Exchange rate differences	3.3	7.8	0.1	-	7.9
Net book amount December 31, 2005	24.8	43.8	1.5	-	45.3
At December 31, 2005					
Cost	24.8	96.7	2.0	-	98.7
Accumulated amortization and impairment	-	(52.9)	(0.5)	-	(53.4)
Net book amount December 31, 2005	**24.8**	**43.8**	**1.5**	**-**	**45.3**
Additions (internal development)	-	-	3.2	-	3.2
Additions (through business combinations)	33.3	-	9.1	9.7	18.8
Amortization charge	-	(1.0)	(1.9)	(1.1)	(4.0)
Impairment charge	(10.0)	(20.2)	-	-	(20.2)
Exchange rate differences	(2.5)	(3.6)	(0.2)	-	(3.8)
Net book amount December 31, 2006	45.6	19.0	11.7	8.6	39.3
At December 31, 2006					
Cost	55.6	86.9	15.7	9.7	112.3
Accumulated amortization and impairment	(10.0)	(67.9)	(4.0)	(1.1)	(73.0)
Net book amount December 31, 2006	**45.6**	**19.0**	**11.7**	**8.6**	**39.3**

The remaining amortization periods of the specialist assignments, software and trading rights are respectively 33 years, 2 years and 8 years.

Goodwill is allocated to the Group's cash-generating units VDM Specialists, domiciled in the USA, and Curvalue Brokerage and Curvalue Trading. Specialist assignments are allocated in full to the Group's cash-generating unit VDM Specialists. Trading rights are allocated to the Group's cash-generating unit Curvalue Trading.

Specialist assignment represents amounts paid in relation to the acquisition of specialist assignments. Specialist assignments acquired through business combinations after January 1, 2001 are capitalized on the balance sheet. Those acquired prior to that date were written-off to equity; this treatment persists in these consolidated financial statements in accordance with the optional exemptions provided by IFRS 1.

All amounts stated are determined using the underlying US dollar amounts, if applicable, translated to euros using year-end closing rates. The cost price of goodwill and specialist assignments at December 31, 2006 translated at historical exchange rates amounted to €197.9 million (December 31, 2005: €165.8 million).

Impairment tests for goodwill and other intangibles

In 2006, impairment tests of goodwill and specialist assignments were based on a valuation carried out by an independent third party. The valuations were carried out in conformity with the Group's policy that such a procedure be performed annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2006, such events or circumstances were applicable.

During 2006, an impairment test of goodwill of the Curvalue acquisition has been performed. The recoverable amount of goodwill related to the Curvalue activities is determined on a value in use calculation, using the following key assumptions:

	Projections	
Residual calculation percentage trading segment	11%	
Revenue growth for trading segment	2.5% - 10%	(10% for 2007 and 2008 and 2.5% for 2009)
Post-tax discount rate - Trading segment	13%	(equivalent to a pre-tax rate of 17%)
Residual calculation percentage brokerage segment	13%	
Revenue growth for brokerage segment	35% - 67%	(35% for 2007 and 67% for 2008)
Post-tax discount rate - Brokerage segment	16%	(equivalent to a pre-tax rate of 20%)

The outcome of the calculations based on the above key assumptions resulted in an impairment charge on the carrying value of goodwill related to the Curvalue acquisition of €10.0 million. After this impairment, the carrying value of the goodwill related to the Curvalue acquisition amounts to €23.3 million as at December 31, 2006. This is a significant part of the goodwill recognized on the consolidated balance sheet as at this date.

Sensitivity analysis:

If the estimated revenues from the brokerage activities included in the valuation model would be increased by 10%, the impairment charge would be reduced from €10.0 million to €4.9 million.

If the estimated revenues resulting from the brokerage activities included in the valuation model would be decreased by 10%, the impairment charge would increase from €10.0 million to €17.2 million.

The recoverable amount of goodwill related to the US activities is determined based on value-in-use calculations (income approach) in combination with calculations based on the market comparison approach as set out in Note 4(a). The recoverable amount of specialist assignments is determined based on value-in-use calculations. These calculations use discounted cash flow projections based on financial budgets approved by management covering a six-year period. Cash flows beyond the six-year period are extrapolated using an estimated growth rate. The growth rate does not exceed the long-term average growth rate for the specialists business in which VDM Specialists operates.

Key assumptions and operating trends used for value-in-use calculations for the impairment testing of both goodwill and specialist assignments in the third quarter of 2006:

	Projections	
Participation rate	11-12%	(gradually decreasing from 12% in 2007 to 11% in 2012)
Estimate total share volume traded of NYSE listed companies	2-16%	16% in 2007 and 2-5% thereafter.
Annual increase in average share price of NYSE stocks	6%	
Pre-tax discount rate - Goodwill impairment test	17%	(equivalent to a post-tax rate of 12%) (same as 2005)
Pre-tax discount rate - Specialist assignments impairment test	22%	(equivalent to a post-tax rate of 15%) (same as 2005)
Estimated decrease in NLA requirement in 2006*)	$90 million	(equivalent to an approximate amount of €76 million)

*) Net Liquid Asset requirement see Note 15.

The outcome of the calculations based on the above key assumptions resulted in an impairment charge on the carrying value of specialist assignments of €20.2 million. No impairment charge is recognized on goodwill.

Sensitivity analysis:
If the estimated principal trading revenues and commission income included in the valuation model would be increased by 10%, the impairment charge on specialist assignments would be reduced from €20.2 million to €13.5 million.

If the estimated principal trading revenues and commission income included in the valuation model would be decreased by 10%, the impairment charge on specialist assignments would increase from €20.2 million to €26.6 million.

A decrease in principal trading revenues and commission income by 10% compared to the data used in the valuation model would not result in an impairment charge on the carrying value of goodwill as of December 31, 2006.

8 Property, plant and equipment ('PPE')

(in € millions)	Furniture and fixtures	Company cars	Total
At January 1, 2005			
Cost	11.5	0.8	12.3
Accumulated depreciation	(8.0)	(0.3)	(8.3)
Net book amount January 1, 2005	3.5	0.5	4.0
Additions	1.0	0.2	1.2
Depreciation charge	(1.4)	(0.1)	(1.5)
Divestments	-	(0.1)	(0.1)
Exchange rate differences	0.4	-	0.4
Net book amount December 31, 2005	3.5	0.5	4.0
At December 31, 2005			
Cost	13.9	0.8	14.7
Accumulated depreciation	(10.4)	(0.3)	(10.7)
Net book amount December 31, 2005	**3.5**	**0.5**	**4.0**
Additions	3.7	0.1	3.8
Additions (through business combinations)	1.1	-	1.1
Depreciation charge	(1.9)	(0.2)	(2.1)
Divestments	(0.2)	(0.2)	(0.4)
Exchange rate differences	(0.3)	(0.0)	(0.3)
Net book amount December 31, 2006	5.9	0.2	6.1
At December 31, 2006			
Cost	14.4	0.3	14.7
Accumulated depreciation	(8.5)	(0.1)	(8.6)
Net book amount December 31, 2006	**5.9**	**0.2**	**6.1**

9 Deferred income tax assets and liabilities

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances is as follows:

Deferred income tax assets (in € millions)	Intangibles written-off to equity	Tax losses	Impairment losses	Unrealized exchange losses	Other	Total
At January 1, 2005	**59.0**	**13.8**	**8.8**	**5.2**	**1.3**	**88.1**
Reclassifications	1.4	(1.4)	-	-	-	-
(Charged)/credited to the income statement	(7.1)	(0.2)	3.7	(5.2)	1.2	(7.6)
Exchange differences	8.9	1.9	1.5	-	-	12.3
At December 31, 2005	**62.2**	**14.1**	**14.0**	**-**	**2.5**	**92.8**
Adjustment through opening equity	-	0.2	-	-	-	**0.2**
At January 1, 2006	**62.2**	**14.3**	**14.0**	**-**	**2.5**	**93.0**
Reclassification from deferred tax liabilities	-	-	(4.9)	-	-	(4.9)
Additions (through business combinations)	-	14.6	-	-	-	14.6
(Charged)/credited to the income statement	(56.5)	(23.6)	2.2	-	(1.3)	(79.2)
Exchange differences	(5.7)	(0.6)	(1.1)	-	(0.2)	(7.6)
At December 31, 2006	**-**	**4.7**	**10.2**	**-**	**1.0**	**15.9**

The deferred income tax assets arising from tax losses carried forward recognized at December 31, 2006 have an estimated remaining life of 1 to 5 years.

Deferred income tax assets of €10.2 million relate to temporary deductible differences arising from the impairment of intangible assets in the years 2003 to 2006, which are amortized on a straight-line basis for tax purposes over a remaining period of about 10 years.

For an amount of €4.6 million of the deferred income tax assets indemnifications have been issued by the sellers of Curvalue as part of the business combination agreement.

Deferred income tax assets are recognized for temporary tax deductible differences and tax loss carry-forwards or unused tax credits to the extent that the Group has sufficient temporary taxable differences relating to the same tax authority and the same taxable entity, which will result in taxable amounts against which the temporary tax deductible differences, unused tax losses and tax credits can be utilized before they expire or that the realization of the related tax benefit through future taxable profits is probable.

At December 31, 2006, using the currency rate as at balance sheet date, the Group did not recognize deferred income tax assets of €69.9 million in respect of temporary deductible differences, tax losses carried forward or tax credits that can be utilized against future taxable income, €68.6 million of which relates to our U.S. tax position. U.S. tax losses may be utilized within a period of 20 years. The derecognition of deferred income tax assets resulted from management's reassessment of the probability criteria as stated in the applicable accounting standards in light of the multiple years of tax losses incurred in the applicable tax jurisdictions.

The amount of derecognized deferred income tax assets at December 31, 2006 and the average remaining utilization period before they expire, can be specified as follows (measured at closing rate):

Derecognized deferred income tax assets (in € millions)	Intangibles written-off to equity	Tax losses	Impairment losses	Other	Total
Derecognized deferred income tax assets	49.1	15.8	3.1	1.9	69.9
Ultimate expiry date (after applying utilization period of tax losses in relevant tax jurisdiction)	23 years	17 years	25 years	21 years	

Deferred tax liabilities (in € millions)	Accelerated tax depreciation	Available-for sale financial assets	Business combination accounting	Income deferred for tax purposes	Retirement benefit plans and other long-term benefits	Total
At January 1, 2005	**4.3**	**0.2**	**-**	**-**	**1.4**	**5.9**
Charged/(credited) to the income statement	1.6	0.2	-	-	(0.3)	1.5
Charged/(credited) to equity	-	4.6	-	-	-	4.6
Exchange differences	0.8	0.3	-	-	-	1.1
At December 31, 2005	**6.7**	**5.3**	**-**	**-**	**1.1**	**13.1**
Reclassification from deferred tax assets	(4.9)	-	-	-	-	(4.9)
Additions (through business combinations)	-	-	5.0	18.4	-	23.4
Charged/(credited) to the income statement	0.8	5.3	(1.2)	(12.1)	(0.2)	(7.4)
Charged/(credited) to equity	-	(1.5)	-	-	-	(1.5)
Exchange differences	(0.2)	(1.1)	-	-	-	(1.3)
At December 31, 2006	**2.4**	**8.0**	**3.8**	**6.3**	**0.9**	**21.4**

As of January 1, 2005, a new US-Netherlands tax treaty has taken effect that eliminates the withholding of taxes on dividend distributions from the United States of America to the Netherlands. Consequently, there are no taxable temporary differences on investments in subsidiaries at December 31, 2006.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same tax authority. The amounts offset and the estimated reversal period of deferred income tax assets and liabilities are as follows:

(in € millions)	At December 31, 2006	At December 31, 2005
Deferred income tax assets		
Deferred income tax assets to be recovered after more than 12 months	15.0	82.9
Deferred income tax assets to be recovered within 12 months	0.9	9.9
	15.9	92.8
Offset of deferred income tax liability	(14.0)	(12.0)
Net deferred income tax asset	**1.9**	**80.8**
Deferred income tax liabilities		
Deferred income tax liabilities to be settled after more than 12 months	20.2	7.0
Deferred income tax liabilities to be settled within 12 months	1.2	6.1
	21.4	13.1
Offset of deferred income tax assets	(14.0)	(12.0)
Net deferred income tax liability	**7.4**	**1.1**

10 Investments in associates

The Group has the following investments in associates:

(a) An investment of $10 million or €7.6 million relates to a 20% interest in CBOE Stock Exchange LLC, a Delaware limited liability Company which was formed on July 31, 2006. CBOE Stock Exchange is a privately owned company that is not listed on any public exchange. At this moment, no summarised financial information of this associate is available, mainly due to the fact that CBOE Stock Exchange LLC has started its activities as of March 5, 2007.

(b) A possible participation of 33.3% in the Gibraltar Exchange, a company incorporated in accordance with the laws of Gibraltar, for which a bank guarantee of €1.7 million has been issued. The Gibraltar Exchange is a privately owned company that is not listed on any public exchange. At this moment, no summarised financial information of this associate is available, mainly due to the fact that the Gibraltar Exchange has not started its activities yet.

11 Available-for-sale financial assets

(in € millions)	NYSE exchange Memberships	NYSE shares	ISE Stock exchange LLC	Total
Net book amount January 1, 2005	**9.8**	**-**	**-**	**9.8**
Disposals	(4.6)	-	-	(4.6)
Fair value change credited to equity	10.7	-	-	10.7
Exchange rate differences	2.1	-	-	2.1
Net book amount December 31, 2005	**18.0**	**-**	**-**	**18.0**
Conversion NYSE Membership to NYSE Shares	(18.0)	27.0	-	9.0
Sale of NYSE shares in secondary offering	-	(9.6)	-	(9.6)
Acquisition	-	-	2.3	2.3
Fair value change credited to equity	-	7.0	-	7.0
Currency translation differences	-	(2.5)	-	(2.5)
Net book amount December 31, 2006	**-**	**21.9**	**2.3**	**24.2**

(a) NYSE Exchange membership

At December 31, 2005, the Group owned six NYSE exchange memberships. These exchange memberships were unlisted securities. On December 31, 2005, NYSE memberships owned were carried on the balance sheet at $3,500,000 (€3,001,099) each, which was the fair value of these memberships at December 31, 2005.

Early March 2006, the NYSE Merger took place. Each NYSE member became entitled to receive in exchange for the NYSE membership $0.3 million in cash, plus 80,177 shares of NYSE Group common stock in exchange for the NYSE membership. In addition, immediately prior to merger, the NYSE announced a 'permitted dividend' to be paid to each NYSE membership in the amount of approximately $70,570, which was equivalent to the membership's pro rata portion of the NYSE's 'excess cash,' as defined in the NYSE Merger Agreement. The Group received the permitted dividend with respect to each of the six NYSE memberships on March 14, 2006 and the merger consideration on March 28, 2006.

As a result of the NYSE Merger, the Company's six NYSE memberships were converted into the right to receive an aggregate of $1.8 million in cash (not including the permitted dividend) and 481,062 shares of NYSE Group common stock. The $1.8 million cash portion of the merger consideration is treated as receipt of monetary consideration for which a realized gain is recognized. The share exchange is accounted for as a realized gain at the date of the exchange. This gain is determined on the basis of the quoted market price (bid) of the NYSE Group common stock on the date of conversion.

Subsequent to the merger, the Company joined the so-called secondary offering of NYSE Group shares. Early May 2006, approximately 181,940 shares, out of the 481,062 set out above, have been successfully offered in this process. The consideration received amounted to approximately €8.6 million ($10.9 million; $61.50 per share net of related expenditure) and implies a loss (excluding tax effect) of approximately €1 million. As a result of this secondary offering, the number of shares currently owned, and their restriction period can be specified as follows:

Restricted until March 2007	3,588
Restricted until March 2008	135,179
Restricted until March 2009	160,355
Total number of shares NYSE Group	**299,122**

The NYSE group shares owned by the Group subject to three year restriction on transfer. The restriction will be removed in installment on each March 7, 2007, 2008 and 2009, unless the restrictions are removed earlier by the NYSE Group in its sole discretion.

(b) ISE Stock Exchange LLC

In June 2006 the Group entered into a subscription agreement with ISE Stock Exchange LLC for an amount of €2.3 million ($3 million) obtaining a 3% share in ISE Stock Exchange LLC. The view of the Group's management is, that given the limited information on the investment at this moment, the range of reasonable fair value estimates for the investment could be significant and the probabilities of the various estimates cannot be reasonably assed as at December 31, 2006. Given this view, under IAS 39 the Group is precluded from measuring the fair value.

12 Securities owned and securities sold, not yet purchased

(in € millions)	December 31, 2006		December 31, 2005	
	Owned	Sold, not yet purchased	Owned	Sold, not yet purchased
Bonds	14.1	7.6	21.8	8.2
Common and preferred shares	495.8	384.8	69.9	69.5
Derivatives held-for-trading	567.9	575.3	0.1	-
	1,077.8	**967.7**	**91.8**	**77.7**

Based on agreements with the Group’s clearing organizations and professional parties, the Group’s securities are pledged to clearing organizations, depositories and other financial institutions for the purpose of financing the Group’s trading activities.

At December 31, 2006, securities owned and securities sold, not yet purchased, resulting from our specialist and market making activities, include €31.6 million and €31.6 million, respectively, of positions with offsetting market risk, amongst others in American Depositary Receipts (ADRs) and the corresponding shares arising as a result of the Group's arbitrage activities.
These positions are measured at the quoted mid price of the market of the original security.

13 Loans and receivables

At year end 2006, the Company recognizes a loan of €0.2 million on Elite Derivatives Ltd. This loan carries an interest of 6.5% per annum.

The Company advanced a loan of €5.0 million to Curvalue Beheer B.V. in October 2005. This loan carries an interest rate of 6.5% per annum. All shares in Curvalue Beheer B.V. were acquired by the Company on January 2, 2006, and consequently this loan is eliminated upon consolidation.

14 Other current assets and prepaid expenses

Other current assets and prepaid expenses is comprised of the following:

(in € millions)	At December 31, 2006	At December 31, 2005
Other taxes	2.4	1.0
Receivable from partners in VDM Specialists	0.2	0.2
Proceeds from the sale of NYSE memberships	-	12.0
Other	4.3	4.2
	6.9	**17.4**

Receivables from partners in VDM Specialists are short-term in character and carry an interest rate of 5 to 10% per annum.

15 Cash and cash equivalents

Cash and cash equivalents presented under current assets is comprised of the following:

(in € millions)	At December 31, 2006	At December 31, 2005
Cash at bank and in hand	49.1	59.9
Short-term bank deposits	13.7	51.0
Cash accounts with clearing organizations and other professional parties	40.9	4.9
Money market funds and other highly liquid investments	11.2	-
	114.9	**115.8**

An amount of €47.6 million of cash at bank and short-term bank deposits is held with one commercial bank. For these balances a cash pooling arrangement exists that includes bank overdrafts of the Group of €55.8 million as at December 31, 2006.

Short-term bank deposits outstanding at December 31, 2006 have effective interest rates of 5.1%.

At December 31, 2006, the Group has approximately €19 million (December 31, 2005: €39 million) of freely-available cash (including its disposition on security positions and other assets). The remainder represents amounts that are earmarked for collateralizing bank overdrafts within the cash pooling arrangement as set out above, for purposes of collateralizing positions and meeting regulatory requirements imposed by stock exchanges.

The reconciliation between cash and cash equivalents and the amounts used for cash flow purposes is given below:

(in € millions)	2006	2005	2005
	December 31	December 31	January 1
Cash and cash equivalents	114.9	115.8	40.8
Bank overdrafts	(112.4)	(114.2)	(0.7)
Cash and cash-equivalents, net of amounts of bank overdrafts	**2.5**	**1.6**	**40.1**

Non-current cash and cash equivalents are not part of the cash management of the Group and are therefore excluded from year-end balances in the consolidated cash flow statement. Movements in non-current cash and cash equivalents are presented as a cash flow from operating activities.

On December 31, 2006, the Group had committed credit facilities in the amount of €15 million that mature in December 2007. This credit facility between VDM and ABN AMRO contains standard provisions regarding change of control. ABN AMRO will have the right to claim the outstanding amount under the credit facility upon a change of control following a public offer.

Non-current cash and cash equivalents

VDM Specialists is subject to New York Stock Exchange Rule 104.22, which specifies minimum net liquid assets requirements. In order to meet its net liquid asset requirement, VDM Specialists holds substantial cash balances. As of December 31, 2006 VDM Specialists' minimum net liquid asset requirement was €103 million, equivalent to $136 million (2005: €205.4 million, equivalent to $243.0 million). Cash and cash equivalents that are restricted for this purpose amount to €103 million (2005: €188.5 million) and are classified as non-current assets.

16 Share capital, share premium and treasury shares

Movements in share capital, share premium and treasury shares arise as follows:

(in € millions, except for number of shares data)	Capital attributable to the Company's equity holders							
	Financing preferred shares		Common shares		Treasury shares		Share premium	Total
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Amounts		
At January 1, 2005	**-**	**-**	**38,317,100**	**3.1**	**102,182**	**(2.5)**	**135.8**	**136.4**
Stock dividend 2004	-	-	1,026,195	0.1	-	-	(0.1)	-
Balance at December 31, 2005	**-**	**-**	**39,343,295**	**3.2**	**102,182**	**(2.5)**	**135.7**	**136.4**
Balance at January 1, 2006	**-**	**-**	**39,343,295**	**3.2**	**102,182**	**(2.5)**	**135.7**	**136.4**
Acquisition Curvalue	-	-	3,803,509	0.3	-	-	43.7	44.0
Recognition financing preferred shares	642,304	0.4	-	-	-	-	51.0	51.4
Share option contribution	-	-	-	-	-	-	0.5	0.5
Stock dividend 2005 (Note 41)	-	-	437,158	0.0	-	-	(0.0)	-
Balance at December 31, 2006	**642,304**	**0.4**	**43,583,962**	**3.5**	**102,182**	**(2.5)**	**230.9**	**232.3**

Financing preferred shares

On April 5, 2006, the Annual General Meeting of shareholders approved the alteration of the Articles of Association in order to permit recognition of the financing preferred shares as an equity instrument under IFRS (IAS 32). From January 1, 2005, the date of the adoption of IAS 32/39, until April 5, 2006, financing preferred shares have been classified as borrowings and the relating dividend as interest expense. Until the alteration of the Articles of Association, the recognized interest expense in the income statement amounted to €1.1 million (2005: €2.9 million).

Details of the financing preferred shares for the years ended December 31, 2006 and 2005 are as follows:

The number of authorized financing preferred shares at December 31, 2006 is (all unchanged compared to December 31, 2005):

- 1,200,000 cumulative financing preferred shares 'A' with a par value of €0.60 per share, of which 251,000 were issued and fully paid;
- 1,200,000 cumulative financing preferred shares 'B' with a par value of €0.60 per share, of which 391,304 were issued and fully paid;
- 1,200,000 cumulative financing preferred shares 'C', 1,200,000 cumulative financing preferred shares 'D' and 1,200,000 cumulative financing preferred shares 'E' with a par value of €0.60 per share, none of which have been issued.

The financing preferred shares are not mandatorily redeemable. The cumulative financing preferred A shares have a cumulative dividend that is calculated on the basis of a dividend percentage equal to the average effective yield on three government bonds, the remaining term of which to the extend possible equals 10 years, increased or decreased by 500 basis points to be rounded up to whole cents. The dividend distribution is, at the discretion of the Executive Board with the approval of the Supervisory Board, either added to the dividend reserve A or is paid out as cash dividend. The profit basis (the dividend expense is equal to the profit basis times the dividend percentages) of the financing preferred A shares is equal to the issuance rate of the financing preferred A shares issued on January 16, 1997, being €40.21 per share. The dividend for the year 2006, including the interest expense recognized in the income statement (€0.2 million) until the alteration of the Articles of Association, amounts to €0.7 million (amount unchanged compared to 2005). The dividend percentage is re-established each 10 years; the next time on January 16, 2007. For details of the repayment of the cumulative financing preferred shares see Note 35 Events after the balance sheet date.

The cumulative financing preferred B shares have a cumulative dividend that is calculated on the basis of a dividend percentage equal to the calculated average, over the last five stock exchange dates prior to the date of payment, of the effective yield on government bonds with a (remaining) term of 6 to 7 years and 7 to 8 years (as calculated by the Centraal Bureau voor Statistiek and published by the Officiële Prijs Courant of Euronext Amsterdam) increased or decreased by a maximum of 500 basis points, rounded up to whole cents. The dividend distribution is, at the discretion of the Executive Board with the approval of the Supervisory Board, either added to the dividend reserve B or is paid out as a cash dividend. The profit basis is equal to the issuance rate of €104.37 per share. The dividend for the year 2006, including the interest expense recognized in the income statement (€0.9 million) until the alteration of the Articles of Association, amounts to €3.4 million (2005: €2.2 million). The dividend percentage is re-established each 7 year period; the last time being on April 5, 2006.

The effective interest rates for the year ended December 31, 2006 were as follows:

- Cumulative financing preferred A shares 6.53%
- Cumulative financing preferred B shares 8.45%

The (dividend) interest expense on financing preferred shares is not deductible for corporate income tax purposes.

Common shares

The total authorized number of common shares is 54,000,000 shares (December 31, 2004: 54,000,000 shares) with a par value of €0.08 per share. All issued shares are fully paid.

On January 2, 2006, Van der Moolen Holding N.V. acquired 100 percent of the share capital of Curvalue Beheer B.V. and its subsidiaries (together Curvalue). The consideration of this acquisition is comprised of an initial cash payment of €5.0 million and 3,803,509 VDM shares issued on the date of acquisition ('closing'), being January 2, 2006. In addition, an earn-out was agreed consisting of two payments: a maximum amount of €10.4 million in cash and a maximum number of 1,920,964

VDM shares due approximately five months and one year after closing of the transaction; and a maximum amount of €10.4 million in cash and a maximum number of 1,920,964 VDM shares due approximately seventeen months and two years after closing of the transaction. The amount of the earn-out is dependent upon the profitability of Curvalue in 2005 and 2006 relative to pre-established profit targets. On January 2, 2007, the first part of the earn-out has been settled. The payment consisted of 1,920,964 VDM shares and an amount of €940,679 in cash. In 2008, the second part of the earn-out will be settled. A total number of 1,175,965 will be issued. The newly issued shares have selling restrictions varying from 2 to 4 years. See Note 6 Business Combinations for further details of the acquisition of Curvalue.

Share premium

The total share premium reserve can be distributed free of tax.

Treasury shares

Van der Moolen Holding acquired 882,182 common shares through purchases on Euronext Amsterdam during 2003. These purchases were made to cover the Group's obligations under its employee share option plan. The total amount paid to acquire the shares was €8.1 million, and this was deducted from shareholders' equity in 2003. On April 22, 2004, 780,000 shares were sold via Euronext Amsterdam for a total consideration of €5.6 million. The proceeds have been credited to shareholders' equity in 2004.

Preferred shares

On December 31, 2006, authorized share capital included 13,200,000 preferred shares with a par value of €0.60 per share, none of which have been issued. On May 1, 2001, the Company amended its articles of association to provide for the future issuance of preferred shares to a foundation called Stichting Van der Moolen Holding ('Stichting'). The Stichting's object is to safeguard the interests of the Company and its subsidiaries in the event of, for instance, a hostile takeover, by acquiring and managing the preferred shares of the Company and by exercising the rights attaching to those shares, in particular the voting rights. The Company entered into an agreement with the Stichting pursuant to which the Stichting has been granted a call option right allowing it to acquire up to the number of preferred shares of which the aggregate par value is equal to the aggregate par value of the total number of the Company's outstanding common and cumulative financing preferred shares.

Voting rights

Each common share carries one vote and each preferred and financing preferred share of €0.60 nominal each carries 7.5 votes.

Proposed appropriation of result for the year

The following proposal for appropriation of result will be presented for shareholder approval at the Group's Annual General Meeting of Shareholders ('AGM') on April 26, 2007 (in comparison to the appropriation of result for the year 2005 as adopted at the AGM of April 5, 2006).

(in € millions)	2006	2005
Dividend on common shares: €nil per share in cash or in common shares (2005: €0.13 per share in cash or in common shares)	-	5.6
(Debited)/Credited to retained earnings	(78.7)	5.7
Profit/(Loss) for the year attributable to the Company's common equity holders	**(78.7)**	**11.3**

17 Fair value reserve, cumulative translation adjustment reserve, preferred financing dividend reserve and retained earnings

Movements in the fair value reserve, cumulative translation adjustment reserve, preferred dividend reserve and retained earnings arise as follows:

(in € millions)	Reserves attributable to the Company's equity holders				
	Fair value reserve	CTA reserve	Preferred financing dividend reserve	Retained earnings	Total
At January 1, 2005	**-**	**(17.3)**	**-**	**63.7**	**46.4**
Profit for the year attributable to equity shareholders	-	-	-	11.3	11.3
Cash dividend 2004	-	-	-	(3.2)	(3.2)
Share option expense (Note 18)	-	-	-	0.1	0.1
Fair value change of available-for-sale financial assets, net of tax	5.1	-	-	-	5.1
Currency translation differences	-	25.1	-	-	25.1
Balance at December 31, 2005	**5.1**	**7.8**	**-**	**71.9**	**84.8**
Adjustment to the opening balance	-	-	-	(0.4)	(0.4)
Balance at January 1, 2006	**5.1**	**7.8**	**-**	**71.5**	**84.4**
Profit for the year attributable to common equity shareholders	-	-	-	(78.7)	(78.7)
Cash dividend 2005 (Note 41)	-	-	-	(2.3)	(2.3)
Dividends of financing preferred shares	-	-	4.0	-	4.0
Realized fair value available-for-sale assets, net of tax	(5.1)	-	-	-	(5.1)
Fair value change of available-for-sale financial assets, net of tax	3.5	-	-	-	3.5
Currency translation differences	(0.3)	(22.5)	-	-	(22.8)
At December 31, 2006	**3.2**	**(14.7)**	**4.0**	**(9.5)**	**(17.0)**

Adjustment to the opening balance

During 2006 VDM identified an error in the recognition of interest in one of the Company's foreign exchange settlement accounts. The Company has made reasonable effort to determine in which period the errors occurred, but has been unable to determine in which period(s) the error occurred. Therefore, the Company has determined that restatement for any period prior to January 1, 2006, is impracticable as defined in IAS 8 and has restated the opening balance as at January 1, 2006.

The restatement amounts to € 0.4 million (after taxes and minority interest).

18 Share option plan

The Group's employee option plan was terminated at the beginning of 2003. At the end of 2006, current and former employees retained options exercisable into common shares as a result of distributions in prior years. The options have various economic lives of five and ten years. As at December 31, 2006 the share option exercise prices are above the quoted market price of the underlying shares. The exercise of employee options is regulated, so that the Group can ensure its compliance with insider trading statutes. As of December 31, 2006, (former) members of the Executive Board and current and former employees held a total of 184,580 options on the common shares of Van der Moolen Holding NV (627,005 at the end of 2005).

The vesting period of the option rights is three years, during which time the relevant employees must remain employed with the Group. As at December 31, 2006 all options are vested. If employees cease to be employed by the Group, their unexercised options are generally forfeited. The Executive Board must approve any exceptions to this policy. The vesting period is expired for the Group's employee option plan. Van der Moolen began to repurchase its shares at the beginning of 2003, in order to cover its obligations under its employee option plan. It had repurchased 102,182 common shares by the end of 2006 (Note 16).

The following table summarizes option activity for the year ended December 31, 2006:

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in years		Range of Exercise Prices				Weighted Average Fair Value at Grant Date
Outstanding at January 1, 2006	22,500	€	16.17	3.92	€	-	-	16.17	€	4.63
Outstanding at January 1, 2006	186,080	€	21.08	1.96	€	21.00	-	24.79	€	7.11
Outstanding at January 1, 2006	418,425	€	30.13	0.81	€	27.30	-	31.45	€	7.27
Expired	(412,425)	€	30.11	0.81	€	27.30	-	31.45	€	7.27
Expired	(24,000)	€	21.00	1.96	€	21.00	-	24.79	€	7.13
Forfeited	(6,000)	€	31.45	0.92	€	27.30	-	31.45	€	7.27
Outstanding at December 31, 2006	22,500	€	16.17	2.92	€	-	-	16.17	€	4.63
Outstanding at December 31, 2006	162,080	€	21.09	0.96	€	21.00	-	24.79	€	7.11
Total outstanding at December 31, 2006	**184,580**	**€**	**20.49**	**1.20**	**€**	**16.17**	**-**	**24.79**	**€**	**6.81**
Exercisable options	184,580	€	20.49	1.20	€	16.17	-	24.79	€	6.81

The following table summarizes the option activity for the year ended December 31, 2005:

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in years		Range of Exercise Prices				Weighted Average Fair Value at Grant Date
Outstanding at January 1, 2005	22,500	€	16.17	4.92	€	-	-	16.17	€	4.63
Outstanding at January 1, 2005	250,205	€	21.06	2.96	€	21.00	-	24.79	€	7.12
Outstanding at January 1, 2005	836,200	€	30.78	1.42	€	27.30	-	35.22	€	7.37
Expired	(278,400)	€	30.99	-	€	27.30	-	35.22	€	7.66
Forfeited	(64,125)	€	21.00	1.96	€	21.00	-	24.79	€	7.13
Forfeited	(139,375)	€	32.30	0.33	€	27.30	-	35.22	€	7.08
Outstanding at December 31, 2005	22,500	€	16.17	3.92	€	-	-	16.17	€	4.63
Outstanding at December 31, 2005	186,080	€	21.08	1.96	€	21.00	-	24.79	€	7.11
Outstanding at December 31, 2005	418,425	€	30.13	0.81	€	27.30	-	31.45	€	7.27
Total outstanding at December 31, 2005	**627,005**	**€**	**26.94**	**1.26**	**€**	**16.17**	**-**	**31.45**	**€**	**7.13**
Exercisable options	627,005	€	26.94	1.26	€	16.17	-	31.45	€	7.13

The group elected to apply the share-based payment exemption provided by IFRS. It will therefore apply IFRS 2 from January 1, 2004 to those options that were issued after November 7, 2002 but that had not yet vested by January 1, 2005.

The Group charged no costs to the income statement in relation to its share option plan (2005: €0.1 million). The expense for the year 2005 for the period has been determined using the Black-Scholes valuation model for options issued after November 7, 2002 and hence relates to the tranche of options granted on December 16, 2002. After this date, no options were granted. The assumptions used for grants made on December 16, 2002 were as follows:

Dividend yield	3.5%
Expected volatility	50%
Risk-free interest rate	3.6%
Expected option life	3 years

Since all options of this plans have been vested, no expense have been recognized for this plan during the year 2006.

On January 1, 2006, Mr. R. den Drijver on his personal title has awarded through the RDD Foundation the employee group of Curvalue a stock award by donating 4% of his initial and earn-out 2005 consideration received through the sale of his Curvalue shares to Van der Moolen, being 181,711 VDM shares. The weighted average fair value of these equity instruments amounts to approx. €0.5 million. This fair value is based on the observable market price of the underlying shares at December 31, 2006.

The conditions for awarding this stock plan can be summarized as follows:

- The donation is only for those employees who still have an active contractual relation with Curvalue at the moment of the determination of the individual donations, which will take place in 2007;
- The level of individual donation will be at the complete discretion of Mr. R. den Drijver, who will determine at his full discretion the elements relevant for determining the level of the individual donations.

Since there is direct relation between the donation and the employment during the specific period the stock award qualifies as share based payments and IFRS 2 has been applied.

This arrangement has no impact on the participation of common and preferred shareholders, as no additional shares will be issued by the Company in this respect. The compensation costs related to this arrangement amounts to €0.5 million (2005: € nil).

19 Minority interest (Equity) and Capital of minority members (Liabilities)

Movements in minority interest and capital of minority members are comprised of:

	Equity			Liability
(in € millions)	Minority interest in specialist assignments	Other minority interest	Total minority interest	Capital of minority members
Net book amount at January 1, 2005	**12.8**	**-**	**12.8**	**13.6**
Change in minority interest in specialist assignments due to amortization and impairment (Note 7)	(3.8)	-	(3.8)	-
Other results for the year attributable to minority members	-	5.4	5.4	-
Allocation of profits to Capital accounts	-	(5.4)	(5.4)	5.4
Capital contribution from minority members	-	-	-	0.6
Distribution to minority members	-	-	-	(7.7)
Fair value change on available-for-sale financial assets (Note 11)	-	-	-	1.0
Interest attributable to Capital Accounts of minority members	-	-	-	1.3
Exchange rate differences	1.9	-	1.9	2.1
Net book amount December 31, 2005	**10.9**	**-**	**10.9**	**16.3**
Net book amount at January 1, 2006	**10.9**	**-**	**10.9**	**16.3**
Change in minority interest in specialist assignments due to amortization and impairment (Note 7)	(5.3)	-	(5.3)	-
Other results for the year attributable to minority members	-	4.3	4.3	-
Allocation of profits to Capital accounts	-	(4.3)	(4.3)	4.3
Capital contribution from minority members	-	-	-	2.7
Distribution to minority members	-	-	-	(8.8)
Fair value change on available-for-sale financial assets (Note 11)	-	-	-	(0.4)
Interest attributable to Capital Accounts of minority members	-	-	-	1.3
Exchange rate differences	(0.9)	-	(0.9)	(1.7)
Net book amount December 31, 2006	**4.7**	**-**	**4.7**	**13.7**

The effective interest rate on the capital accounts of minority members for the year ended December 31, 2006 was 10%.

20 Subordinated borrowings

The subordinated borrowings, including their final maturity date, are listed as follows:

(in € millions)	Effective interest rate	Principal amount outstanding	Carrying amount	
			2006	2005
7.54%, payable August 3, 2008	7.86%	32.9	35.0	59.2
7.80%, payable August 3, 2011	8.10%	49.4	52.6	59.4
7.11%, payable March 1, 2008	7.27%	15.2	15.8	26.5
		97.5	103.4	145.1
Less: current portion (Note 22)		(33.9)	(38.5)	(33.5)
		63.6	**64.9**	**111.6**

The following table presents the contractual repayment schedules for the subordinated borrowings based on their principal amount outstanding:

(in € millions)	**7.54%** Subordinated Note	**7.80%** Subordinated Note	**7.11%** Subordinated Note	**Total**
2007	16.4	9.8	7.6	**33.8**
2008	16.5	9.9	7.6	**34.0**
2009	-	9.9	-	**9.9**
2010	-	9.9	-	**9.9**
2011	-	9.9	-	**9.9**
	32.9	**49.4**	**15.2**	

At December 31, 2006, all subordinated borrowings are issued by VDM Specialists and are denominated in U.S. dollars and subordinated to claims of general creditors of VDM Specialists. These subordinated borrowings are included in the calculation of regulatory capital required by VDM Specialists. They have been taken up by VDM Specialists to fund its minimum net liquidity and capital requirements.

The subordinated borrowings of VDM Specialists contain financial and reporting covenants. Financial covenants relate to, amongst others, compliance with regulatory minimum capital and 'Net Liquid Asset Requirements', 'Tangible Net Worth' and 'Debt to Total Capitalization'.

The fair value of subordinated borrowings approximates the carrying amount.

21 Long-term borrowings

Long-term borrowings represent the outstanding principal of a 6.25% loan with a final maturity date of January 28, 2010. The loan is repayable in annual installments. An amount of €0.4 million is due in 2007, and an amount of €1.0 million is due within two to four years. The principal amount with maturity less than one year has been classified within short-term borrowings in the consolidated balance sheet (Note 22). The effective interest rate on this loan is 6.25% per annum (2005: 6.25%).

22 Short-term borrowings

(in € millions)	2006	2005
	December 31	December 31
Current portion of subordinated borrowings (Note 20)	38.5	33.5
Current portion of long-term loans (Note 21)	0.4	0.3
	38.9	**33.8**

23 Provisions

(a) Regulatory proceedings
At December 31, 2005 a provision of €1.3 million was established in respect of regulatory proceedings against the Group. In 2006 this provision was utilised in full. At 31 December 2006, a new provision of €0.4 million has been recorded relating to settlements for certain investigations and reviews by the New York Stock Exchange. With respect to other regulatory proceedings and litigation issues the outcomes of the investigations can not be predicted at this time (Note 32).

(b) Litigation expenses of former members
Pursuant to its operating agreement with minority members, VDM Specialists is required to advance funds to cover the litigation expenses of former members in connection with certain litigation and regulatory inquiries. At December 31, 2005 a provision of €1.8 million was established in connection with this obligation. In 2006 this provision was utilised in full and all such advances have been recognized as expenses in the income statement. At December 31, 2006 a subsequent provision of €0.2 million was established for probable future litigation expenses that will be incurred as it relates to this arrangement. There can be no assurance that further litigation expenses of this nature will not arise, and such expenses could be material.

(c) Provision for severance payments
As at 31 December 2006, a provision related to estimated severance payments has been recorded amounting to €0.1 million.

24 Other current liabilities and accrued expenses

Other current liabilities and accrued expenses comprise the following:

(in € millions)	2006	2005
	December 31	December 31
Trade payables	1.0	0.5
Other taxes and social security contributions	1.6	0.6
Dividend on financing preferred shares	-	2.9
Accrued bonuses	9.1	1.5
Capital payable to former partners of VDM Specialists	0.5	4.3
Other	9.4	8.6
	21.6	**18.4**

Regarding the liability for capital payable to former partners of VDM Specialists, interest is payable based on the interest rate applicable to investments in cash and cash-equivalents.

25 Other gains and losses - net

On March 7, 2006, the NYSE and Archipelago Holdings, Inc. combined their businesses and became wholly-owned subsidiaries of NYSE Group Inc., a newly-created, for-profit and publicly-traded holding company. Each NYSE member became entitled to receive $300,000 in cash, plus 80,177 shares of NYSE Group common stock in exchange for the NYSE membership. In addition, immediately prior to the merger, the NYSE announced a 'permitted dividend' paid to each NYSE membership the amount of $70,570, which was the equivalent to the membership's pro rata portion of the NYSE's 'excess cash', as defined in the NYSE Merger Agreement. As per March 7, 2006, the Company owned six memberships.

As a result of the NYSE Merger, the Company's six NYSE memberships were converted into the right to receive an aggregate of $1.8 million in cash (not including the permitted dividend) and 481,062 shares of NYSE Group common stock. Subsequent to the merger, the Company has joined the so-called secondary offering of NYSE Group shares. Early May 2006, approximately 181,940 shares, out of the 481,062 set out above, have been successfully offered and allocated in this process. The total gain recognized as a result of the NYSE merger amounts to €21.1 million.

Furthermore, in December 2006 a non-taxable amount of €0.5 million was received in respect of the settlement of the litigation surrounding the value of an option to acquire 12.3% in Prebon. The litigation started as a result of a take-over of Prebon by a third party and the subsequent request Van der Moolen Holding NV issued for the settlement of the option value.

In 2005, other gains and losses - net includes distributions of reserves of the Vereniging Voor de Effectenhandel and the Vereniging Voor de Optiehandel amounting to €1.1 million; a €7.4 million gain realized on the sale of four NYSE memberships in December 2005; and a €0.2 million charge in respect of fair value changes on interest rate swaps.

26 Retirement benefit plans and other long-term benefits

The Company has employee retirement benefit plans in Germany, the United States, the UK, Switzerland and the Netherlands.

(a) Retirement benefits – Defined contribution plans
The German subsidiary has a defined contribution plan in place for management team members as well as certain employees. The annual contribution under this plan during the years ended December 31, 2006, and 2005 was €36,924 and €31,999, respectively. In the United States, the Company sponsors a 401(k) plan covering all eligible full-time employees. Under certain circumstances prescribed by law, the Company may be required to make contributions to this plan. During the year ended December 31, 2006 contributions of €143,346 were made under this plan (2005: €144,601). The UK subsidiaries installed a defined contribution plan during the year 2006. The annual contribution during 2006 was €50,340 (2005: nil). The Swiss subsidiary recognized €21,628 as defined contribution costs in 2006. In the Netherlands, the Curvalue Group has a defined contribution plan in place. The total contribution for 2006 was €53,430.

(b) Retirement benefits – Defined benefit plans
In The Netherlands, various defined benefit plans exist, covering substantially all employees, including members of the Executive Board. The Curvalue Group employees are currently not entitled to defined benefits. Defined benefits plans are based on years of service and compensation levels at the time of retirement. The Dutch plan is a defined benefit average pay plan (2005: defined benefit final pay plan).

Because of changes in the Dutch legislation as of January 1, 2006, certain plan changes were required. Besides a change in retirement age (to 65 years instead of 60 years), the pension system has been prospectively changed from a mitigated final pay plan to an average pay plan. The effect of the plan changes resulted in a gain of €0.1 million. Under the plan, the employees are entitled to retirement benefits varying between 70% and 80% of the average salary upon attainment of a retirement age of 65. No other post-retirements benefits related to these employees are provided. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2006, by an independent company of actuaries and advisors. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The Company's Dutch collective schemes are insured with insurance companies in the Netherlands. The insurance companies guarantee a rate of return of approximately 3.75% on the actuarial reserve. The actual rate of return on investments normally exceeds the guaranteed rate of return described above; the excess is called interest profit and the Company is entitled to a share of the interest profit. The actual rate of return on investment is based on the yield on certain state debentures in the Netherlands. Because of the nature of these insurance contracts, there are no separate asset and investment policies.

(c) Other long-term benefits

Besides aforementioned post-employment benefit plans the Company provides for other long-term employee benefits, such as for some employees of a former subsidiary of Van der Moolen Holding NV.

The amounts recognized in the balance sheet in respect of the Group's defined benefit retirement plans and other long-term benefits are as follows:

(in € millions)	2006	2005
	December 31	December 31
Present value of funded obligations	17.3	18.9
Fair value of plan assets	(19.4)	(20.6)
Excess of plan assets over funded obligations	(2.1)	(1.7)
Present value of unfunded obligations	0.3	0.7
Unrecognized actuarial (gains)/losses	(1.7)	(2.4)
Unrecognized past service cost	-	-
Net (Asset)/Liability in the balance sheet	**(3.5)**	**(3.4)**

The total of the present value of funded and unfunded obligations amounts to €17.6 million as of December 31, 2006 (2005: €19.6 million).

The movement of the assets recognized in the balance sheet is as follows:

(in € millions)	2006	2005
Balance at January 1	3.4	3.7
Total expense recognized in the income statement	(0.1)	(0.3)
Contributions paid by employer	0.4	0.0
Other	(0.2)	-
Balance at December 31	**3.5**	**3.4**

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	2006	2005
	December 31	December 31
Discount rate	4.75%	4.25%
Expected return on plan assets (based on risk free rate)	4.25%	4.0%
Expected average rate of compensation increases (including expected inflation rate of 2.0%)	2.9%	3.0%

Assumptions regarding future mortality experience are based on published statistics, known as 'Collectief '93', and experience in each territory.

The amounts recognized in the income statement in respect of the Group's retirement benefit plans and other long-term benefits are as follows:

(in € millions)	2006	2005
Current service cost	0.3	0.2
Interest on obligation	0.8	0.9
Expected return on plan assets	(0.8)	(0.8)
Recognition/amortization of actuarial losses/(gains)	0.0	0.1
Settlement	(0.2)	-
Plan change	(0.1)	-
Other costs	0.1	(0.1)
Total (income)/expense	**0.1**	**0.3**

The expense for the year is included in the employee benefits expense in the income statement.

Changes in the present value of funded and unfunded obligations are as follows:

(in € millions)	2006	2005
Opening present value of obligations	19.6	19.0
Current service cost	0.3	0.2
Interest cost	0.8	0.9
Benefits paid	(1.0)	(0.8)
Settlement	(0.2)	-
Plan change	(0.1)	-
Expected present value of obligations (end of year)	**19.4**	**19.3**
Actual actuarial (gain)/loss	(1.8)	0.3
Closing present value of obligations	**17.6**	**19.6**

Changes in the fair value of plan assets are as follows:

(in € millions)	2006	2005
Opening fair value of plan assets	20.6	21.7
Expected return on plan assets	0.8	0.8
Contributions by the employer	0.4	-
Benefits paid	(1.0)	(0.8)
Other	(0.0)	(0.9)
Expected plan assets (end of year)	**20.8**	**20.8**
Actual gain/(loss)	(1.4)	(0.2)
Closing fair value of plan assets	**19.4**	**20.6**

(in € millions)	2006	2005
	December 31	December 31
Expected return on plan assets	0.8	0.8
Actual gain/(loss)	(1.4)	(0.2)
Actual return on plan assets	**(0.6)**	**0.6**

The fair value of plan assets at the balance sheet date is analyzed as follows:

(in € millions)	2006	2005
	December 31	December 31
Other assets	19.4	20.6
Closing fair value of plan assets	**19.4**	**20.6**

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by a stock exchange. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The history of the plan for the current and prior period is as follows:

(in € millions)	2006	2005
	December 31	December 31
Present value of funded and unfunded obligations	17.6	19.6
Fair value of plan assets	(19.4)	(20.6)
Deficit/(Excess)	**(1.8)**	**(1.0)**

(in gains/losses in % of:)	2006	2005
Experience adjustments on plan liabilities	(9.6%)	1.4%
Experience adjustments on plan assets	(6.7%)	3.7%

The Group expects to contribute approximately €0.3 million to its retirement benefit plans and other long-term benefits in 2007.

27 Employee benefit expense

Employee benefit expenses comprise of:

(in € millions)	2006	2005
Base salaries	30.6	23.6
Social security cost	3.9	3.0
Retirement benefits - defined contribution plans (Note 26)	0.3	0.2
Retirement benefits - defined benefit plans and other long-term benefits (Note 26)	0.1	0.3
Other retirement benefits expense	0.2	-
Total fixed employee benefit expense	**35.1**	**27.1**
Share options granted to directors and employees (Note 18)	0.5	0.1
Employee bonuses - variable compensation	14.5	6.0
Total variable employee benefit expense	**15.0**	**6.1**
Total employee benefit expense	**50.1**	**33.2**

Base salaries include termination benefits amounting to €1.3 million (2005: €0.9 million).

During 2006, the average number of employees was 405 (2005: 304), of which 306 were employed by foreign group companies (264 in 2005). The number of employees at December 31, 2006 was 446 (December 31, 2005: 282).

28 General and administrative expenses

(in € millions)	2006	2005
Professional fees	11.0	11.8
Settlement expenses of litigation and regulatory proceedings	4.8	1.3
Other general and administrative expenses	11.3	8.0
	27.1	**21.1**

Professional fees include legal advisory expenses of €4.1 million (2005: €5.6 million) as described in Note 32.

29 Interest income and other finance costs

Interest income is comprised of:

(in € millions)	2006	2005
Curvalue Beheer B.V.	-	0.1
Other	1.5	1.1
Total interest income	**1.5**	**1.2**

Other finance costs is comprised of:

(in € millions)	2006	2005
Interest on capital of minority members (Note 2.2(c) and 19)	(1.3)	(1.3)
Subordinated borrowings (Note 20)	(6.2)	(7.3)
Long-term borrowings (Note 21)	(0.1)	(0.1)
Other interest expenses	(2.3)	(2.1)
Total other finance costs	**(9.9)**	**(10.8)**

30 Income tax expense/(benefit)

(Loss)/profit before income tax from continuing operations for purposes of income tax calculations can be determined as follows (see Note 2.23):

(in € millions)	2006	2005
(Loss)/profit before income tax from continuing operations	(2.0)	12.1
Less: result attributable to minority interest	1.0	(1.6)
(Loss)/profit before income tax from continuing operations for purposes of income tax calculations	**(1.0)**	**10.5**

The income tax expense/(benefit) consists of the following:

(in € millions)	2006	2005
Current income tax	2.9	(10.4)
Deferred income tax (Note 9)	71.8	9.1
	74.7	(1.3)
Less: relating to discontinued operations	-	(0.4)
Income tax from continuing operations	**74.7**	**(0.9)**

The consolidated effective tax rate on the Group's profit before tax and after minority interest from continuing operations in 2006 (charge: 7,470%) was significantly influenced by the derecognition loss recognized on deferred income tax assets as further discussed below (consolidated effective tax rate 2005: charge 9%).

The weighted average tax rate applicable to pretax result from continuing operations in 2006 has been significantly influenced as a result of the combination of profits realized in high-taxed jurisdictions (United States and Germany) and losses incurred in lower-taxed jurisdictions (Netherlands) together with a relative low level of pretax results. Applying the domestic rates applicable to pretax income and losses from continuing operations in the tax jurisdictions in which the individual group companies operated in 2006, the Group would incur tax expenses in the amount of €2.5 million (weighted average tax rate 2006: charge 250%). In 2005, the weighted average tax rate was 48%. A reconciliation between the income tax expense/(benefit) and that derived from applying the weighted average tax rate to (loss)/profit before income tax from continuing operations as defined above, is given below:

(in € millions)	2006	2005
Pretax (loss)/profit from continuing operations for purposes of income tax calculations	(1.0)	10.5
Weighted average tax rate applicable to the Group	(250%)	48%
Income tax calculated at the domestic tax rates applicable to profits in the tax jurisdictions concerned	**2.5**	**5.0**
Expenses not deductible for tax purposes	4.2	1.4
Non-taxable income	(1.7)	(0.6)
Derecognition of deferred tax assets	70.4	0.6
Recognition of deferred tax assets previously derecognized	(0.2)	-
Effect of change in tax rates	(0.8)	0.8
Net exceptional tax benefit	-	(8.5)
Other	0.3	0.4
Income tax from continuing operations	**74.7**	**(0.9)**

The following factors materially affected the comparison between the effective tax rate and the weighted average applicable tax rate in 2006:

Expenses not deductible for tax purposes

Expenses not deductible for tax purposes mainly reflect the non-tax deductible nature of the 2006 impairment charge on goodwill relating to the Group’s brokerage activities (see Note 7), the financing preferred dividends recognized as an expense until April 5, 2006 and of the expense recognized in respect of the settlement reached with NYSE in relation to the stock loan investigation.

Non-taxable income

Non-taxable income mainly relates to the impact of certain Group companies having a different functional currency for tax purposes than that applied for the preparation of the financial statements.

Derecognition of deferred tax assets

The derecognition of deferred tax assets mainly relates to the Group’s U.S. tax position. The derecognition loss resulted from management’s reassessment of the probability criteria as stated in the applicable accounting standards in light of the multiple years of tax losses incurred in the applicable tax jurisdictions (see notes 4(c) and 9).

Effect of change in tax rates

The effect of change in tax rates reflects the impact of remeasurement of the Group’s deferred income tax positions in the Netherlands. In 2006, a change in the Netherlands tax law was enacted. As a result of this enacted change, the tax rate applicable for years beginning on January 1, 2007 decreased to 25.5%. Given the Group’s deferred tax position existing on December 31, 2006, this decrease in tax rate resulted in a tax benefit of €0.8 million.

Net exceptional tax benefit recognized in 2005

The net exceptional tax benefit of €8.5 million in 2005 mainly reflects the recognition of a non-recurring tax benefit of €9.0 million in connection with unwinding the Group's financing entity.

31 Earnings per share

Basic

Basic earnings per share is calculated by dividing profit attributable to common shareholders of the Company by the weighted average number of common shares in issue for the period, excluding common shares purchased by the Company and held as treasury shares (Note 16) with - in addition - the weighted impact of the shares issued on January 2, 2006 in relation to the acquisition of Curvalue and the shares issuable in respect of the earn-out 2005, which are considered to be 'earned' at acquisition date, and the number of shares issued as stock dividend in April 2006, adjusted for the average number of shares held by Curvalue in Van der Moolen Holding NV during the periods presented.

	2006	2005
Profit/(loss) attributable to common equity shareholders of the Group (in € millions)	(78.7)	11.3
Weighted average number of common shares in issue outstanding	45,352,290	39,031,219
Basic earnings per share from continuing operations (€ per share)	(1.74)	0.29
Basic earnings per share from discontinued operations (€ per share)	-	0.0
Basic earnings per share (€ per share)	**(1.74)**	**0.29**

Diluted

The estimated number of shares that are issuable in respect of the Curvalue earn-out arrangement for the year 2006 could potentially dilute the basic earnings per share, but are not included in the diluted loss per share as these instruments have an antidilutive impact due to the reported loss attributable to common shareholders. Should the impact of the instruments have been taken into account, the dilutive loss per common share would amount to €1.69.

32 Commitments and contingent liabilities

Guarantees

Van der Moolen Holding NV has no longer issued guarantees to third parties in relation to VDM Specialist (2005: €2.3 million). These guarantees were issued in relation to loans granted to (former) partners and an employee of VDM Specialists in order to enable them to acquire seats on the New York Stock Exchange.

Van der Moolen Holding NV has issued a guarantee to third parties for a total amount of €1.0 million in relation to a credit facility of Stichting Van der Moolen Holding. No amounts were drawn under this facility on December 31, 2006 (2005: nil).

Van der Moolen Holding NV is liable for debts arising from the legal activities of its 100%-owned direct and indirect subsidiaries, with the exception of the companies established outside the Netherlands.

VDM Specialists has issued so-called 325(e) guarantees to the New York Stock Exchange in the total amount of €3.8 million (2005: €4.4 million).

In the ordinary course of its business, the Company indemnifies certain service providers, such as clearing and custody agents, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates (together herein: the Company). In addition, the Company is a member of payment, clearing and settlement networks as well as securities exchanges that may require the Company to meet the obligations of such networks and exchanges in the event of member defaults. The Company is unable to develop an estimate of the maximum payout under these guarantees and indemnifications. However, management believes that it is unlikely the Company will have to make material payments under these arrangements, and no liabilities related to these guarantees and indemnifications have been recognized in the consolidated balance sheet as of December 31, 2006.

Lease obligations (non-cancellable operating leases)

Office rent	
2007	1.1
2008	1.1
2009	1.0
2010	0.8
2011	0.4
Later years	-
Total	**4.4**

Certain leases contain renewal options and escalation clauses. Rental expense for the year 2006 amounted to €2.7 million (2005: €1.3 million), and is recognized in general and administrative expenses.

Regulatory Proceedings and ligitation

VDM Specialists USA, LLC

Specialist Trading Investigations

On March 30, 2004, we announced a settlement with the New York Stock Exchange and the SEC of charges resulting from an investigation of trading practices at several specialist firms, including VDM Specialists. The settlement, which was agreed on the basis of no admission or denial, was entered into in connection with alleged violations of Section 11(b) of the Exchange Act, and rules promulgated under that Act concerning New York Stock Exchange specialist trading, including the requirement that a specialist maintain a fair and orderly market, and violations of Section 15(b)(4)(E) of the Exchange Act, including failure to supervise with respect to certain transactions in which one or more of our employees allegedly violated Section 10(b) of the Exchange Act including Rule 10b 5. Pursuant to the settlement, and without admitting or denying any wrongdoing, we announced that VDM Specialists will pay a total of $57.7 million in restitution to customers and civil penalties for certain trades that occurred during the five year period from 1999 to 2003. Of the total agreed restitution and civil penalties, $34.9 million represented restitution and $22.8 million represented civil penalties. The fine and penalties have been paid.

The SEC and New York Stock Exchange continue to investigate the conduct of certain present and former employees of VDM Specialists. On April 12, 2005, seven former employees of VDM Specialists were indicted for securities fraud and conspiracy to commit securities fraud. Two of these defendants pleaded guilty to one count of securities fraud each on May 12, 2006. On July 14, 2006, two of the other indicted former employees VDM Specialists were found guilty of one count of securities fraud each (and were acquitted on the conspiracy count and other counts of securities fraud) after a jury trail and are appealing their conviction to the United States Court of Appeals for the Second Circuit. On April 6, 2006, the government dismissed the conspiracy count against the remaining three former employees of VDM Specialists who had been indicted on April 12, 2005. Two former employees were acquitted on all remaining counts on August 1, 2006 and September 18, 2006 respectively and the government dismissed all charges against the final defendant on November 22, 2006.

Also on April 12, 2005, the SEC commenced civil proceedings against the seven former employees of VDM Specialists, as well as another employee of VDM Specialists who was not indicted. The New York Stock Exchange has also brought charges against these former employees of VDM Specialists.

In re New York Stock Exchange Specialists Securities Litigation

In the fourth quarter of 2003, four putative class actions were filed with the U.S. District Court for the Southern District of New York against VDM Specialists and other New York Stock Exchange specialist firms. On March 11, 2004, a similar suit, which was brought by an individual plaintiff who was not purporting to represent a class, was filed in the U.S. District Court for the Southern District of New York. One of the class actions and the individual suit also name the New York Stock Exchange and Van der Moolen Holding NV as defendants. Each of these five actions was filed on behalf of plaintiffs who allege that the defendants violated U.S. federal securities law by conducting improper trading activity to the detriment of pending customer orders. The actions were filed on the grounds of the alleged trading violations that were the subject of the New York Stock Exchange and SEC investigation mentioned above.

The actions seek unspecified restitution and damages. On May 27, 2004, the U.S. District Court for the Southern District of New York entered an order consolidating the four class actions and the individual action, appointing lead plaintiffs, and directing that a consolidated amended complaint be filed within 45 days, absent an agreement by the parties concerning the preliminary schedule. The co-lead plaintiff filed an amended consolidated complaint on September 16, 2004 (In re NYSE Specialists Securities Litigation, No.03-8264 (S.D.N.Y.)). On November 16, 2004, Van der Moolen Holding NV, VDM Specialists and the other New York Stock Exchange specialist firms moved to dismiss the amended consolidated complaint. On December 15, 2005, the Court granted in part and denied in part the motion to dismiss, thereby allowing plaintiffs' claims to go forward against Van der Moolen Holding NV, VDM Specialists and the other specialist firms. Plaintiffs served request for the production of documents on defendants on or about February 16, 2006, and the parties have begun to produce discovery. Van der Moolen

Holding NV and VDM Specialists answered the compliant on February 23, 2006.

No class has yet been certified. We believe that Van der Moolen Holding NV and VDM Specialists have substantial defenses to this litigation, although the outcome or a range of outcomes of the litigation cannot be predicted at this time.

In re Van der Moolen Holding NV Securities Litigation

On October 20, 2003, a plaintiff, who purported to represent holders of our ADRs, filed a class action on their behalf in the U.S. District Court for the Southern District of New York against Van der Moolen Holding NV, and the members of our Executive Board during the relevant period. The plaintiff alleged that defendants violated U.S. federal securities law by failing to disclose the alleged trading activity at issue in the NYSE Specialists litigation, the New York Stock Exchange and SEC investigations into NYSE specialist trading activity.

On April 14, 2004, the Court entered an order designating co-lead plaintiffs. On July 9, 2004, co-lead plaintiffs filed an amended complaint seeking unspecified damages. On September 14, 2004, co-lead plaintiffs filed a Second Amended and Consolidated Class Action Complaint (In re Van der Moolen Holding NV Securities Litigation, No. 03-8284 (S.D.N.Y.)), also naming VDM Specialists as a defendant. On November 22, 2004, Van der Moolen Holding NV, VDM Specialists and the individual defendants moved to dismiss the complaint. On December 15, 2005, the Court granted in part and denied in part defendants' motion to dismiss, thereby allowing plaintiff's claims to go forward. Van der Moolen Holding NV, VDM Specialists and the individual defendants answered the complaint on February 17, 2006.

On October 13, 2006 the Court signed a Stipulation of Settlement pursuant to which Van der Moolen Holding NV and its liability insurer agreed to pay $8.0 million to the proposed class of ADR holders. On November 29, 2006, the co-lead plaintiffs moved to the Court for final approval of the Settlement Plan of Allocation and Net Settlement Fund. The Court granted that motion and entered a final judgment and order dismissing the action with prejudice on December 7, 2006.

Other

On October 24, 2006, VDM Specialists was served with an amended complaint in an antitrust class action brought in U.S. District Court for the Southern District of New York against numerous financial institutions involving stock lending price fixing allegations. On March 15, 2007 a motion to dismiss by all defendants was filled, plaintiffs' opposition is due June 15, 2007, and defendants' reply is due July 16, 2007. The Company has not answered the Complaint. No class has yet been certified. We believe that defendants have substantial defenses to this litigation, although the outcome or a range of outcomes of the litigation cannot be predicted at this time.

On February 22, 2005, the New York Stock Exchange advised VDM Specialists that it is conducting an investigation into the possibility that (i) employees of VDM Specialists submitted or caused to be submitted, misleading or inaccurate Floor Official approvals during the period from September 2002 through August 2003, and (ii) VDM Specialists and/or certain supervisory employees may have failed to discharge their responsibility in supervising the firm's floor employees. This investigation has been settled with VDM Specialists agreeing to pay a fine of $50,000, which amount was included in the provision at December 31, 2006.

VDM Specialists has also settled certain other investigations and reviews by the New York Stock Exchange including whether employees of VDM Specialists and other specialist firms engaged in trading outside the quote and whether employees of VDM Specialists inadvertently failed to timely display customer limit orders, with VDM Specialists agreeing to pay fines of $400,000 and $53,000 which amounts were included in the provision at December 31, 2006.

In 2006, VDM Specialists incurred €2.9 million in legal fees in relation to regulatory proceedings and litigation (2005: €5.6 million). Pursuant to Section 5.5 of its operating agreement with minority members, VDM Specialists is required to advance funds for actual litigation expenses incurred by various present and former members in connection with these litigation and regulatory inquiries. All such advances have been included in the aforementioned amount and are recognized as expenses in the Consolidated Income Statement. In 2006, an amount of approximately €2.6 million was recognized (2005: €4.5 million). Reference is made to Note 23 for details of a provision of €0.2 million established at December 31, 2006. There can be no assurance that further legal fees over and above this provision will not arise, and such expenses could be material.

Stock Lending

In late 2004, the New York Stock Exchange requested documents and interviews with certain employees of VDM Specialists' stock lending department. On January 14, 2005, VDM Specialists terminated two senior members of its stock lending department for violations of the firm's policies and their terms of employment. On February 11, 2005, we disclosed that the New York Stock Exchange was conducting an inquiry into broker-dealer stock lending practices, focusing on transactions involving finders, including transactions carried out by VDM Specialists' stock lending department. Also on February 11, 2005, based on the existence of this New York Stock Exchange inquiry and the results of VDM Specialists' own internal inquiry, Van der Moolen Holding NV announced that VDM Specialists was closing its stock lending business. Until the closing of the stock lending business, the stock lending activities of VDM Specialists contributed less than €0.1 million to 2005 net income.

At the time when VDM Specialists closed its stock lending business, New York Stock Exchange rules did not expressly bar the payment of reasonable fees to legitimate finders of securities in connection with a member firm's stock lending activity, although certain broker-dealers had adopted policies prohibiting such payments. On July 10, 2006, VDM Specialists reached a settlement with the NYSE concerning its investigation of its stock lending department, pursuant to which VDM Specialists consented to the imposition of a penalty of censure and a fine of $3.5 million.

U.S. Option Business

Cohen, Duffy, McGowan, LLC has been informed by the American Stock Exchange's Market Regulation Department that the exchange's Enforcement Division has initiated an investigation that may result in disciplinary actions. The investigation is focused on charges of possible violations of American Stock Exchange Rule 156(b) and Article V, Section 4(h), combined with possible violations of the exchange's limit order display rule during the period between June 3, 2002 and May 30, 2003. Further, on February 25, 2004, the American Stock Exchange Enforcement Division started an investigation in relation to alleged violations of the firm quote rule (American Stock Exchange Rule 958A).

Further, the Department of Market Regulation of the Chicago Board Options Exchange requested written information from Van der Moolen Options USA, LLC relating to compliance with the Chicago Board Options Exchange's firm quote rule. On January 28, 2004, the SEC requested data from all U.S. option exchanges, including all those on which our option units acted as specialists or in a similar capacity, regarding the functioning and trading practices of specialists on those exchanges. It is possible that these requests have been lodged in advance of additional investigations into trading practices by the Chicago Board Options Exchange or the SEC.

On May 11, 2004, the SEC requested financial information and information in respect of the compliance procedures of Cohen, Duffy, McGowan, LLC. Cohen, Duffy, McGowan, LLC was closed in December 2003 and we disposed of Van der Moolen Options USA, LLC in December 2004.

On February 11, 2005, the Chicago Board Options Exchange sent a notice informing Van der Moolen Options USA, LLC that it had initiated an inquiry to determine whether Van der Moolen Options USA, LLC, in its capacity as Designated Primary Market-Maker on the Chicago Board Options Exchange or through its designee members, interpositioned or traded ahead its principal account ahead of orders Van der Moolen Options USA, LLC represented as agent during the period from at least January 1999 through December 2004 in violation of Chicago Board of Options Exchange or SEC rules. The outcome of this investigation cannot be predicted at this time.

Also, on December 21, 2004, the Philadelphia Stock Exchange advised Van der Moolen Options USA, LLC that it is conducting an investigation and fact-finding effort related to the order handling and trading activity by Van der Moolen Options USA, LLC for the period of February 2003 through September 2004, regarding compliance with Philadelphia Stock Exchange Rule 1082 ('Firm Quotations'). The outcome or range of outcome of these investigations in respect of our US Option business cannot be predicted at this time.

Last Atlantis Capital et al. vs Chicago Board Options Exchange et al.

On January 20, 2004, five entities who allege that they are purchasers and sellers of options commenced an action in the U.S. District Court for the Northern District of Illinois against four national securities exchanges (the American Stock Exchange, the Chicago Board Options Exchange, the Philadelphia Stock Exchange and the Pacific Stock Exchange) and 35 securities dealers who made markets in options, including Cohen, Duffy, McGowan, LLC and Van der Moolen Options USA, LLC, as well as Van der Moolen Holding NV. Plaintiffs allege that our subsidiaries conspired with other defendants by allegedly failing to execute orders, canceling orders and refusing to cancel orders for the purchase and sale of options. Plaintiffs allege violations of federal antitrust laws (Sections 1 of the Sherman Act and 4 and 16 of the Clayton Act), and securities laws (Section 10(b) of the Exchange Act and rule 10b-5 thereunder), breach of contract, common law fraud, breach of fiduciary duty, violations of an Illinois consumer fraud and deceptive business practices statute and tortuous interference with business. Injunctive relief and damages (including punitive damages) in an unspecified amount are sought. Cohen, Duffy, McGowan, LLC, Van der Moolen Options USA, LLC and Van der Moolen Holding NV were never served with the process in this action, and although named in the caption of the Complaint, there are no specific allegations in the complaint against either Van der Moolen Holding N.V. or Van der Moolen Options USA, LLC.

Motions to dismiss were filed with the Court on June 14, 2004. On March 30, 2005 the court granted the motion to dismiss. On May 9, 2005, the court denied the plaintiffs' motion for reconsideration except with respect to the federal securities count as to which the court gave plaintiffs leave to replead with particularity. Plaintiffs subsequently filed an amended complaint. Plaintiffs also filed virtually identical complaints before two judges on behalf of three additional plaintiffs. The two actions were reassigned to the judge hearing the first action and, on November 7, 2005, plaintiffs filed a Consolidated Complaint. Defendants moved to dismiss on January 6, 2006.

On September 15, 2006, the District Court granted the motions to dismiss with prejudice. Plaintiffs again moved for reconsideration and sought leave to file a proposed amended complaint. On March 22, 2007, the District Court granted the Motion for Reconsideration in part, allowing Plaintiffs to file their proposed amended complaint against all the defendants except the securities exchanges. Plaintiffs have until April 5, 2007 to file an amended complaint that deletes the allegations against the securities exchanges. The remaining defendants then have 20 days to file an answer. Due to the motions to dismiss, discovery has not yet begun, but the District Court has ordered that the parties file a proposed discovery schedule by May 1, 2007.

With respect to the regulatory investigations and civil litigations described above, there can be no assurance as to the outcome or timing of the resolution of these matters. The range of possible resolutions could include determinations and judgments against us or settlements that could require substantial payments by us that could have a material adverse effect on our financial condition, results of operations and cash flows.

33 Related party transactions

i) Seat Leases

Until the merger between NYSE and Archipelago Holding, VDM Specialists leased exchange memberships from its employees and minority members through operational lease agreements. The leases were based on NYSE published lease rates at the date of renewal. The total amount paid to minority members in 2006 was less than €0.1 million (2005: €0.7 million).

ii) Key Management Compensation

At December 31, 2006, the Supervisory Board of Van der Moolen had four members (2005: five). They received total remuneration of €0.21 million (2005: €0.21 million). For attendance at meetings of the Audit Committee and Remuneration and Nominating Committee, committee members received €1,500 per meeting, excluding value added tax (2005: €1,500). The total remuneration of Supervisory Board members in 2006 and 2005 was as follows (all amounts including VAT, where applicable):

(in €)	Supervisory Board Attendance	Audit Committee Attendance	Remuneration and Nominating Committee Attendance	**Total 2006**	Total 2005
Prof. dr. R.G.C. van den Brink, Chairman	43,931	19,361	5,808	69,101	65,494
G.L. van den Broek, Vice Chairman	30,494	3,360	5,040	38,894	34,727
J. Aalberts (resigned April 6, 2006)	6,268	-	-	6,268	27,003
M. Arentsen	29,498	23,399	-	52,896	44,854
G.H. de Marez Oyens	24,854	14,786	-	39,640	36,192
	135,045	**60,906**	**10,848**	**206,799**	**208,270**

The total remuneration of members of the Executive Board in 2006 and 2005 was:

(in €)	Base salary	Bonuses	Post employment benefits and social security expense	Other short term benefits	**Total 2006**	Total 2005
F.M.J. Böttcher (Chairman) [1]	287,400	-	46,911	20,853	355,164	783,536
L.J. Pruis [2]	301,587	-	55,660	398,001	755,248	588,250
C.F. Rondeltap	329,004	-	52,596	13,987	395,587	539,617
R.D. den Drijver (Chairman) [3]	413,072	-	41,891	3,059	458,022	-
F.F. Dorjee [4]	-	-	-	-	-	109,387
	1,331,063	**-**	**197,058**	**435,900**	**1,964,021**	**2,020,790**

1) Mr. F. Böttcher resigned May 1, 2006.

2) Mr. L. Pruis resigned effective November 30, 2006. In accordance with his contractual arrangements, Mr. L. Pruis received a total severance payment of €374,000.

3) Mr. R. den Drijver was appointed to the executive board effective April 5, 2006 and became chairman on May 1, 2006.

4) Mr. Dorjee resigned effective February 28, 2005.

At December 31, 2006, Mr. Cleaver, a former member of the Executive Board has capital contributed to the VDM Specialists of €0.3 million (2005: €0.9 million) for which he received interest in the amount of €0.1 million in 2006 (2005: €0.1 million). Further, until the merger between the NYSE and Archipelago Holding, the Group leased a seat from Mr. Cleaver, for which he received payments of €8,500 in 2006 (2005: €0.1 million).

	Life of options at issuance in years	Number of options December 31, 2005	Average exercise price	Expired	Number of options December 31, 2006	Average exercise price
Executive Board						
C.F. Rondeltap	5	26,000	30.97	(26,000)	-	-
Former Board members						
F.M.J. Böttcher [1]	5	70,000	27.72	(45,000)	25,000	21.00
J.P. Cleaver, Jr. [2]	5	26,000	27.99	(21,000)	5,000	21.00
	5	96,000	27.79	(66,000)	30,000	21.00

1) Mr. Böttcher resigned May 1, 2006.

2) Mr. Cleaver, Jr. retired as of of December 31, 2004

As part of the initial payment of the acquisition of Curvalue Beheer B.V. and its subsidiaries on January 2, 2006, 3,803,509 common shares of Van der Moolen Holding N.V. were issued. The RDD Foundation, a related party to Mr. Den Drijver, the Chairman of our Executive Board, received 3,018,354 common shares. The remaining 785,155 shares were issued to persons, or related parties thereof, that are currently employed by the Group or act as its advisor. In addition, there is an earn-out consisting of two payments depending on the profitability of Curvalue in 2005 and 2006. Based on the 2005 Curvalue financial performance, an additional 1,920,964 common shares were issued on January 2,2007, of which 1,524,421 have been received by the RDD Foundation and 396,543 shares have been received by persons, or related parties thereof, that are currently employed by the Group or act as our advisor. On January 2, 2008, 1,175,965 shares will be issued in relation to the 2006 earn-out, of which 933,212 shares will be received by the RDD Foundation.

At December 31, 2006 the RDD Foundation held 3,070,395 common shares in the capital of the Company. During 2006, no other members of the Supervisory Board or Executive Board held common shares, financing preferred shares or related options (other than employee options as disclosed in the table above) in the capital of the Company.

At December 31, 2006, Members of the Management Committee VDM Specialists held 13,500 options (2005: 51,000 options). For other components of compensation paid to the management committee members of VDM Specialist, who are considered key employees of the Group, reference is made to iii) Compensation paid to minority members below.

iii) Compensation to minority members

Minority members of VDM Specialists and VDM Trading act as employees of these entities and hence receive salaries, bonuses and related compensation, for which during 2006, €8.8 million has been charged to the income statement (2005: €9.3 million). In addition, minority members received interest on their capital accounts of €1.3 million in 2006 (2005: €1.3 million).

Individual members of the Management Committee of VDM Specialists and VDM Trading received remuneration including interest on their capital accounts of in total €2.7 million. This amount includes base salaries of €1.2 million, bonuses of €0.8 million, interest on capital accounts of €0.3 million and other short term benefits of €0.3 million. Further an amount of €0.7 million was allocated to them for their share in the profits of VDM Specialist and VDM Trading.

iv) Loans due from related parties

Reference is made to Note 13.

v) Commitments and contingencies

For details of guarantees issued in relation to related parties reference is made to Note 32, Commitments and contingent Liabilities.

Reference is made to Note 4d and Note 9 in relation to tax indemnifications issued by related parties.

vi) Major shareholders of the Company (minimum of 5%)

On December 31, 2006, the RDD Foundation, a related party to Mr. Den Drijver, the Chairman of the Executive Board, held a 6.3% ownership interest in the Company. For shares issued on January 2, 2007 and issuable in 2008 to the RDD foundation reference is made to ii) above.

On December 31, 2006, Fortis Utrecht NV held a 5.7% ownership interest in the Company (December 31, 2005: 6.3%). Affiliates of this entity also act as a clearing organization for the Company. These services are provided on an arm's length basis.

vii) List of subsidiaries

Netherlands
Van der Moolen Effectengroep NV
Van der Moolen Effecten Specialist BV
Van der Moolen Obligaties BV
Elnam Dam BV
Elnam Amsterdam BV
Van der Moolen Financial Services BV
Curvalue Beheer BV
Curvalue BV
Curvalue II BV
Curvalue III BV
Cybertrading BV
Finvalue BV

Germany
Breitmühle GmbH
Tague Securities GmbH
Curvalue Options Trading GmbH
Curvalue II GmbH

Switzerland
Curvalue AG
Neutral Network Trading GmbH

France
Van der Moolen Financial Services SAS

United Kingdom
Van der Moolen Equities Ltd.
Van der Moolen Holding UK Ltd.
Curvalue IV Ltd.
VDM International Ltd.
Maxi Finance One Ltd.
Curvalue Management Services Ltd.
Derivatives Trading No.2 Ltd.
Elan Asset Management Ltd.

United States of America
Van der Moolen USA, Inc
Mill Bridge IV, LLC
Mill Bridge V, Inc
Mill Bridge VI, LLC
VDM Seat Lease, Inc
Windmill Capital Holdings, LLC
VDM Specialists USA, LLC
Van der Moolen Capital Markets, LLC
VDM Trading, LLC
Van der Moolen Chicago Holdings, LLC
Van der Moolen Chicago, LLC
Van der Moolen CM, LLC
Curvalue US, LLC

Gibraltar
VDM Gibraltar Ltd.

34 Discontinued operations

The contribution of discontinued operations to the consolidated income statements, consolidated balance sheet and consolidated cash flow statement for the years ended December 31, 2006 and December 31, 2005, summarized by business segment, is given in the table below:

(in € millions)	European Trading		U.S. Option business		Other		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenues	-	-	-	-	-	-	-	-
Operating expenses	-	-	-	(0.5)	-	-	-	(0.5)
Finance costs-net	-	-	-	-	-	-	-	-
Loss from discontinued operations before income tax	-	-	-	**(0.5)**	-	-	-	**(0.5)**
Income tax benefit	-	-	-	0.4	-	-	-	0.4
Loss for the year from discontinued operations	-	-	-	**(0.1)**	-	-	-	**(0.1)**
Balance sheet								
Other assets	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
Other current liabilities and accrued expenses	-	-	-	(0.1)	-	-	-	(0.1)
Net assets	-	-	-	**(0.1)**	-	-	-	**(0.1)**
Proceeds from sale (discharged by cash)	-	-	-	-	-	-	-	-
Less: cash and cash equivalents, net of bank overdrafts included in held-for-sale assets and liabilities	-	-	-	-	-	-	-	-
Net cash inflow on sale	-	-	-	-	-	-	-	-
Cash inflow/(outflow) from operating activities	-	-	-	(0.7)	-	-	-	(0.7)
Cash inflow/(outflow) from investing activities	-	-	-	-	-	-	-	-
Cash inflow/(outflow) from financing activities	-	-	-	-	-	-	-	-

Discontinued operations of US Option business

The operating expense for the year ended December 31, 2005, mainly relates to additional expenses and closure costs in respect of VDM Options USA, LLC, which activities were sold in December 2004. VDM Options USA, LLC operated in the segment U.S. Options business.

35 Events after the balance sheet date

(a) Reduction of workforce In January 2007 the Group announced to implement an immediate reduction of approximately 30% of its workforce of Van der Moolen Specialists, USA LLC unit. This action is being taken as the NYSE completed the move of all listed securities to its hybrid market system. The staff reduction will result in a one-time charge for severance costs of €1.0 million.

(b) Repurchase of financing preferred shares In February 2007 the Group announced that it agreed with Ducatus to repurchase 251.000 cumulative preference shares of Van der Moolen Holding NV for an amount of in total €10.4 million. Further at the repurchase date the dividend 2006 and 2007 (partial) will be paid with an effective dividend rate of 6.53%. The repurchase is subject to approval by the Annual General Meeting of Shareholders scheduled for 26 April 2007.

(c) Repayment of subordinated borrowings In March 2007 VDM Specialists USA repaid an amount of €14.1 million ($18.7 million) including interest on the 7.11% $40 million senior subordinated note. This repayment includes an amount of €6.1 million ($8.0 million) relating to the principal amount which was due March 1, 2008. After this payment an amount of €1.5 million ($2.0 million) is still due.

(d) Profit share VDM Specialists In March 2007 Van der Moolen obtained without any consideration an additional 7.5% profit share in VDM Specialists. The financial impact of this transaction can not be determined at this moment.

(e) Profit share CBSX In 2007, 50% of our profit share in the 20% equity stake of CBSX will be allocated to external partners.

Statutory Financial Statements
Statutory Balance Sheet (before appropriation of result of the year)

(in € millions)	Note*	2006	2005
		December 31	December 31
Assets			
Non-current assets			
Intangible fixed assets	37	23.4	0.2
Tangible fixed assets	38	0.5	0.7
Financial fixed assets	39	215.8	321.3
		239.7	**322.2**
Current assets			
Loans and receivables	40	-	5.0
Receivable from Group companies		2.3	0.7
Current income tax receivables		1.9	1.4
Other taxes and social security contributions		1.4	1.0
Other current assets and prepaid expenses		0.2	2.7
Cash and cash equivalents		14.3	45.9
		20.1	**56.7**
Total assets		**259.8**	**378.9**
Equity and liabilities			
Capital and reserves attributable to the Company's equity holders			
Share capital	41	3.9	3.2
Share premium	41	230.9	135.7
Fair value reserve	41	3.2	5.1
Cumulative translation adjustment reserve	41	(14.7)	7.8
Retained earnings	41	66.7	58.1
Unappropriated result for the year	41	(78.7)	11.3
Preferred financing dividend reserve	41	4.0	-
		215.3	**221.2**
Non-current liabilities			
Financing preferred shares	41	-	51.4
Long-term borrowings	43	1.0	1.4
Deferred income tax liabilities		-	1.1
		1.0	**53.9**
Current liabilities			
Payable to Group companies		0.9	1.4
Short-term borrowings		0.3	0.3
Bank overdrafts		38.9	94.4
Current income tax liabilities		1.0	1.7
Other taxes and social security contributions		0.6	0.2
Other current liabilities and accrued expenses		1.8	5.8
		43.5	**103.8**
Total equity and liabilities		**259.8**	**378.9**

* The notes to the statutory financial statements on pages 96 to 103 are an integral part of these financial statements

Statutory Income statement

(in € millions)	Note*	2006	2005
Profit/(Loss) from Group companies after income tax		(53.6)	2.4
Other income and expenses after income tax		(22.1)	8.9
Profit/(Loss) after income tax		**(75.7)**	**11.3**

* The notes to the statutory financial statements on pages 96 to 103 are an integral part of these financial statements

Notes to the statutory financial statements

36 Principals for the preparation of the statutory financial statements

36.1 General

The parent-only statutory financial statements of Van der Moolen Holding NV (hereinafter also referred to as the 'statutory financial statements of the Company') are part of the 2006 financial statements of Van Moolen Holding NV and are prepared in compliance with the legal requirements of Part 9, Book 2, of the Netherlands Civil Code.

With respect to the statutory income statement, Van der Moolen Holding NV ('the Company') made use of the exemption provided under Article 402 of Part 9, Book 2, of the Netherlands Civil Code, which allows the Company to present only the profit from Group companies after income tax and other income and expenses after income tax.

36.2 Basis for measurement and recognition of assets and liabilities and determination of result

The Company made use of the option provided by Article 362, paragraph 8, Part 9, Book 2, of the Netherlands Civil Code to apply the same accounting principles (including those concerning the presentation of financial instruments as either equity instruments or financial liabilities) as those applied for the consolidated financial statements of Van der Moolen Holding NV.

From 2005 onwards, the Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards, as such are endorsed by the European Union ('IFRS').

Unless otherwise described in the notes to the statutory financial statements, reference should be made to the notes to the consolidated financial statements for details of the accounting principles adopted in these statutory financial statements.

36.3 Intangible fixed assets

Goodwill is determined based on the accounting principles applied in the consolidated financial statements (Note 2.5). Goodwill acquired through a direct investment in Group companies is presented in the statutory balance sheet of the Company. The goodwill arising on direct investments prior to January 1, 2001 was written of the reserves. Goodwill acquired through indirect investments in Group companies is capitalized within the carrying value of the entities that have directly acquired these investments (Note 36.4).

36.4 Financial fixed assets

Group companies or ‘subsidiaries’ are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in Group companies are measured using the net asset value method. The net asset value and results of Group companies are determined on the basis of the accounting policies that are applied in the consolidated financial statements. The accounting policies of Group companies are changed where necessary to ensure consistency with the policies adopted by the Company.

If losses of Group companies that are allocable to the Company exceed the carrying value of the interest in the Group company (including separately presented goodwill, if any, and including other non-secured receivables), further losses are not recognized unless the Company has incurred obligations or made payments on behalf of the Group company to satisfy obligations of the Group company. In such a situation, the Company recognizes a provision up to the extent of this obligation.

Unrealized gains and losses on transactions between Group companies, if any, are eliminated.

37 Intangible fixed assets

At January 2, 2006, the company acquired all shares of Curvalue Beheer B.V. and its subsidiaries ('Curvalue'). The company recognized goodwill of €33.3 million of which €10.0 million has been impaired during 2006. Reference is made to Note 6, Business Combinations and Note 7, Intangible assets.

Acquired computer software licenses are capitalized on the basis of the costs incurred to and bring to use the specific software. These costs are amortized using the straight-line method over their estimated useful lives (two to three years) and are recognized in the income statement.

The net book amount of software €0.1 million at December 31, 2006 mainly relates to acquired computer software licenses acquired in connection with the accounting, control and information systems of the Company. The amortization charge for 2006 recognized in the statutory income statement amounted to €0.1 million (2005: €0.1 million).

38 Tangible fixed assets

Movements in the tangible fixed assets are as follows:

(in € millions)	Furniture and fixtures	Company cars	Total
At January 1, 2005, net book amount	**0.5**	**0.3**	**0.8**
Movements 2005			
Additions	0.1	0.2	0.3
Depreciation charge	(0.3)	(0.1)	(0.4)
Divestments	-	(0.1)	(0.1)
Exchange rate differences	0.1	-	0.1
At December 31, 2005, net book amount	**0.4**	**0.3**	**0.7**
Movements 2006			
Additions	0.2	0.1	0.3
Depreciation charge	(0.2)	(0.1)	(0.3)
Divestments	-	(0.1)	(0.1)
Exchange rate differences	(0.1)	0.0	(0.1)
At December 31, 2006, net book amount	**0.3**	**0.2**	**0.5**
At December 31, 2006			
Cost	4.0	0.3	4.3
Accumulated depreciation	(3.7)	(0.1)	(3.8)
Net book amount	**0.3**	**0.2**	**0.5**

39 Financial fixed assets

Movements in financial fixed assets are as follows:

(in € millions)	Investments in Group companies	Loans receivable	Deferred income tax assets	Retirement benefit plans and other long-term benefits	Total
At December, 2004, net book amount	**280.2**	**-**	**-**	**3.7**	**283.9**
Impact of change in accounting principles - change of accounting principles under IAS 32/39	(0.2)	-	-	-	(0.2)
At January 1, 2005, net book amount	**280.0**	**-**	**-**	**3.7**	**283.7**
Movements 2005					
Loans advanced	-	54.8	-	-	54.8
Result for the year	2.4	-	1.0	-	3.4
Fair value change on available-for-sale financial assets	5.1	-	-	-	5.1
Divestments, distributions and repayments	(65.6)	-	-	-	(65.6)
Movements in retirement benefit plan	-	-	-	(0.3)	(0.3)
Currency exchange differences	40.8	(0.6)	-	-	40.2
	(17.3)	**54.2**	**1.0**	**(0.3)**	**37.6**
At December 31, 2005, net book amount	**262.7**	**54.2**	**1.0**	**3.4**	**321.3**
Movements 2006					
Loans advanced	-	1.3	-	-	1.3
Result for the year	(53.6)	-	1.8	-	(51.8)
Fair value change on available-for-sale financial assets	(1.6)	-	-	-	(1.6)
Acquisition	19.1	5.0	-	-	24.1
Divestments, distributions and repayments	(36.7)	(11.4)	-	-	(48.1)
Movements in retirement benefit plan	-	-	-	0.1	0.1
Currency exchange differences	(24.3)	(5.2)	-	-	(29.5)
	(97.1)	**(10.3)**	**1.8**	**0.1**	**(105.5)**
December 31, 2006, net book amount	**165.6**	**43.9**	**2.8**	**3.5**	**215.8**

Retirement benefit plans and other long-term benefits

The Retirement benefit plans and other long-term benefits reported above are contracted with Van der Moolen Holding NV. The employees that are members of the retirement benefit plans are employed either by the Company or its Dutch operating entities, excluding Curvalue. The Company recharges the expense for employees that are employed by other Dutch operating entities on the basis of actual charges that are paid to the insurance companies at which the retirement benefit plans are placed. The recharges to the Dutch operating entities for the years 2006 and 2005 were approximately €91,000 and €134,000, respectively. For the disclosure of the movements of the Retirement benefit plan and other long-term benefit plans, reference is made to Note 2.20 and Note 26 to the consolidated financial statements.

40 Loans and receivables

During 2005 the company issued a loan to Curvalue Beheer of €5.0 million. At January 2, 2006, the company acquired all shares of Curvalue Beheer. As a result, the loan of €5.0 million is now part of the financial fixed assets.

41 Capital and reserves attributable to the Company's equity holders, and Financing preferred shares

General

For both the years ended December 31, 2006 and December 31, 2005, the capital and reserves that are attributable to the Company's equity holders included in the statutory financial statements is equal to the capital and reserves attributable to the Company's equity holders as presented in the consolidated financial statements.

Share Capital

Authorized and issued share capital

On December 31, 2006, the authorized and issued share capital consisted of:

- 54,000,000 common shares with a par value of €0.08 per share, of which 43,686,144 were issued and fully paid. Excluding the shares that have been repurchased, the number of common shares issued and outstanding is 43,583,962 (December 31, 2005: 39,445,477 and 39,343,295 respectively);
- 1,200,000 cumulative financing preferred shares 'A' with a par value of €0.60 per share, of which 251,000 were outstanding and fully paid (December 31, 2005: 251,000);
- 1,200,000 cumulative financing preferred shares 'B' with a par value of €0.60 per share, of which 391,304 were outstanding and fully paid (December 31, 2005: 391,304);
- 1,200,000 cumulative financing preferred shares 'C', 1,200,000 cumulative financing preferred shares 'D' and 1,200,000 cumulative financing preferred shares 'E' with a par value of €0.60 per share and none of which have been issued (December 31, 2005: nil);
- 13,200,000 preferred shares with a par value of €0.60 per share, none of which have been issued (December 31, 2005: nil).

Treasury shares

On December 31, 2006, the Company had repurchased 102,182 common shares with a par value of €0.08 per share. These treasury shares form part of issued and fully paid share capital, but carry no voting or dividend rights.

The movements in the number of shares in 2005 and 2006 are as follows:

(in number of shares)	Common shares	Treasury shares	Financing preferred shares
Balance at January 1, 2005	**38,317,100**	**102,182**	**642,304**
Stock dividend 2004	1,026,195	-	-
Balance at December 31, 2005	**39,343,295**	**102,182**	**642,304**
Stock dividend 2005	437,158	-	-
Shares issued in relation to the acquisition of Curvalue	3,803,509	-	-
Balance at December 31, 2006	**43,583,962**	**102,182**	**642,304**

The purchase or sale of treasury shares is deducted or added to retained earnings and measured at the transaction price at purchase or at sale.

Financing preferred shares

On April 5, 2006, the Annual General Meeting of shareholders approved the alteration of the Articles of Association in order to permit recognition of the financing preferred shares as an equity instrument under IFRS (IAS 32). From January 1, 2005, the date of the adoption of IAS 32/39, until April 5, 2006, financing preferred shares were classified as non-current liabilities.

The movement schedule of capital and reserves attributable to the shareholders of the Company in 2005 and 2006 is presented below:

	Common shares		Financing preferred shares							
(in € millions)	Share capital	Share premium	Share capital	Share premium	Fair value reserve	Currency translation adjustment reserve	Retained earnings	Unappropriated result for the year	Preferred financing dividend reserve	Total
Balance at January 1, 2005	**3.1**	**135.8**	**-**	**-**	**-**	**(17.3)**	**45.6**	**18.5**	**(2.9)**	**182.8**
Appropriation of result	-	-	-	-	-	-	15.6	(18.5)	2.9	-
Cash dividend 2004	-	-	-	-	-	-	(3.2)	-	-	(3.2)
Stock dividend 2004	0.1	(0.1)	-	-	-	-	-	-	-	-
Fair value change on available-for-sale financial assets, net of tax	-	-	-	-	5.1	-	-	-	-	5.1
Share option expense	-	-	-	-	-	-	0.1	-	-	0.1
Currency exchange differences	-	-	-	-	-	25.1	-	-	-	25.1
Profit for the year	-	-	-	-	-	-	-	11.3	-	11.3
Balance at December 31, 2005	**3.2**	**135.7**	**-**	**-**	**5.1**	**7.8**	**58.1**	**11.3**	**-**	**221.2**
Adjustment to the opening balance	-	-	-	-	-	-	(0.4)	-	-	(0.4)
Balance at January 1, 2006	**3.2**	**135.7**	**-**	**-**	**5.1**	**7.8**	**57.7**	**11.3**	**-**	**220.8**
Appropriation of result	-	-	-	-	-	-	11.3	(11.3)	-	-
Cash dividend 2005	-	-	-	-	-	-	(2.3)			(2.3)
Stock dividend 2005	0.0	(0.0)	-	-	-	-	-	-	-	0.0
Recognition of financial preferred shares as equity	-	-	0.4	51.0	-	-	-	-	-	51.4
Dividends of financing preferred shares	-	-	-	-	-	-	-	(3.0)	4.0	1.0
Acquisition Curvalue	0.3	43.7	-	-	-	-	-	-	-	44.0
Realized fair value available-for-sale financial assets, net of tax	-	-	-	-	(5.1)	-	-	-	-	(5.1)
Fair value change on available-for-sale financial assets, net of tax	-	-	-	-	3.5	-	-	-	-	3.5
Share option contribution	-	0.5	-	-	-	-	-	-	-	0.5
Currency exchange differences	-	-	-	-	(0.3)	(22.5)	-	-	-	(22.8)
Profit for the year	-	-	-	-	-	-	-	(75.7)	-	(75.7)
Balance at December 31, 2006	**3.5**	**179.9**	**0.4**	**51.0**	**3.2**	**(14.7)**	**66.7**	**(78.7)**	**4.0**	**215.3**

Adjustment to the opening balance

During 2006 VDM identified an error in the recognition of interest in one of the Company's foreign exchange settlement accounts. The Company has made reasonable effort to determine in which period the errors occurred, but has been unable to determine in which period(s) the error occurred. Therefore, the Company has determined that restatement for any period prior to January 1, 2006, is impracticable as defined in IAS 8 and has restated the opening balance as at January 1, 2006.

The restatement amounts to € 0.4 million (after taxes and minority interest).

Currency translation reserve

From 2005 onwards, the currency translation reserve is a legal reserve in accordance with Article 373, paragraph 4, Part 9, Book 2 of the Netherlands Civil Code that should be formed for cumulative translation adjustments ('CTA'). To the extent the CTA reserve is negative, it reduces the amount that can be freely distributed out of reserves.

Because the presentation currency of the Company, the Euro, is different from its functional currency, the US Dollar (for further details please refer to Note 2.4 to the consolidated financial statements), the CTA movements resulting from the translation of the Company's parent-only assets and liabilities and the result for the year from its functional currency into the presentation currency are included in the CTA reserve as Other CTA. A breakdown of the CTA reserve and the movements therein is given below.

(in € millions)	CTA on net-investments in foreign operations	Other CTA	Total CTA reserve
Balance at January 1, 2005	(25.7)	8.4	(17.3)
Currency translation differences	40.8	(15.7)	25.1
Balance at December 31, 2005	**15.1**	**(7.3)**	**7.8**
Currency translation differences	(24.3)	1.8	(22.5)
Balance at December 31, 2006	**(9.2)**	**(5.5)**	**(14.7)**

Proposed appropriation of result for the year

The following proposal for appropriation of result will be presented for shareholder approval at the Group's Annual General Meeting of Shareholders ('AGM') on April 26, 2007 (in comparison to the appropriation of result for the year 2005 as adopted at the AGM of April 5, 2006):

(in € millions)	2006	2005
Dividend on common shares: €nil per share in cash or in common shares (2005: €0.13 per share in cash or in common shares)	-	5.6
(Debited)/Credited to retained earnings	(78.7)	5.7
Profit/(Loss) for the year attributable to the Company's common equity holders	**(78.7)**	**11.3**

Reference is made to Note 48 for further details of the Articles of the Association with respect to the appropriation of result.

Dividend per share 2005

At the Annual General Meeting of Shareholders ('AGM') on April 5, 2006, shareholders approved the declaration of a €0.13 cash dividend or its equivalent in shares. As a consequence, on April 21, 2006, 437,158 common shares of the Company were issued in respect of the optional stock dividend. The cash dividend amounted to €2.3 million.

42 Share option plan

Details of the share option plan are provided in Note 18 to the consolidated financial statements.

43 Long-term borrowings

Reference is made to Note 21 to the consolidated financial statements.

44 Other income and expense after income tax

Other income and expense after income tax includes foreign currency exchange losses of €4.5 million arising on monetary financial assets and liabilities denominated in euros (such gains or losses arise because the functional currency of the Company is the US dollar). The Company monitors and mitigates its currency exchange exposure affecting the consolidated income statement under IFRS at a group level. Profit from Group companies after income tax includes offsetting currency exchange gains amounting to €5.2 million. Consequently, the consolidated income statement reflects a net foreign currency gain of €0.7 million. Other income and expense after income tax also includes an impairment charge of €10.0 million on the goodwill related to the acquisition of Curvalue.

During 2006, the average number of employees was 22 (2005: 23). The number of employees at December 31, 2006 was 22 (December 31, 2005: 24).

Reference is made to Note 33 to the consolidated financial statements for the related party transactions

45 Commitments and contingent liabilities

Reference is made to Note 32 to the consolidated financial statements.

Amsterdam, April 4, 2007

The Executive Board
The Supervisory Board

Other Information
46 Shareholder information

Share Trading

Our common shares were listed on Euronext in 1986, and American Depositary Receipts ('ADRs') each certifying ownership of one common share, were listed on the New York Stock Exchange in 2001. Our shares are components of the AMX Index. At the end of 2006, 5,506,820 ADRs were in issue, representing 12.6% of our common shares outstanding. Options exercisable into our shares trade on Euronext.Liffe.

Dividend Policy

VDM has the obligation to clarify its dividend policy in accordance with the best practice provision IV.1.4 of the Dutch Code and to explain this to shareholders at the AGM on 26 April 2007.

Principles

VDM's dividend and reserves policy takes into consideration the company's internal financing requirements, its investments and growth prospects, together with investors' dividend expectations.

The level of dividend payment depends on a combination of the level of normalized net profit, our liquidity position, our asset ratios and the Company's future financing needs.

Policy

Shareholders expect a dividend that justifies the financial results achieved. It is also important to shareholders that the Company invests in profitable growth. The proposal for the annual dividend payment is determined with careful consideration for the investments necessary to achieve our strategic goals. VDM strives for a payout ratio of between 40% and 50% of normalized net profit attributable to shareholders of common shares.

Choice of dividend

A feature of VDM's dividend policy is to offer shareholders the choice of a dividend in cash or in shares.

On an annual basis, after publication of the financial results of the preceding year, a dividend is made available to shareholders, in accordance with articles 29 and 30 of the Articles of Association. Depending on the shareholder's choice, the dividend will be paid out fully in cash or fully in shares from the share premium reserve. Payment in cash is subject to 25% dividend tax.

The period for choosing the form of dividend payment starts after the close of stock market trading on the first working day after the AGM. For payment in shares, shareholders are required to entrust their stock dividend rights together with the dividend payment return. As a result no official listing of trading in stock dividends will take place. In the event that no choice is made by shareholders or their stockbrokers during this selection period, the dividend will be paid out in cash.

Dividends on American Depositary Receipts ('ADRs')

The dividend payment date for our ADRs may differ from the payment date for our common shares. Further information is available from The Bank of New York:

- Telephone within the U.S.: 1-888-269-2377; from overseas: 1-212-815-3700.
- E-mail address: shareholders@bankofny.com.
- By mail: The Bank of New York, Investor Relations, P.O. Box 11258, Church St. Station, New York, NY 10286 - 1258.

Shareholders with an interest of 5% or more

Two shareholders have declared to the Financial Markets Authority, as required under Dutch law, that they have a holding in Van der Moolen Holding's shares of 5% or more as at December 31, 2006:

- Fortis Utrecht NV 5.7 %
- RDD Foundation 6.3 %

A total of 3,803,509 of our common shares, representing 7.8% of those outstanding on December 31, 2006 are under selling restrictions. Our financing preferred shares are freely transferable, but not listed on an exchange.

More Information

- Our annual reports, press releases, various compliance and corporate governance disclosures and other information about Van der Moolen are posted on our website, www.vandermoolen.com
- Trading information on our shares can be accessed on Reuters under the symbol VDMN.AS, and on Bloomberg under MOO_NA; trading information on our ADRs can be accessed under their NYSE ticker symbol, VDM
- Shareholder information: Investor Relations/Corporate Communications, telephone: +31 20 535 6789, fax: +31 20 535 6744, e-mail:info@nl.vandermoolen.com.

47 Auditors' report

To the Audit Committee and the Supervisory Board of Van der Moolen Holding N.V.

Introduction
We have audited the accompanying financial statements 2006 of Van der Moolen Holding N.V., Amsterdam (as set out on pages 38 to 103). The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the income statement, statement of recognized income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company income statement for the year then ended and the notes.

Management's responsibility
Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the other sections of the Annual Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Van der Moolen Holding N.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Van der Moolen Holding N.V as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, April 4, 2007

for Ernst & Young Accountants

/s/ G. H. C. de Meris

48 Appropriation of result for the year

(a) Articles of Association

Article 29 (extract).

2. From the profits (i.e. the positive balance of the profit and loss account) made in any financial year, except as provided in this paragraph the company shall first distribute a dividend on each preferred share that was issued and outstanding at any point during the financial year in question. The dividend shall equal the percentage referred to in the following sentence multiplied by the amount paid on such share at the commencement of the financial year for which the distribution is being made. The percentage referred to in the previous sentence shall be equal to the average of the European Inter Bank Offering Rate ('EURIBOR') for cash loans with a term of twelve months, increased by two hundred basis points. The average EURIBOR rate shall be determined on a weighted basis that reflects the number of days during the year on which each EURIBOR rate was in effect. If, during the financial year for which the distribution referred to above is being made, the amount paid on a preferred share was decreased or if, pursuant to a resolution on a further call, was increased, the distribution shall be decreased or increased, as applicable, on a pro rata basis. If preferred shares were issued in the course of a financial year, the dividend on such shares shall be decreased pro rata to reflect the number of days during which the share was unissued. If and to the extent the profit shall be insufficient to defray the payment referred to above in full, any deficit shall be defrayed by the reserves with the exception of the share premium reserves A, B, C, D and E and the dividend reserve A, B, C, D and E. If, in any financial year the profit or the reserves referred to in the previous sentence shall be insufficient to defray the payment referred to above in this paragraph, that determined below shall first become applicable after the deficit shall have been covered. To the extent that profit, made in any financial year, is not deployed to defray any deficit, as referred to in paragraph 10 it shall first, if possible, having been resolved by the executive board and approved by the supervisory board, be added as a primary dividend to each of the dividend A, B, C, D and E reserves. The amount of this addition shall equal the result of multiplying the percentage referred to in paragraph 7, sub-paragraph a by the average balance weighted in time of the dividend reserves A, B, C, D and E during that financial year. If, in any year, the profit made shall not be sufficient to add the aforementioned amounts a primary dividend to the respective dividend reserves, that determined in paragraph 3 shall first become applicable after the deficit shall have been covered.
3. The executive board shall be authorized to reserve amount of the profits remaining after the application of that determined in paragraph 2, in compliance with the reserve and dividend policy pursued by the company if the executive board, with the approval of the supervisory board shall so determine. If and to the extent that as a result of the reserves referred to in the previous sentence, the remaining profit shall be insufficient to made the additions referred to in paragraph 4, respectively payment on the financial preferred shares, the deficit shall be defrayed by the amount to be reserved to be added to the dividend reserves A, B, C, D and E, in proportion to the entitlement of the holders of the financing preferred shares with the corresponding letters.
4. The profit remaining after the application of that determined in the previous paragraphs shall firstly, if possible and at the discretion of the executive board, with the approval of the supervisory board, either be added to the dividend reserve A, B, C, D or E or paid out on the financing preferred shares A, B, C, D or E as a dividend. The amount of that addition or payment as the case may be shall equal the result of calculation referred to in paragraph 7 of the dividend less the amount which shall be added on the grounds of that determined in paragraph 3 to the dividend reserve A, B, C, D or E.
5. If, in any financial year, the profit or the remainder of the profit after making the reserve referred to above in paragraph 3, shall be insufficient to make the additions or payment referred to above in paragraph 4, that determined in paragraph 4 shall first become applicable in subsequent financial years after that deficit shall have been covered, with the proviso that the deficit shall not require being covered if and to extent that an amount equal to the deficit shall have already been added, in accordance with paragraph 3, last sentence, to the dividend reserve A, B, C, D or E.
6. The executive board shall be authorised, with the

approval of the supervisory board, to resolve to pay an amount equal to the deficit referred to in the previous paragraph on the financing preferred shares, or ad such an amount to the dividend reserves A, B, C, D or E charged to the reserves, with the exception of the share premium reserves A, B, C, D or E and the dividend reserves A, B, C, D or E.

7 a Payment shall be made on the financing preferred shares A, B, C, D and E which shall be of the percentage referred to below calculated on the amount paid on the financing preferred shares of the class in question upon the commencement of the financial year for which the payment is made, including any share premium. If the amount paid in the financial year for which the payment is made on the financing preferred shares, including share premium, shall have been reduced, or pursuant to a resolution adopted to make further payment, shall have been increased, the payment shall be reduced, respectively increased, if possible, by an mount equal to the percentage referred to above of the amount of the reduction, respectively, the increase, calculated from the time of the reduction, respectively the time at which the further payment was made. The executive board shall determine or shall propose to the general meeting, with the approval of the supervisory board, which classes shall be issued. The dividend percentage for each class shall, without prejudice to that determined in this paragraph under b., equal the arithmetical average of the effective yield on (i) three Netherlands Treasury Bonds with a (remaining) duration of ten (10) years or a period which shall resemble ten (10) years as closely as possible (for financing preferred shares A), (ii) Netherlands Treasury Bonds with a (remaining) duration of six (6) to seven (7) years and seven (7) to eight (8) years (for financing preferred shares B), (iii) Netherlands Treasury Bonds with a (remaining) duration of ten (10) years (for financing preferred shares C), (iv) Netherlands Treasury Bonds with a (remaining) duration of ten (10) years (for financing preferred shares D) and (v) Netherlands Treasury Bonds with a (remaining) duration of ten (10) years (for financing preferred shares E), hereinafter referred to as reference period, as determined by the Netherlands Central Office of Statistics and published in the Official Price Gazette on the last five Stock Exchange trading days prior to the day of the first issue of the sort of shares in question, possibly increased by a supplement of no more than five hundred (500) basis points which shall be determined upon adopting the resolution to issue shares or when the proposal to issue shares shall be made by the executive board, with the approval of the supervisory board, depending on the then prevailing market circumstances. The dividend amount per financing preferred shares, being the result of the aforementioned and described method of calculation, shall be rounded up in whole (Euro)cents. The definition of the first issue per series used in these articles of association also conce3rns the first issue of financing preferred shares of a series which shall be made after a full cancellation thereof shall have been made in accordance with article 11, paragraph 2.

7 b The dividend percentages referred to above in this paragraph under a., shall first be reviewed as of a date which shall for classes A, be ten (10) years, for series B, be seven (7) years, for series C, be ten (10) years, for series D (10) years, and for series E, be ten (10) years after the day of first issue of the sort in question and upon the review date elapsing, shall continue to be reviewed for a period to be determined by the executive board, after prior approval from the supervisory board, and shall be such that the dividend percentage shall equal the arithmetical average of the effective yield on three Netherlands Treasury Bonds (for financing preferred shares A, Treasury Bonds (for financing preferred shares B, C, D and E with a (remaining) duration which corresponds with the reference period for the sort in question, as determined by the Netherlands Central Office of Statistics and published in the Official Price Gazette on the last five says of Stock Exchange trading, possibly increased by a supplement of no more than five hundred (500) basis point which shall be determined by the Executive board, after prior approval from the supervisory board, depending on the then prevailing market circumstances.If the dividend percentage shall be amended in the course of the financial year, the calculation of the dividend for that financial year shall use the percentage which applied before that amendment was made up to the day on which the amendment was made and the amended percentage from the day that amendment was made.

8. If the first issue of preferred or financing preferred shares is made during the course of a financial year,

the dividend for that year financial year on the preferred or financing preferred shares in question shall be reduced in proportion to the first day of issue, in which, when determining that reduction, the assumption shall be made of the number of days from the first day of the financial year in question to the first day of issue, win which, the assumption shall also be made of there being thirty days in each calendar month and the each year has three hundred and sixty days.

9. If the profit for a financial year is ratified and in that financial year or upon the close of the financial year but before the annual accounts for that financial year shall have been ratified, one or more preferred or financing preferred shares of one or both classes, with repayment, shall have been cancelled, the parties which according to the register referred to in article 6 who were entitled at the time the cancellation of the preferred or financing preferred shares in question was made, shall have an unalienable right to receive payment from profit as described in the following sentence. The profit which shall be paid to the part referred to in the previous sentence shall, if possible, equal the amount of the payment to which the party would have been entitled on the grounds of that determined above in this article and that determined in paragraph 2 were, at the time of the profit being ratified, that party still to have been the holder of the preferred or financing preferred shares, calculated in terms of the time line of the period that party held in the financial year in question the preferred or financing preferred shares in question.
10. Under reference to be made to the class in question, the percentages referred to in paragraph 7 shall be made the subject of a notice issued within eight days after having been determined to the trade register in which the company is registered.
11. The profit remaining after applying that determined in the previous paragraphs shall be made available to the general meeting.
12. Should any loss be incurred in any financial year, no dividend shall be paid out on common shares for that year. In the subsequent years, payment of dividend on common shares shall solely be made after the loss shall have been covered. The general meeting may however, on the strength of a proposal made by the executive board, with the approval of the supervisory board, resolve to defray any such loss by charging it to the disbursable part of own equity. If the general meeting resolves to defray any loss by charging it to the disbursable part of own equity, that determined in the first two full sentences of the paragraph shall not be applied.
13. No losses may be covered by being defrayed by share premium reserves and dividend reserves of financing preferred shares of a given sort until all other reserves which may be deployed shall have been exhausted. Defraying losses by charging them to the share premium reserves A, B, C, D and E and the dividend reserves A, B, C, D and E shall be done in proportion to the total share premium paid on the financing preferred shares of each class, respectively, in proportion to the entitlement to dividend reserves A, B, C, D and E on the part of holders of the financing preferred shares corresponding therewith. Amounts charged to share premium reserves, respectively dividend reserves, in the aforementioned proportion, shall be defrayed as soon as possible after payment paid on the financing preferred shares or adding to a dividend reserve connected therewith, in accordance with the reserve to be made in compliance with that determined in paragraph 4 through 7 of this article and for each other payment or reserve which is not imposed and required by law.
14. The executive board may pay an interim dividend in compliance with article 2:105 of the Civil Code of the Netherlands, and with the approval of the supervisory board, if and to the extent the profit permits this. Interim dividend may also solely be paid on a certain class of shares.
15. The company may solely make payments to the extent the equity of the company shall be greater than the issued and subscribed part of his capital increased by the reserves which are required to be maintained by law.
16. Shares which the company holds in its own capital shall not be included in accordance with article 2:105, paragraph 5 of the Civil Code of the Netherlands when calculating the apportionment of profit.

Article 30.

1. The general meeting may, upon a proposal made by the executive board, with the approval of the supervisory board, resolve to pay a dividend on shares in whole or in part not in cash but in shares in the company or depositary receipts thereof.
2. The general meeting may, upon a proposal made by the executive board, with the approval of the supervisory board, resolve to make payments to holders of common shares charged to the disbursable part of the equity, with the exception of share premium reserves A, B, C, D and E and the dividend reserves A, B, C, D and E. That determined in the previous paragraph shall be accordingly applicable. Payments as referred to in this paragraph may however not be made if and to the extent that not all the dividend due in accordance with article 29 on preferred shares and financing preferred shares shall have been paid or added to the dividend reserves A, B, C, D of E.

3 a The executive board may resolve, without the approval of the supervisory board, to make payments of the amounts due in accordance with article 29 to holders of preferred shares and holders of financing preferred shares from the dividend reserves A, B, C, D or E which correspond therewith.

3 b The executive board may resolve, with the approval of the supervisory board, to make payments of the amounts due in accordance with article 29 to holders of preferred shares and holders of financing preferred shares, charged to the disbursable part of equity, with the exception of the share premium reserves A, B, C, D and E and the dividend reserve A, B, C, D and E.

3 c Moreover, the executive board may also resolve, with the approval of the supervisory board, to make payments to holders of financing preferred shares of amounts which are not due in accordance with article 29, paragraph 4, but solely when charged to the share premium reseve of the shares in favour of which the payment is made. A resolution adopted by the executive board as referred to in the previous full sentence may solely be adopted under simultaneous or with prior approval of the meeting of financing preferred shares of the class in question.

Proposed appropriation of profit for the year

Please refer to Note 41 for further specification of proposed appropriation of the result 2006

49 Events after the balance sheet date

Please refer to Note 35 of the notes to the consolidated financial statements for the disclosure of events after the balance sheet date.

Stichting Van der Moolen Holding

The Management Board of the Stichting Van der Moolen Holding ('Stichting') comprises the following people:

H. Langman (Chairman)
R.W.J.M. Bonnier
Prof. dr. R.A.H. van der Meer
J.C.T. van der Wielen
Mr. G.L. van den Broek

On May 1, 2001, Van der Moolen Holding NV amended its Articles of Association to provide for the future issuance of preferred shares to an unaffiliated foundation called Stichting Van der Moolen Holding. The Stichting's objective is to safeguard the interests of Van der Moolen Holding NV and its subsidiaries in the event of, for instance, a hostile takeover, by acquiring and managing the preferred shares of Van der Moolen Holding NV and by exercising the rights attached to those shares, in particular the voting rights.

Van der Moolen Holding NV entered into an agreement with the Stichting pursuant to which the Stichting has been granted a call option right allowing it to acquire up to the number of preferred shares of which the aggregate par value is equal to the aggregate par value of the total number of common and cumulative financing preferred shares of Van der Moolen Holding NV outstanding.

There are currently no preferred shares in issue. In accordance with Article 29, paragraph 1 of the Company's Articles of Association, the holders of preferred shares are entitled to a primary dividend. No other preferences are attached to these shares. The preferred shares of Van der Moolen Holding NV are not convertible into common shares.

According to the unanimous opinion of both Van der Moolen Holding NV and the members of the Management Board of Stichting Van der Moolen Holding, the latter is independent of Van der Moolen Holding NV in the sense of Appendix X to the Listing Regulations of Euronext Amsterdam NV, Amsterdam.

Amsterdam, April 4, 2007

Executive Board of Van der Moolen Holding NV

Management Board of Stichting Van der Moolen Holding