ANNUAL REPORT 08

VDM

VAN DER MOOLEN

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

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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 N.V. 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 Van Der Moolen Specialists USA, LLC.

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 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.

GLOSSARY

Information regarding the exchanges in which the Company has memberships comes from the websites of the exchanges. Such sites are not under the control of Van der Moolen Holding N.V., its subsidiaries, affiliates or employees (the "Van der Moolen Group"). The content of these sites have not been developed, checked for accuracy or otherwise reviewed by the Van der Moolen Group, and the Van der Moolen Group does not accept any responsibility or liability for the content of these sites or of any other sites to which these sites may link. In addition, the Van der Moolen Group takes no responsibility for supplementing, updating, or correcting any information on these sites pertaining to the Van der Moolen Group, except as required by applicable law.

NYX

NYSE Euronext ('NYX') operates the world's leading and most liquid exchange group. Its family of exchanges, located in six countries, include the New York Stock Exchange, the world's largest cash equities market; Euronext, the Eurozone's largest cash equities market; Liffe, Europe's leading derivatives exchange by value of trading; and NYSE Arca Options, one of the fastest growing U.S. options trading platforms.

CBOE

Chicago Board of Exchange ('CBOE') is the largest US options exchange and creator of listed options.

LSE

The London Stock Exchange Group ('LSE') is Europe's leading exchange group in cash equities, fixed income and post trade services. Group companies include the London Stock Exchange and Borsa Italiana.

Chi-X

The first order-driven pan-European equities multilateral trading facility.

Xetra

Xetra® is the trading system for the cash market of Deutsche Börse.

NASDAQ OMX

NASDAQ OMX is the world's largest exchange company with trading, technology and public company service capability spanning six continents.

SWX Europe

SWX Europe Limited (formerly virt-x Exchange Limited) was founded in 2001 as the first cross-border trading platform for pan-European blue chips. SWX Europe is a wholly-owned subsidiary of the SIX Swiss Exchange.

Eurex

Eurex is one of the world's largest derivatives exchanges and the leading clearing house in Europe.

ISE

The International Securities Exchange ('ISE') operates the world's largest equity options exchange.

Contracts for difference

Contracts for difference ('CFDs'), are an equity derivative that give a trader the ability to trade a vast range of financial instruments, including shares, indices, commodities and currencies across international markets. CFDs do not grant ownership of the underlying asset, just access to the price performance.

Designated primary market-maker

A market-maker is an individual or firm that stands ready to trade in one or more securities at quoted bid and ask prices. Market makers usually hold an inventory of the securities in which they make markets. At the CBOE, a "Designated Primary Market-Maker" or "DPM" is a member organisation that is approved by the CBOE to function in allocated securities as a Market-Maker on the trading floor.

Exchange-Traded Funds

An investment vehicle which issues and trades shares representing an underlying basket of assets, typically the constituents of a major share-market index. Exchange-traded funds ('ETFs') allow small investors to diversify their risk over a broad spread of investments, tracking an index, while offering the flexibility of trading like a share. In particular, an ETF can be bought and sold throughout the trading day, not just once a day as is the case for most mutual funds. Like a share, an ETF can also be sold short.

Jobber ('Hoekman')

A jobber is an intermediary on the stock exchange with a similar function to that of a NYSE specialist. The role of the hoekman was abolished in the Netherlands in 2001.

Markets in Financial Instruments Directive

The Markets in Financial Instruments Directive ('MiFID') as subsequently amended is a European Union law which provides a harmonised regulatory regime for investment services across the 30 member states of the European Economic Area (the 27 Member States of the European Union plus Iceland, Norway and Liechtenstein). The main objectives of MiFID are to increase competition and consumer protection in investment services.

Trading working capital

Securities owned and due from clearing organisations and professional parties less securities sold, not yet purchased, and due to clearing organisations and professional parties.

Asset liquidity

Trading working capital assets plus cash and cash equivalents divided by total assets.

Gearing

Borrowings, excluding bank overdrafts and preferred financing shares divided by total equity.

LETTER FROM THE CHAIRMAN

To our shareholders

As with most companies operating in the financial markets, 2008 was a year of mixed results for Van der Moolen. Our core business - trading in European markets - performed strongly and showed solid growth in revenues and results. Developments in US financial markets proved that Van der Moolen took the right decision by closing its US specialist business at the end of 2007. Our loss would have been much higher if we had not taken that decision.

The credit crisis did not hurt Van der Moolen as hard as it hurt banks and other companies in the financial services industry. High profile bankruptcies or near-bankruptcies at AIG, Bear Stearns, Lehman Brothers and others had an insignificant direct impact on our financial condition. However, it strongly changed the environment in which we do business.

These developments will have an impact on our business going forward. Financially, tightening financing conditions are already forcing us to decrease leverage on trading positions and there will be more pressure on margins. We can also expect major changes in the regulatory environment in which we operate. For instance, the rapid implementation of short selling rules had a strong adverse affect on our trading activities, particularly in the U.S. As a financial trading company we are in an awkward position. While currently not subject to all of the regulatory oversight and financial pressures of a bank, we nonetheless operate in a market that will certainly come under greater scrutiny. As a result, we have to face the fact that we have to be less ambitious about starting new activities.

In hindsight, we were too optimistic in our assumptions regarding new activities last year. With respect to OnlineTrader, we underestimated the investment and effort needed to build a marketing and back office organization sufficient to meet our objectives in this market segment. We have also come to realise that under the current market conditions, it is not the right time to expand in Asia.

As we move forward, we need to be cautious when it comes to new business activities. Looking at 2009, our European trading activities will remain the core of our business. We have strong positions in key European markets that have proven to be solid and profitable under challenging market conditions. In addition, we will focus our efforts on VDM Institutional Brokerage, and the further expansion of VDM Global Markets.

We believe the actions we have taken and will be taking will lead to positive impact on shareholder value. Nonetheless, as the cancelling of the GSFS transaction earlier this year showed, we will change course whenever we believe it better serves shareholder value.

We expect 2009 to be a challenging year. The effect that market conditions will have on the revenues and results are difficult to predict. We are therefore not able to give an outlook for the full year 2009. Nevertheless, we are convinced that the strength of our core operations will assure a positive development in the long run.

Amsterdam, April 9, 2009

Richard E. den Drijver

VAN DER MOOLEN AT A GLANCE

KEY FIGURES

	2008	2007	2006	2005	2004
Operating results* (in € millions)					
Revenues from continuing operations	147.3	101.9	53.4	13.7	15.9
Operating profit / (loss) from continuing operations	(4.8)	2.9	12.5	(5.2)	(6.4)
Profit / (loss) from discontinued operations	(13.0)	(89.5)	(11.9)	5.8	4.2
Profit / (loss)	(15.5)	(89.8)	(76.7)	12.9	21.9
Balance sheet (in € millions)					
Trading working capital assets	1,330.7	675.4	1.300.8	219.4	83.8
Cash and cash equivalents	430.7	265.6	217.9	304.3	218.8
Total assets	1,847.7	1,044.8	1,667.0	731.3	493.1
Borrowings, excluding bankoverdrafts and preferred financing shares	0.6	50.1	104.8	146.8	134.6
Total equity	67.0	118.5	220.0	232.1	260.8
Key ratios					
Asset liquidity	95%	90%	91%	72%	61%
Gearing	1%	42%	48%	63%	52%
Common shares					
Outstanding at year-end	37,692,775	45,504,926	43,583,962	39,343,295	38,317,100
Weighted-average outstanding used to determine earnings per share	40,497,555	46,680,891	45,352,290	39,031,219	38,078,411
Earnings per share attributable to the common equity holders of the Company (in €)	(0.47)	(1.96)	(1.74)	0.29	0.32
Closing share price and volume on NYSE Euronext					
Highest price (in €)	5.48	4.69	9.13	6.57	8.14
Lowest price (in €)	1.82	2.74	3.94	3.75	4.40
Year-end price (in €)	2.16	2.89	4.45	6.03	5.68
Average daily volume	353,977	274,534	489,659	378,539	321,192

* Operating results prior to 2008 have been re-presented in order to reflect operations which were discontinued in 2008 as discontinued in such periods.

ABOUT THE COMPANY

History

Van der Moolen & Co. was founded on July 1, 1892, as a 'jobber' or 'hoekman' 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. Since then, Van der Moolen has grown both organically and through acquisitions 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 NYSE Euronext in Amsterdam). On October 18, 2001, the Company's shares were listed on the New York Stock Exchange ('NYSE'). The acquisition of Curvalue in January 2006, strengthened and widened the focus of trading and market making activities in Europe, adding new trading platforms and professional brokerage services. In December 2007 the Company divested its US specialist activities and de-listed from the NYSE.

Profile: international securities trading and brokerage firm

Van der Moolen is an international securities trading and brokerage firm that specialises in providing low-cost liquidity in markets worldwide. Its business is to make money on financial markets, primarily as a proprietary trader in securities, futures, derivatives, indexes and exchange traded funds, and to a lesser extent as an execution broker. Headquartered in Amsterdam and listed on NYSE Euronext in Amsterdam, Van der Moolen has built a significant position on many of the leading securities exchanges in the US and Europe.

Vision: capitalising 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. 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.

Ambition: to be a leading international securities trading and brokerage firm

VDM aspires to become a leading international securities trading and brokerage firm by focusing on its proven abilities as a market maker and liquidity provider and by developing and enhancing its execution brokerage services.

OPERATING ENTITIES

Location	Office	Primary instruments	Exchange Memberships
Europe			
Amsterdam	Van der Moolen Effecten Specialist B.V.	Equities, Exchange Traded Funds	NYSE Euronext in Amsterdam, Borsa Italiana, Chi-X, Xetra, OMX, Virt-X/SWX, Eurex
	Van der Moolen Financial Services B.V.	Equities, Derivatives	NYSE Euronext.Liffe
	Curvalue II B.V.	Derivatives, Futures, Equities	NYSE Euronext.Liffe, Eurex, Xetra
	Curvalue III B.V.	Derivatives, Futures, Equities	NYSE Euronext.Liffe, Eurex, Xetra
Lugano	Van der Moolen Financial Services B.V., Italian Branch	Equities, Derivatives	NYSE Euronext.Liffe
Cologne	Van der Moolen Effecten Specialist B.V., Cologne Branch	Equities, Derivatives, Exchange Traded Funds	NYSE Euronext in Amsterdam, Borsa Italiana, Chi-X, Xetra, OMX, Virt-X/SWX, Eurex
Zug	Van der Moolen Effecten Specialist B.V., Swiss Branch, Zug	Equities, Derivatives, Exchange Traded Funds	NYSE Euronext in Amsterdam, Borsa Italiana, Chi-X, Xetra, OMX, Virt-X/SWX, Eurex
London	Van der Moolen Derivatives Limited	Equities, Derivatives	NYSE Euronext.Liffe, Borsa Italiana, London Stock Exchange, OMX
	VDM Global Markets Limited	CFDs	NYSE, London Stock Exchange, OMX, NASDAQ, Euronext.Liffe, CME, Chicago Board of Trade, NYMEX, COMEX, EUREX, NYBOT, CBOE, ASX, SIMEX, Frankfurt Stock Exchange, Borsa Italiana, Bolsas Sociedad Madrid, Virt-X/SWX
United States of America			
New York	VDM Capital Markets, LLC	Equities, Derivatives	Chicago Board Options Exchange, ISE, ARCA
	VDM Institutional Brokerage, LLC	Equities	NYSE, ARCA, Chicago Board Stock Exchange, NQX

VDM OPERATIONAL HIGHLIGHTS IN 2008

- Solid performance and growth of European trading activities
- Disappointing performance US trading activities
- Solid performance VDM Institutional Brokerage
- Termination OnlineTrader
- Launch of VDM Global Markets in the UK

VDM FINANCIAL HIGHLIGHTS IN 2008

- Revenues from continuing operations of €147.3 million
- Operating loss from continuing operations of €4.8 million
- Net impact of tax receivable impairment (before tax) of €24.3 million
- Asset liquidity of 95%
- Repayment of all outstanding subordinated borrowings of €47.8 million
- Completion of two common share repurchase programs totalling €29.8 million

STRATEGIC MANAGEMENT PRIORITIES IN 2009

- Focus on existing strengths - European trading
- Focus on margin improvement and cost savings
- Expand VDM Global Markets

IMPORTANT DATES IN 2009 AND 2010

Date	Year	Event
May 7	2009	Annual General Meeting of Shareholders
May 20	2009	Business update of first quarter 2009
August 14	2009	Publication of second quarter 2009 results
November 19	2009	Business update of third quarter 2009
March 25	2010	Publication of full year 2009 results
May 6	2010	Annual General Meeting of Shareholders

All dates are subject to change

REPORT OF THE SUPERVISORY BOARD

Member	Biographical note
Mr. Gerrit H. de Marez Oyens [1] Chairman (as of June 2008) Age: 67 Nationality: Dutch Member since: 1998 Current term expires: 2010 Final eligible year: 2010 **Expertise:** general management, compliance, law and regulation, financial markets & stock exchanges and 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 N.V.; Vice-Chairman: Amsterdam Power Exchange Spot Market B.V.
Mr. James Martin McNally [2] Member of the Supervisory Board Age: 58 Nationality: British Member since: 2008 Current term expires: 2012 Final eligible year: 2020 **Expertise:** finance and accounting, internal risk management and control systems, management strategy and investor relations	Registered Accountant and member of the Institute of Chartered Accountants in England and Wales. Partner with WiltonGroup in London. Former partner with Montgomery McNally & Co. and audit manager with Moret & Limperg / Ernst & Young in London. Other (Supervisory) Board memberships/positions: a director of Walders Limited an international company trading in liquor; and Chairman of the Board of KMM Consultants Ltd. a company in the financial sector providing software for broker systems, and interest management systems.

[1] Chairman of the Remuneration and Nominating Committee since June 2008 and member of the Audit Committee
[2] Chairman of the Audit Committee since June 2008 and member of the Remuneration and Nominating Committee

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of Van der Moolen Holding N.V. ('Van der Moolen' or the 'Company') currently consists of two members. In 2008 the terms of both Mr. Marinus Arentsen and Mr. Gerard van den Broek expired and both retired after the Annual General Meeting of Shareholders ('AGM') held in May 2008. Mr. Arentsen had been on the Supervisory Board for a period of four years and Mr. Van den Broek had been on the Supervisory Board for the maximum period of twelve years as stated in the Dutch corporate governance code 'Code Tabaksblat' (the 'Corporate Governance Code') and the Company's Articles of Association. The contributions of Mr. Arentsen and Mr. van den Broek have been extremely valuable to the Company. We express our gratitude to Mr. Arentsen and Mr. van den Broek for their excellent contribution.

At the AGM to be held in May 2009, the Supervisory Board will nominate Mr. P.R. Zwart and Mr. A.V. Paardekooper to be elected as members of the Supervisory Board. The experience and expertise of Mr. Zwart in banking and finance and Mr. Paardekooper in legal and compliance matters will add considerably to the ability of the Supervisory Board to carry out its responsibilities. Mr. Zwart is member of the Executive Board of F. van Lanschot Bankiers N.V. Mr. Paardekooper is Managing Partner of Blenheim, a Dutch law firm specialising in business and corporate law.

COMPOSITION COMMITTEES

The Supervisory Board has an Audit Committee and a Remuneration and Nominating Committee. Given the number of Supervisory Board members, Van der Moolen has chosen to combine the functions of the Remuneration and the Selection and Appointment Committees into a Remuneration and Nominating Committee. Currently both members of the

Supervisory Board are also members of the Audit Committee, as well as the Remuneration and Nominating Committee.

Independence of members of the Supervisory Board

With the exception of Mr. McNally, the Supervisory Board considers its members in 2008 to be (or have been during their term) independent in accordance with the best practice provision III.2.2 of the Corporate Governance Code. Mr. McNally is a partner with WiltonGroup and in such capacity was an external advisor of Van der Moolen in the year preceding his appointment. Although he resigned as advisor to the Company prior to his appointment to the Company's Supervisory Board, Mr. McNally does not comply with the criteria of independence referred to in paragraph III.2.2 under (c) of the Corporate Governance Code and is not considered independent. Mr. McNally does, however, comply with all other criteria of independence listed in the Corporate Governance Code. Prior to his appointment, the independence of Mr. McNally was discussed in great detail and agreements were made internally on how to prevent any issues arising as a result of a potential conflict of interest. Until now the fact that Mr. McNally does not comply with all criteria of independence as listed in the Corporate Governance Code has proven not to be an issue. Van der Moolen is confident that this will not become an issue in the future either.

Introduction and training program

The members of the Supervisory Board may attend informational programs at the Company's expense, when deemed appropriate, to improve their knowledge of management, financial or accounting issues specific to Van der Moolen and its businesses, or that 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. New Supervisory Board members will follow a tailor-made introduction program, in a form appropriate for the relevant member. Mr. McNally, being a new member of the Supervisory Board, has been introduced to general financial, social and legal matters as well as specific matters, including the Company's financial reporting, specific aspects of the Company and its business activities, and the responsibilities of Mr. McNally as Supervisory Board member. Given their backgrounds, expertise and experience, none of the current members of the Supervisory Board required additional training in 2008.

Supervisory Board Meetings

The Supervisory Board held nine formal meetings in 2008 with the Executive Board. No single Supervisory 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 in 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 legislation and regulations as well as relations with shareholders. The Supervisory Board discussed in addition the results of the assessment by the Executive Board of the internal risk management and control systems, including any significant changes thereto. Particular attention was given to the governance structure of the Company as well as the cancelled acquisition of a 49.9% stake in GSFS Asset Management B.V. and 33.3% in Global Securities Arbitrage B.V.

The Supervisory Board met at least once without the Executive Board being present to discuss, inter alia, the composition of the Supervisory Board, the functioning of the Supervisory Board, each of its committees and its individual members, as well as performance and relevant succession planning. 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 also discussed during these meetings.

In addition to their regularly scheduled meetings in 2008, 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 a meeting with both Boards and with 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 arrive at a clear picture of the risks, results and capital.

During 2008, 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 US and Dutch law, stock exchange rules and associated best practices. With regard to the ongoing improvement with respect to the implementation of Dutch corporate governance provisions, Van der Moolen paid special attention to its risk management procedures and management reporting, further to the Corporate Governance Code and the recommendations of the Monitoring Committee. The Company continues to improve its procedures and processes further, especially with regard to the Group compliance procedures. The Company is also giving special attention to the revised Corporate Governance Code as published in December 2008. For a more detailed description on corporate governance, reference is made to Corporate Governance beginning on page 16 in this report.

MEETINGS OF THE COMMITTEES

Audit Committee

The Committee currently consists of two members: the chairman Mr. McNally and Mr. De Marez Oyens. According to its charter, the Audit Committee should have at least three members. This is currently not the case due to the fact that the Supervisory Board consists of two members only. Until the resignation of Mr. Arentsen and Mr. Van den Broek at the AGM of May 2008, the Committee consisted of Mr. Arentsen as chairman, Mr. De Marez Oyens and Mr. Van den Broek. The members have the necessary experience and financial expertise to supervise the business, financial statements and risk profile, both individually and collectively. The Supervisory Board has determined that Mr. McNally is a financial expert as defined by the Securities and Exchange Commission (SEC) and within the meaning of the NYSE Corporate Governance Rules and paragraph III.3.2 of the Corporate Governance Code. Mr. McNally, who is a registered accountant in England and Wales, has extensive financial experience, as a former audit manager with Moret & Limperg/Ernst & Young in London and partner with WiltonGroup in London, an independent, professional firm providing taxation, financial and business services. Following his business studies degree, Mr. McNally qualified as a Chartered Accountant with Ernst & Young, where he went on to specialise in working with Dutch companies before leaving to establish his own practice.

The Audit Committee met six times in 2008 with members of the Executive Board present. The external auditor attended all these meetings and four meetings were also attended by the internal auditor. 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's tasks as set out in the charter of the Audit Committee are to assist the Supervisory Board in fulfilling its responsibilities. This charter can be found on Van der Moolen's website (www.vandermoolen.com). During its meetings, the Audit Committee discussed, assessed and advised the Supervisory Board on, amongst other issues, the operation of the internal risk management and control systems, including supervision of the enforcement of 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 and 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 function; corporate tax planning; relations with the external auditor, including, in particular, its independence, remuneration and any non-audit services for the Company; the financing of the Company and ICT. Much attention was paid to risk management and the improvement thereof. Also, the termination of the OnlineTrader activities was extensively discussed by the Committee. In addition, the supervision by and relationship with the Netherlands Authority for the Financial Markets was addressed.

The external auditor Ernst & Young Accountants LLP reported on their independence to the Audit Committee. Ernst & Young Accountants LLP has reviewed its engagements with Van der Moolen and confirmed to the Audit Committee that these engagements have not impaired Ernst & Young Accountants LLP as independent auditors of Van der Moolen.

Remuneration and Nominating Committee

The Remuneration and Nominating Committee's tasks are to assist the Supervisory Board in fulfilling its responsibilities relating to the remuneration and selection and appointment of members of the Executive and Supervisory Boards. The Committee's tasks include the preparation of proposals for 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 proposes and evaluates the standards for the functioning of the Supervisory Board as a whole, and it proposes the compensation of members of the Supervisory Board and any of its Committees. Moreover, the Committee conducts research to identify possible candidates for the Executive and Supervisory Boards, for their nomination for election by the Supervisory Board and appointment by the General Meeting of Shareholders of Van der Moolen.

The Remuneration and Nominating Committee currently consists of the chairman Mr. De Marez Oyens and Mr. McNally. Until their resignation from the Supervisory Board at the AGM in 2008, the Committee consisted of Mr. Van den Broek, as chairman, and Mr. Arentsen. The Committee convened three times in 2008. 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 2008 included the appropriate structure and level of Executive Board compensation, including the fixed and variable remuneration components, pension rights, redundancy pay, and other forms of compensation to be awarded. These discussions took into account the performance criteria and their application, and the preparation of the remuneration report.

REMUNERATION POLICY

For the remuneration policy of the Executive Board members see pages 21 to 23 of this report. For the remuneration of members of the Executive Board and the Supervisory Board during 2008, see Note 34 to the consolidated financial statements. For the year 2009 there will be no changes to the remuneration policy currently in place.

FINANCIAL STATEMENTS

The Supervisory Board has reviewed the financial statements for the year 2008 and the notes to them, as prepared by the Executive Board and included in this annual report. Ernst & Young Accountants LLP, the Company's external auditor, has audited the Company's financial statements for 2008 and their independent Auditors' Report can be found on page 111 of this report.

The Supervisory Board recommends that the AGM adopt the 2008 financial statements of Van der Moolen 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 dividend will be paid on common shares for that year. Considering the reported net loss attributable to common equity holders of €19.0 million in 2008 and in conformity with the Articles, no dividend will thus be paid on common shares for the year.

Appreciation for the Executive Board and the Van der Moolen employees

The Supervisory Board would like to convey its gratitude to the Executive Board and employees of Van der Moolen for their excellent contributions in 2008. We appreciate the dedication and professional performance of the Executive Board and employees and their commitment towards the Company. The Supervisory Board wishes also to thank Mr. Wolfswinkel for his contribution as member of the Executive Board until his resignation in July 2008.

The Supervisory Board,
Amsterdam, April 9, 2009

CORPORATE GOVERNANCE

INTRODUCTION

Van der Moolen Holding N.V. ('Van der Moolen' or the 'Company') 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 NYSE Euronext in Amsterdam. In November 2007 Van der Moolen announced the delisting of its American Depositary Receipts ('ADRs') from the NYSE. In December 2007, Van der Moolen terminated its ADR program. On January 28, 2009, Van der Moolen filed Form 15F with the United States (U.S.) Securities and Exchange Commission ('SEC'), certifying its termination of the registration of its ADRs, and its duty to file periodic reports under the Securities Exchange Act of 1934. Van der Moolen's duty to file reports with the SEC was suspended immediately upon the filing of Form 15F, and the termination will become permanent 90 days after the filing of Form 15F, unless the SEC objects, i.e. on April 28, 2009.

Van der Moolen has a two-tier governance structure, consisting of an independent, non-executive Supervisory Board as well as an Executive Board (the 'Boards'). The Executive Board is responsible for the management of the Company. The Supervisory Board supervises and advises the members of the Executive Board in performing their management tasks. Van der Moolen believes 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 General Meeting of Shareholders 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 Dutch corporate governance code, 'Code Tabaksblat' (the 'Corporate Governance Code'), was introduced in the Netherlands. Dutch listed companies are subject to this Corporate Governance Code and are required either to conform to its principles and best practices or to explain why and to what extent they do not comply with these ('comply or explain'). In December 2008 a new, revised code was introduced to replace the Code Tabaksblat. It came into force on 1 January 2009 and thus as of the financial year 2009.

For the financial year 2008, the members of both Boards have reaffirmed the importance of compliance with requirements for corporate governance and transparency. The Corporate Governance Code and the recommendations of the Monitoring Committee Corporate Governance Code, which monitors the implementation of the Corporate Governance Code, are considered to be the basis for the continuous development of the present corporate governance structure of the Company. Van der Moolen 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 its shareholders and other stakeholders. Van der Moolen is giving adequate attention to the revised Corporate Governance Code.

Each substantial change in the corporate governance structure of the Company and the Company's compliance with the Corporate Governance Code will be submitted to the General Meeting of Shareholders for discussion.

Corporate Governance in the United States

Van der Moolen is currently still registered with the SEC. However, as described in the Introduction, the Company has begun the process of deregistration. As of January 28, 2009, its duty to file periodic reports with the SEC pursuant to the Securities Exchange Act of 1934 has been suspended. Van der Moolen expects the deregistration process to be complete on April 28, 2009, after which date the suspension of the Company's duty to file reports with the SEC will become permanent, unless the SEC objects. Thus, although the Company is still technically subject to certain U.S. securities laws, once the deregistration process is complete, the Company will no longer be required to file reports with the SEC pursuant to the Securities Exchange Act of 1934, nor will it be subject to the Sarbanes-Oxley Act. In addition, Van der Moolen's ADRs are no longer listed on the NYSE, and Van der Moolen is no longer subject to the NYSE corporate governance rules.

CORPORATE GOVERNANCE CODE

Van der Moolen trusts that it complies with the principles and best practice provisions of the Corporate Governance Code, with a limited number of exceptions only. The deviations from the best practice provisions are, with reference to the relevant provision of the Corporate Governance Code:

1. Provisions II.2.6 and III.7.3 require the Supervisory Board to 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. As the members of the Executive and Supervisory Boards are already subject to applicable laws and regulation, and due to the fact that monitoring securities privately owned by these members is considered to be a disproportionate compliance burden for the Company, Van der Moolen deviates from the best practices on these provisions.
2. Provision III.5.11 requires the Remuneration Committee not to be chaired by the chairman of the Supervisory Board. Although the Supervisory Board of Van der Moolen consists of two members only, and therefore further to the Corporate Governance Code is not required to appoint from among its members certain committees, it has appointed both an Audit Committee and a Remuneration and Nominating Committee. After the resignation of Mr. van den Broek and Mr. Arentsen as Supervisory Board members at the AGM in May 2008, the current Supervisory Board members have succeeded them as chairman and member of the Remuneration and Nomination Committee, and Mr. De Marez Oyens has succeeded Mr. M. Arentsen as chairman of the Supervisory Board.
3. Provision III.4.3 requires that the Supervisory Board be supported by a company secretary. Since November 2008 there has been no company secretary. It is envisaged that a new company secretary will be appointed.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Annually, and in any event not later than six months after the end of the current financial year, an Annual General Meeting of Shareholders ('AGM') shall be held. Extraordinary General Meetings of Shareholders are held as often as deemed necessary by the Executive Board or Supervisory Board, or at the request of one or more shareholders solely or jointly representing at least 10% of the Company's issued share capital, as provided for under the laws of the Netherlands.

In accordance with the Articles of Association the shareholders' meetings (each a 'Meeting') are held in Amsterdam. The agenda, published on the website of the Company at the day of convocation of the Meeting, contains all subjects to be considered at the Meeting, as determined by the persons convening or requesting the Meeting decide. One or more shareholders entitled thereto by law may include items on the agenda, provided that a written request is made for that purpose not later than on the sixtieth day prior to the day of the relevant Meeting and provided that it is not detrimental to the vital interests of the Company. No valid resolutions can be adopted by the General Meeting of Shareholders in respect of subjects that are not included in that Meeting's agenda.

Meetings are convened with at least 15 days' prior notice to be published in a nationally distributed daily newspaper in the Netherlands and in the Official Price List of Euronext Amsterdam N.V. Subject to prior approval of the Supervisory Board, the Executive Board can however decide not to publish the convocation in a daily newspaper but instead send notice letters to the persons with registered shares who are entitled to vote and inform the holders of bearer shares that are entitled to vote by posting the convocation on the Company's website.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company are amended by resolution of the General Meeting of Shareholders, upon the proposal of the Executive Board and provided that the prior approval of the Supervisory Board has been obtained for such proposal. The Articles of Association were amended on March 31, 2008, further to a resolution adopted at the Extraordinary General Meeting of Shareholders held on March 18, 2008. The Articles of Association, as amended from time to time, are posted on the Company's website.

Anti-takeover Measures

Van der Moolen has certain arrangements in place which are or may be considered to be anti-takeover measures.

Pursuant to an option agreement between Van der Moolen and Stichting Van der Moolen Holding dated July 12, 2001, as amended on May 7, 2008, Van der Moolen has granted Stichting Van der

Moolen Holding the right to acquire a number of preferred shares, with an aggregate par value 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. These preferred shares will be issued 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. This option to acquire preferred shares has certain anti-takeover effects: as a result of exercising the option, Stichting Van der Moolen Holding could acquire control in the General Meeting of Shareholders of the Company. This measure may, for instance, be used in the event of a proposed takeover of Van der Moolen if Stichting Van der Moolen Holding considers it to be in the best interest of the Company to delay, to defer or prevent a change of control of Van der Moolen.

In accordance with the Articles of Association, the Supervisory Board has the right to make 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 been deemed to have an anti-takeover effect.

SHARE CAPITAL

The authorised share capital of Van der Moolen consists of 54,000,000 common shares with a nominal value of €0.08 each and 1,200,000 cumulative financing preferred shares A, 1,200,000 cumulative financing preferred shares B, 1,200,000 cumulative financing preferred shares C, 1,200,000 cumulative financing preferred shares D, 1,200,000 cumulative financing preferred shares E and 13,200,000 preferred shares with a nominal value of €0.60 each. For a further description of the share capital, including the number of shares outstanding, see Note 18 to the consolidated financial statements. In Note 34 to the consolidated financial statements a list is included of the parties that hold a direct or indirect interest in Van der Moolen of 5% or more.

Van der Moolen is aware of one agreement to which a shareholder is a party and in which the transfer of shares is restricted. This agreement is described in Note 18 to the consolidated financial statements.

SUPERVISORY BOARD

General

The role 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 assists the Executive Board by providing it with advice. The supervision by the Supervisory Board shall include the (i) achievement of Van der Moolen's objectives, (ii) corporate strategy and the risks inherent to the Company'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 performing 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.

Rules and Regulations of the Supervisory Board

The Supervisory Board of Van der Moolen has drawn up a set of rules and regulations setting out the division of duties within the Supervisory Board and the procedure for its operations. These rules and regulations are posted on the Company's website.

The Supervisory Board is structured in such a way that its members are able to act with due objectivity and independently of one another and of the Executive Board. Every Supervisory Board member has the specific expertise that is necessary for the fulfilment of his duties, as described in the profile of the Supervisory Board 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.

The rules and regulations of the Supervisory Board as posted on the Company's website include the charters of its Committees, being the Audit Committee and the Remuneration and Nomination Committee, to which the plenary Supervisory Board, while retaining overall responsibility, has assigned certain tasks. These Committees are responsible for the preparation of certain resolutions of the Supervisory Board on the topics for which the Committees have been set up. The Committees are empowered to solicit external advice as they deem necessary. The Audit Committee is required to meet independently from the Executive Board at least once per annum. A report on how the duties of the Supervisory Board and its Committees have been carried out in 2008, the number of Committee meetings and the main items discussed in these meetings is included in the Report of the Supervisory Board, beginning on page 12 of this report.

Appointment and dismissal

The members of the Supervisory Board are appointed by the General Meeting of Shareholders, in accordance with the Articles of Association. In principle such an appointment is made at the binding nomination of the Supervisory Board. However, the General Meeting of Shareholders can reject the nomination with an absolute majority of votes in a meeting in which at least one third of the issued share capital is represented. The members of the Supervisory Board are also dismissed by the General Meeting of Shareholders, in accordance with the Articles of Association. The General Meeting of Shareholders may only resolve to dismiss a member of the Supervisory Board by resolution adopted with an absolute majority of votes in a meeting in which at least one third of the issued share capital is represented, unless the dismissal is proposed by the Supervisory Board.

A person may serve as member of the Supervisory Board for not more than twelve years.

Conflicts of Interest

The rules and regulations of the Supervisory Board contain rules on dealing with conflicts of interest and potential conflicts of interest between Van der Moolen and members of the Supervisory Board, members of the Executive Board and the external auditor. Each Supervisory Board member as well as each Executive Board member and external accountant is required to report any potential conflict of interest to the chairman of the Supervisory Board or, in case of a conflict of the chairman of the Supervisory Board, to the vice-chairman of the Supervisory Board.

Resolutions to enter into transactions which would place members of the Supervisory Board in a position of conflict of interest with Van der Moolen and that are of material significance to Van der Moolen and/or the relevant members of the Supervisory Board require the approval of the Supervisory Board.

Mr. McNally reported a potential conflict of interest with the Company due to his position as partner with WiltonGroup. WiltonGroup has provided services to Van der Moolen in 2008. Since his appointment as member of the Supervisory Board these services have however no longer been provided by Mr. McNally himself. No transactions have been entered into between the Company and WiltonGroup that are of material significance to Van der Moolen and/or Mr. McNally. Also no other conflicts of interest of any member of the Supervisory Board with the Company have been reported during the financial year 2008. The provisions III.6.1-III.6.3 of the Corporate Governance Code have been complied with.

Indemnification of members of the Supervisory and Executive Boards

The current and former members of the Executive and Supervisory Board shall be reimbursed for the cost of conducting a defence against claims in connection with damages due to acts or omissions in the performance of their duty as members of the relevant Board and any damages they may be ordered to pay as a result of these acts or omissions. Further to the Articles of Association, the Company indemnifies these members against financial losses that are a direct result hereof. However, no right to reimbursement or indemnification applies, if and to the extent a Dutch court has irrevocably established that the relevant acts and omissions can be characterised as being wilfully misconducted ('opzet'), intentionally reckless ('bewuste roekeloosheid') or seriously imputable ('ernstig verwijtbaar'). In addition, no right to indemnification applies to the extent that the financial loss incurred is covered by insurance and has been reimbursed by the insurer. The Company has on behalf of the members of the Executive and Supervisory Board taken out insurance against liability.

Remuneration of the Supervisory Board

The remuneration of members of the Supervisory Board is determined by the General Meeting of Shareholders. For the level and structure of the remuneration of each member of the Supervisory Board over 2008, see Note 34 to the consolidated financial statements. Van der Moolen will 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, and no remission of loans may be granted.

None of the members of the Supervisory Board will receive shares and/or options or similar rights to acquire shares in Van der Moolen's capital as part of their remuneration. Any shares or options acquired by a member of the Supervisory Board must be held for long-term investment only.

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 a timely way 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, in compliance with all relevant legislation and regulations. In performing its duties, the Executive Board acts in the interest of the Company, taking into account the interests of all relevant stakeholders.

Issuance, repurchase and cancellation of shares

At the Extraordinary General Meeting of Shareholders held on March 18, 2008, the General Meeting of Shareholders authorised the Executive Board to repurchase common shares in its own capital for a period of 18 months commencing on the date of the Extraordinary General Meeting of Shareholders. The price per share would lie between the nominal value of these shares and 110% of the exchange price of these shares, the exchange price being equal to the average of the highest price per share according to the Official Price List of Euronext Amsterdam N.V. of each of the ten trading days prior to the date of the repurchase.

Also, at the Extraordinary General Meeting of Shareholders held on March 18, 2008, the General Meeting of Shareholders authorised the Executive Board to cancel the common shares that have been or will be repurchased, in one or more tranches (at the discretion of the Executive Board), with a maximum in aggregate of 10% of the issued nominal share capital as at March 18, 2008.

Further to the authorisations granted at the AGM of 2007 and at the Extraordinary General Meeting of Shareholders of March 18, 2008, the Company executed two repurchase programs in 2008 by which a total number of 8,988,115 common shares were repurchased (4,576,125 common shares by March 2008 and 4,411,990 common shares by July 2008) and the Company cancelled 4,576,125 common shares on June 17, 2008.

The AGM held on May 22, 2008 delegated to the Executive Board the authority, for a period of 18 months, to issue common shares and financing preferred shares in the capital of the Company, upon approval of the Supervisory Board. It also accorded, for the same period, the right to subscribe to such shares, and to exclude or restrict the pre-emptive rights relating to such an issuance or grant, up to a maximum of 10% of the issued share capital of the Company.

Rules and regulations of the Executive Board

The Executive Board has drawn up a set of executive board regulations ('directiereglement') setting out the allocation of the duties of each Board member and the procedures for its operation. These regulations have been approved by the Supervisory Board and posted on our website as the Internal rules of the Executive Board of Van der Moolen Holding N.V.

Appointment and dismissal

The members of the Executive Board are appointed by the General Meeting of Shareholders, in accordance with the Articles of Association. In principle such an appointment is made at the binding nomination of the Supervisory Board. However, the General Meeting of Shareholders can reject the nomination with an absolute majority of votes in a meeting in which at least one third of the issued share capital is represented. The members of the Executive Board are also dismissed by the General Meeting of Shareholders, in accordance with the Articles of Association. If such dismissal is not made at the proposal of the Supervisory Board, the General Meeting of Shareholders may only resolve to dismiss a member of the Executive

Board by resolution adopted by an absolute majority of votes in a meeting in which at least one third of the issued share capital is represented.

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. Each Executive Board member is required to report any potential conflict of interest it may have to the chairman of the Supervisory Board. No conflicts of interest of any member of the Executive Board with the Company were reported during the financial year 2008. The provisions II.3.2-II.3.4 of the Corporate Governance Code were complied with.

Remuneration of the Executive Board

The remuneration policy for the members of the Executive Board is described on pages 21 to 23 of this report. For the remuneration of members of the Executive Board in the financial year 2008, refer to page 23 and see Note 34 to the 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 to the General Meeting of Shareholders for approval. No such arrangements were proposed during the financial year 2008.

The main elements of Executive Board members' contracts with Van der Moolen have been published on the Company's website. 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.

REMUNERATION POLICY

Following is an overview of the remuneration policy of Van der Moolen. It takes into account the best practice provisions of the Corporate Governance Code. Any deviations from the Corporate Governance Code are explained in the Corporate Governance chapter on page 16 of this report.

The Supervisory Board applies the remuneration policy as described hereunder and as adopted by the General Meeting of Shareholders. The remuneration policy is also available on the Company's website. Any future material changes will be submitted to the General Meeting of Shareholders for adoption.

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, Van der Moolen has decided to combine the functions of the Remuneration and the Selection and Appointment Committees into a Remuneration and Nominating Committee. As a matter of policy, this Committee consists of the Chairman of the Supervisory Board and at least one other member of the Supervisory Board. Currently, Mr. De Marez Oyens is chairman of the Remuneration and Nominating Committee and Mr. McNally is a member thereof.

Remuneration policy statement

The remuneration policy currently in place is designed to reward the Executive Board members for achieving the targets set out in Van der Moolen's strategic plans and to improve the performance of the Company.

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

Employment contracts

Executive Board members are subject to an employment agreement with the Company. Both parties are 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 (as per 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 Sub-District Court formula will serve as a basis for the calculation of the severance payment. No severance payment will, however, under any circumstances exceed the equivalent of one year base salary, as stipulated by Provision II.2.7 of the Corporate Governance Code.

In the employment agreement with Mr. Den Drijver it has been specifically agreed that the neutral Sub-District Court formula will serve as a basis for the calculation of his severance payment and that the severance payment of Mr. Den Drijver will not exceed the equivalent of one year base salary. The employment agreement of Mr. Den Drijver does not contain special arrangements for a termination of these agreements following a public offer.

In addition to a severance payment to be calculated in accordance with the parameters set forth above, the Supervisory Board may decide that the relevant Executive Board member should also 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 will be made public and will include disclosure of base salary, variable income (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 four years.

Van der Moolen's benchmark

Van der Moolen's guiding principle is that remuneration of the Company's Executive Board should be comparable to the market for senior management in the Netherlands. Given the specific and highly specialised nature of the business of Van der Moolen, it is not feasible to compose a well-defined peer group for remuneration purposes. The Supervisory Board periodically reviews the competitiveness of the remuneration packages using benchmark information.

Base salary

The base salary of the members of the Executive Board of Van der Moolen is assessed taking into account the following aspects:

- nature, complexity and size of their responsibilities
- a benchmarking 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
- 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 the total bonus relating to preset financial targets, an Executive Board member is entitled to:

- 70% of the financial bonus target (i.e. 42% of the total bonus) if between 80% and 100% of the financial targets are met
- 90% of the financial bonus target (i.e. 54% of the total bonus) if 100% to 120% of the financial targets are met
- 100% of the financial bonus target bonus (i.e. 60% of the 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 (see below) and during the AGM.

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-term 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.

Pension contribution

Executive Board members are entitled to a fixed annual contribution towards an individual pension plan. Mr. Den Drijver is currently entitled to the relevant 2006 level of contribution towards the Van der Moolen 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 and fixed annual cost allowances, or relate to specific international circumstances such as grossed-up costs relating to relocation, accident 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 2008

The bonus of the Executive Board members consists of a financial target, individually based non-financial targets and a discretionary part. The financial target determining 60% of the bonus for 2008 has not been met. The table on page 24 gives an overview of the targets and achievements against the targets for the year 2008. For the remuneration of members of these Executive Board members over 2008, see Note 34 to the consolidated financial statements.

As a result of the resignation of Mr. Wolfswinkel as member of the Executive Board of the Company in July 2008 and the termination of his employment agreement, Mr. Wolfswinkel received a severance payment of €329,100 gross, in accordance with his contractual arrangements which provide for a guaranteed severance payment of one year's fixed base salary. In the amount of this severance payment the contractual notice period of Mr. Wolfswinkel was not taken into account and was paid separately. The Supervisory Board in addition made use of its discretion as set out above to grant Mr. Wolfswinkel part of his allocated conditional bonus amounting to €164,550, as it did not know at the date of his leaving whether any bonus would become payable.

The Supervisory Board has granted Mr. Den Drijver a bonus based on the realisation of the non-financial targets and the discretionary part. Mr. Den Drijver however decided to forgo his bonus in view of the underperformance of the Company.

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 annual accounts are approved and to attend the General Meeting of Shareholders at which the annual accounts are adopted, and may be questioned by the General Meeting of Shareholders on his or her audit opinion on the annual accounts. Pursuant to the regulations of the Audit Committee, the remuneration of the external auditor and instructions to the external auditor to provide non-audit services must be pre-approved by the Audit Committee.

	Bonus allocation	% Target realised
Mr. R.E. den Drijver		
Financial targets	60%	0% realised
Non-financial targets	20%	100% realised
Direct VDM Specalists in order to terminate losses/cash outflow		
Develop new strategic initiatives for Van der Moolen		
Discretionary	20%	100% realised

The internal auditor reports functionally to the Audit Committee and administratively to the chairman of the Executive Board.

RISK MANAGEMENT AND CONTROL

Introduction

The Company runs risks associated with general corporate activity, as well as risks particular to its businesses. The Company eliminates risks where possible, and monitor, limit and control them where they are inescapable. The Group's activities expose it to a variety of operational and financial risks. Financial risk factors such as market risk, currency risk, interest rate risk, liquidity risk and credit risk are discussed in the Company's consolidated financial statements.

Operational risks

Operational risk may arise from inadequate internal processes or systems, inadequate employee performance or from the breaching of or non-compliance with statutory provisions, contracts and internal regulations. Although the Company believes that the operational risks described below are the most material risks, they are not the only ones it faces. Additional risks not presently known to it or that it currently may consider immaterial or that may not specifically relate to the Company or its business may also have a negative effect on its business, future prospects, financial condition and results of operations.

Technology and systems risk

The Company's business activities require it to accurately record and process a very large number of transactions on a daily basis. Any failure or delay in recording or processing transactions could result in losses to the Company and could subject it to claims for losses and regulatory fines and penalties. The Company relies on its employees to operate and maintain its systems properly, and are similarly reliant on the proper functioning of the systems of the exchanges on which it operates, as well as the systems of the depositary, clearing and settlement organisations with which it contracts to support its operations. The recording and processing of trades is subject to human, computer and mechanical errors. Moreover, extraordinary trading volume or other events could cause the Company's systems, those of the exchanges on which it trades or those of the aforementioned depositary, clearing and settlement organisations, to operate at an unacceptably low speed or even fail.

In response to this risk, the Company has implemented specific programmes and procedures to ensure the proper management of such risks, covering security and back-up systems. The Company systems are subject to high level technical procedures covering physical and system access, energy supply breakdown or disruption, fire, data storage and back-up, contingency and disaster recovery plans.

Human resource risk

The future success of the Company's businesses depends in large part on the continued service of its personnel. Competition for highly qualified management, trading, compliance and technical personnel is intense. In addition, the loss of the services of a group of qualified employees, such as a team of traders, or the inability to identify, hire, train and retain other qualified personnel in the future could have an adverse effect on its business, financial condition, operating results and cash flows.

Offering compelling incentives is the Group's most important response to this risk. The Group periodically reviews its remuneration packages to ensure they remain competitive.

Employee misconduct

The financial services industry has experienced a number of highly publicised cases involving fraud, stock manipulation, insider trading or other misconduct carried out by employees in recent years, and the

Company runs the risk that misconduct by one of its employees could occur. Misconduct by employees could include binding the Company to transactions that exceed authorised limits or present unacceptable risks, or concealing unauthorised or unsuccessful trading activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm. It is not always possible to deter employee misconduct, and the precautions the Company takes to prevent and detect such misconduct may not be effective in all cases.

In the proceedings involving (former) employees or members of VDM Specialists, financial liability of VDM Specialists arises, in part, from its operating agreement. Pursuant to such agreement VDM Specialists is required to advance funds for actual litigation expenses (including legal fees, judgements, fines and amounts paid in settlement) incurred by the relevant members in connection with these proceedings. All such advances have been recognised as expenses in the Consolidated Statement of Income.

The Company notes that with respect to the regulatory proceedings and civil litigation the Company is currently involved with, 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 the Company or settlements that could require substantial payments by the Company that could have a material adverse effect on its financial condition, results of operations and cash flows.

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 Company has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future. Nonetheless, the Company's policies and procedures to identify, assess and manage risks may not be fully effective. Some of the Company's methods of managing risk are based upon the Company's use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend upon evaluation of information regarding markets, clients, or other matters that is publicly available or otherwise accessible by the Company. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

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 has committed itself to maintaining a comprehensive risk management system, and where possible and considered necessary, to improving its risk management procedures and ensuring the reliability and effectiveness of the risk management policies and procedures.

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, using the Company's experiences with the requirements of section 404 of the Sarbanes-Oxley Act of 2002.

Control environment

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

- The Van der Moolen Holding's Code of Ethics and Whistleblower Procedure;
- Internal letters of representation are provided by 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

For the preparation and publication of the annual report, the annual accounts, and the quarterly figures, the Company has implemented comprehensive internal procedures. Compliance with these procedures is monitored by the Executive and Supervisory Boards. The most significant monitoring procedures and controls are:

- Regular business performance review meetings between the Executive Board and senior management on financial performance and realisation of operational objectives and responses to emerging issues;
- Financial planning meetings between the Executive Board and senior management;
- Disclosure meetings dedicated to the timely review, disclosure, and evaluation of periodic (financial) reports and the maintenance and evaluation of disclosure controls and procedures;
- Internal audits of 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; and
- Meetings between the Audit Committee and the Executive Board to discuss findings 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 companywide to enable the Chief Executive Officer and (acting) 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 issue 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.

In control statement

In line with the best practice provision II.1.4. of the 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 statement on 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 its assessment of the internal control framework. During the investigation and evaluation, no deficiencies were noted that might possibly have material consequences and to this extent, the findings were positive.

The Executive Board is of the opinion, based on the findings of the above assessment, that the internal control system 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 2009. 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.

REPORT OF THE EXECUTIVE BOARD

Member	Biographical note
Mr. Richard E. den Drijver	Founder of Curvalue and CEO from 1991 onwards. Previous functions at Euronext, Fortis Clearing, ABN AMRO. Supervisory Board memberships: none.
Chairman	
Age: 47	
Nationality: Dutch	
Member since: 2006	
Current term expires: 2010	

COMPOSITION OF THE EXECUTIVE BOARD

Members of the Executive Board are appointed by the Annual General Meeting of Shareholders on the binding nomination of the Supervisory Board, in accordance with the Articles of Association. Members of the Executive Board are appointed for a maximum period of four years, and these members may be re-appointed.

Mr. Michiel Wolfswinkel resigned as Chief Financial Officer and member of the Executive Board in July 2008. At the AGM to be held in May 2009 the Supervisory Board will nominate Mr. G.H.A. Kroon to be elected as member of the Executive Board. Mr. Kroon has extensive experience in the business environment of VDM and is intimately acquainted with VDM as a company. Mr. Kroon was Chief Executive Officer of the VDM Executive Board from 1987 until 1997 and subsequently Chairman of the Supervisory Board until 2002. As from 2007, Mr. Kroon acted as advisor to VDM. The appointment of Mr. Kroon is subject to the usual regulatory approvals.

GROUP STRATEGY

The strategy of VDM is aimed at creating value for shareholders through three sources of income (VDM Trading, VDM Institutional Brokerage and VDM Global Markets) in three regions (Europe, US, Asia).

Instruments and markets

Van der Moolen is diversified, both geographically and through the instruments and markets that we trade in. Our subsidiaries in the Netherlands, Germany, Italy, Switzerland, the United Kingdom, and the US actively trade and make markets in all major securities exchanges. The products that we trade in include equities and equity-related products, such as options, futures, exchange traded funds, and warrants.

RESULT FOR THE YEAR

Presentation

Our financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the

	2008	2007
Revenues	147.3	101.9
Total operating expenses	(148.3)	(99.9)
Operating profit / (loss) from continuing operations	(4.8)	2.9
Loss from continuing operations	(2.5)	(0.3)
Loss from discontinued operations	(13.0)	(89.5)
Loss for the year	(15.5)	(89.8)
Attributable to:		
Minority interest	-	(1.8)
Financing preferred shareholders of the Company	3.5	3.7
Common equity holders of the Company	(19.0)	(91.7)

European Union ('IFRS'). 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 2008 was €1.4706 (2007: €1.3706). The exchange rate at December 31, 2008 was €1.3917 (December 31, 2007: €1.4721).

Overview

Global developments

The financial services industry is subject to extensive regulation. We are subject to regulation by governmental and self-regulatory organisations in all jurisdictions in which we operate. These regulations are designed to ensure the integrity of the financial markets and to protect the interests of the people and entities participating in these markets. Consequently, these regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements. If we were to violate these regulations, we could face the risk of significant intervention by regulatory authorities, including extended investigation and surveillance activity, adoption of costly or restrictive new regulations and judicial or administrative proceedings that may result in substantial penalties. In addition, non-compliance with these regulations could have a material adverse financial effect or cause significant reputational harm to us, which in turn could seriously harm our business prospects.

During 2008, global markets experienced unprecedented challenges as credit contracted and economic growth slowed, and a number of major financial institutions faced serious problems. Concerns regarding future economic growth and corporate earnings, as well as illiquidity in the credit markets created challenging conditions for the equity markets which experienced significant broad-based declines over the year, with equity indices dramatically lower at the end of 2008 as compared to 2007. Subsequent to year-end, difficult conditions have persisted within the equity markets with certain equity indices reaching their lowest levels in years.

During 2008, the markets in which we operate experienced heightened volatility as the ongoing global credit crisis resulted in historic changes to the financial industry, a substantial freezing of the credit markets and far-reaching government intervention. In addition, interest rate and foreign exchange markets experienced periods of heightened volatility resulting from global economic and inflationary concerns, as well as reacting to actions taken by central banks globally to combat the credit crisis.

VDM Trading

European trading developments

Trading activities continue to be the largest contributor to our consolidated results. In 2008, European trading revenues contributed 95.9% to our consolidated totals from continuing operations. In European trading activities, we combine our pan-European network with local expertise. Through our European trading units, we trade equities, equity options and related derivatives from offices in Amsterdam, London, Cologne and Zug. 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. Where considered to be effective, units work together to share knowledge, experience and trading strategies. Arbitrage between shares traded on multiple markets, either within Europe or between Europe and the US, is also an important activity.

During 2008, we transacted various exchange-related trades which resulted in tax receivables from various European governments. In general, we have been successful in collecting our tax claims. Recently, one of these European governments initiated an investigation into the claims. Under the current economic climate, tax authorities are taking a more aggressive approach in their investigations of tax claims. Although the investigation has not been completed, we recorded a provision of €43.2 million related to such receivables.

Under our agreement with GSFS Asset Management B.V. (GSFS), GSFS is entitled to a commission of approximately 50% of the revenues associated with the aforementioned exchange-related trades. Consequently, to the extent we are able to collect such tax receivables, we will recognise the related commission to a maximum of €18.9 million.

US trading developments

In response to the economic developments in 2008, the Securities and Exchange Commission issued new short selling rules which served to limit our trading opportunities. In addition, while we do not trade in sub-prime collateralized debt obligations, proprietary structured products, credit default swaps and other investments that are not actively traded, certain options we did trade in have seen deterioration in their marketability. We took the necessary steps to unwind such positions which had a negative impact on trading revenues. At year-end, we believe we have minimised the market risk associated with such options.

Asia trading developments

Under the current market environment, we do not believe it is the right time to expand our trading activities in Asia. It does however, continue to remain a long-term goal.

VDM Institutional Brokerage

European brokerage developments

Exceptional low levels of share prices resulted in downward pressure on brokerage results. Other measures however, including the number of new clients and trading volume, indicate brokerage activities in Europe are growing. Consequently, we remain committed to developing and enhancing our execution brokerage activities.

US brokerage developments

VDM Institutional Brokerage is the new name given to the US brokerage activities, formerly known as R&H Securities, LLC. Although VDM Institutional Brokerage was facing challenging market circumstances during 2008, the US brokerage activities managed to achieve solid performance in revenues.

Asian brokerage developments

We explored various alternatives to initiate our brokerage activities in Asia during 2008. To date, we do not believe any of the alternatives offered sufficient return to our shareholders. Nonetheless, we will continue to consider opportunities as they present themselves.

VDM Global Markets

In the third quarter of 2008, we launched 'VDM Global Markets' in the United Kingdom. VDM Global Markets offers, among other products, Contracts for Differences ('CFD's') via its website at www.vdmgm.com. We believe the market for CFD's will increase significantly. We expect to offer VDM Global Markets' services in other European countries in 2009 and do not expect to incur significant marketing costs to do so. In the United Kingdom, VDM Global Markets does not require a banking license. VDM Global Markets is included in the Brokerage Europe segment.

Partnerships in Exchanges

Our activities include participations in strategic partnerships with exchanges. During the year, we assessed our participations and concluded that our investments in the various exchanges no longer provided us with strategic benefit. Consequently, we sold our interest in ISE Stock Exchange, LLC in 2008 for €2.3 million with no gain or loss. We also sold our remaining NYSE shares in 2008 for €3.8 million and recorded a net loss of €4.1 million. Furthermore, we are actively selling our interest in the CBOE Stock Exchange, LLC. Earlier in the year, we sold a 0.6% interest in CBOE Stock Exchange, LLC and recorded a gain of €0.2 million. At December 31, 2008, the investment in CBOE Stock Exchange, LLC is classified in the balance sheet as 'Assets held for sale'.

Revenue

As a general rule, our business benefits from volatility and the resulting increase in trading volume, primarily because greater volatility and volume provide greater trading opportunities. To a lesser extent we benefit from additional commissions due to the increased trading by our clients. In recent years, market volatility and volume have also been influenced by a variety of factors, including:

- The number of households investing in securities;
- Changes in the amount of assets managed through retirement plans, mutual funds, annuity and insurance products, index

funds and other institutional investment vehicles;

- The increased popularity and use of computerised trading, hedging and other derivative strategies;
- Higher equity portfolio turnover by individuals and institutional investors as a result of lower commission rates and other transaction costs; and
- Introduction of electronic trading.

Exchange volumes and intraday volatility are largely beyond our control. As a result, any one of the following factors could in future periods result in a decrease in our revenues and operating results:

- A sustained decline in the level of (intraday) share price volatility;
- A decreased ability to interact with customer order flow;
- Reduced effectiveness of our algorithm trading programs;
- A sustained decline in volumes traded on the markets in which we are active; or
- Changes in market structures and circumstances such as but not limited to tick sizes, mergers or delistings.

The following table provides the change in average intraday price ranges of various stock market indices, an indicator of volatility, from 2007 to 2008.

Stock market index	Increase
AEX-Amsterdam AEX Index (Netherlands)	64%
NYSE Composite Index (United States)	76%
Xetra DAX 30-Day DAX Index (Germany)	77%
FTSE 100 Index (London)	60%
SMI-Swiss Market Index (Switzerland)	60%
Standard & Poor's MIB Index (Italy)	45%

Source: Bloomberg

At €147.3 million, revenues from continuing operations in 2008 were 45% greater than the €101.9 million in 2007.
At €145.8 million, revenues in Europe were 53% higher than in 2007. The continuing high level of revenues in Europe was a result of the excellent market conditions in the first half-year of 2008 and the diversification of financial products. These conditions continued into the third quarter of 2008. However, low volumes and lack of liquidity in the global markets were the major reasons for the drop in revenues in the fourth quarter which negatively impacted the second half year.

At €1.5 million, the reported revenues in the US are 79% lower than in 2007. The US Brokerage activities increased revenues by €3.1 million. The increase in 2008 is mainly attributable to the full year effect of the acquisition of VDM Institutional Brokerage in August 2007. The full year brokerage revenues were offset by negative trading revenues.

Operating expenses

While revenues are primarily dependent upon volatility and trading volumes, which may fluctuate significantly, with the exception of employee benefits, a large portion of our expenses remain fixed. Consequently, operating profit can vary significantly from period to period.

Employee benefits

A significant component of our cost structure is employee benefits, which includes salaries, incentive compensation and related employee benefits and taxes. Employee benefits grew from €47.4 million in 2007 to €56.6 million in 2008. The main factor contributing to this growth is the increase in variable compensation, reflecting the increase in trading revenue.

Employee benefits for all employees have both a fixed and variable component. Base salaries and benefit costs are primarily fixed for all employees, while bonuses constitute the variable portion of our employee benefits. Within overall employee benefits, employment costs associated with our traders are the largest component. Bonuses for traders are primarily based on their individual performance and the profitability of the relevant operating unit. For many of our traders, their bonus constitutes a significant component of their overall compensation.

Exchange, clearing and brokerage fees

Exchange, clearing and brokerage fees represent exchange (i) fees paid to securities exchanges of which the Company is a member, (ii) transaction fees paid either to the exchanges in which the Company operates or to other service providers, and (iii) execution fees paid to third parties, primarily for trades in listed securities. The aggregate fees we pay fluctuate with the level of trading activity, and to a lesser extent as a result of changes in the rates that third parties charge us or the way those charges are calculated.

Although the amount of fees remained relatively unchanged, expressed as a percentage of revenues, exchange, clearing and brokerage fees fell from 24.6% to 15.1%. The drop in the exchange, clearing and brokerage fees as a percentage of revenues is mainly attributable to the impact of higher revenues stemming from operations with a relatively low level of exchange, clearing and brokerage fees in 2008.

Operating result

In 2008 the operating loss amounted to €4.8 million versus a profit of €2.9 million in 2007, mainly due to the impairment on tax receivables and the difficult market circumstances in the US.

Discontinued operations

OnlineTrader

In 2007, we re-launched OnlineTrader, an internet-based direct-access brokerage platform. Its purpose was to provide direct access to trade in shares, options and futures. Our aim was to grow the OnlineTrader brokerage activities further and to explore opportunities for matching in-house the OnlineTrader order book for professional customers and orders resulting from principal trading thereby realising savings in exchange, clearing and brokerage fees. As the year unfolded, it became apparent that OnlineTrader required significant economies of scale in order to be profitable. After assessing the required back-office investment and marketing efforts to develop such economies of scale, we decided to terminate OnlineTrader.

In July 2008, we entered into a loan agreement establishing the terms of a convertible subordinated loan of €6.0 million. The loan was made to a company that was going to serve as a potential access point for OnlineTrader. Under the terms of the loan agreement, we may convert the loan into shares representing between 20% and 40% of the borrower's share capital at any time within three years from the loan agreement date. Interest on the loan accrues at 10% per annum. In 2008, we concluded the convertible subordinated loan was impaired and at year-end recorded an impairment loss of €1.5 million.

In 2008, we recorded a loss of approximately €13.5 million in discontinued operations related to OnlineTrader, including €1.6 million in termination benefits and €2.0 million in goodwill and €1.9 million in other intangible asset impairment charges and the €1.5 million impairment charge on the convertible subordinated loan. The termination of OnlineTrader resulted in claims from a few former clients. While we believe we have substantial defences to these claims, the outcome cannot be predicted at this time. With the exception of these claims, there are no significant remaining obligations related to OnlineTrader at December 31, 2008.

US Specialist activities

In part, as a result of the operating agreement of VDM Specialists, we are required to advance funds for actual litigation expenses (including legal fees, judgements, fines and amounts paid in settlement) incurred by the relevant members of VDM Specialists in connection with litigation, government investigations and other legal proceedings. Litigation is inherently unpredictable, and excessive verdicts or penalties do occur. Although we believe we have substantial defences in these matters, we could in the future incur judgements or enter into settlements of claims that could have a material adverse effect on our results of operations in any particular period.

Net result

In 2008, we recorded €147.3 million in revenues and €2.5 million in loss after taxes from continuing operations. Combined with the loss from discontinued operations in 2008 of €13.0 million, the Company's total loss for the year is €15.5 million (€19.0 million attributable to common shareholders). Nonetheless, this represents a significant improvement compared to 2007 when we reported a net loss of €89.8 million (€91.7 million attributable to common shareholders).

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the common equity holders 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. In addition, the weighted average number of shares in 2007 includes the weighted impact of the shares issued in 2008 in connection with the earn-out agreement from the Curvalue acquisition. Such shares were considered issued at January 1, 2007. In 2008, the Company purchased an additional 8,988,115 shares for €29.8 million of which 4,576,125 shares were cancelled. The purpose of the share buy back was to obtain shares for future incentive plans for VDM staff, further optimize the capital structure of the Group and reduce the cost of capital while retaining sufficient capital to fund growth plans as well as potential acquisitions. At December 31, 2008, Van der Moolen Holding N.V. holds 4,514,172 common shares (2007: 102,182 shares) in its own capital; it has the right to resell these shares at a later date. The shares held by the Company (treasury shares) have no voting rights.

At December 31, 2008 and 2007, there were 37,692,776 and 45,504,926 shares outstanding, respectively. For the years ended December 31, 2008 and 2007, the weighted average number of shares outstanding for determining earnings per share were 40,497,555 and 46,680,891, respectively.

In 2008, the earnings per share from continuing operations was a loss of €0.15 in 2008 compared to a loss of €0.05 in 2007. However, earnings per share from discontinued operations improved to a loss of €0.32 in 2008 from a loss of €1.92 in 2007. Net earnings per share improved to a loss of €0.47 from a loss of €1.96 in 2007.

BALANCE SHEET

We have historically maintained a highly liquid balance sheet, with a substantial portion of our total assets consisting of cash, highly liquid marketable securities and short term receivables. As of December 31, 2008, we had over €1.8 billion in assets, over 90% of which consisted of cash or assets readily convertible into cash, such as securities owned and amounts due from clearing organisations and professional parties. Securities owned consist of equity securities and derivatives that trade in active markets in Europe and the United States. Amounts due from clearing organisations and professional parties include interest bearing cash balances held with clearing organisations and amounts related to securities transactions that have not yet reached their contracted settlement date (unsettled trades), which is generally within 3 business days of the trade date. The highly liquid nature of these assets provides us with flexibility in financing and managing our business.

Due to aggressive approach tax authorities are taking in their investigations of tax claims, we recorded a provision of €43.2 million related to tax receivables. At this point, it is unclear what the impact, if any, will be on our operations.

CASH FLOW

Liquidity

The unprecedented volatility of the financial markets, accompanied by a severe deterioration of economic conditions worldwide, has had a pronounced adverse affect on the availability of credit through traditional sources. As a result of concern about the stability of the markets generally and the strength of counterparties specifically, many lenders have reduced and, in some cases, ceased to provide funding. As our liquidity is provided primarily through business operations, our overall liquidity has been generally unaffected by recent economic developments. However, the volatility in the global stock markets has impacted our liquidity through increased margin requirements at our clearing organisations. These margin requirements are determined through a combination of risk factors including volume of business and volatility in the relevant stock markets. To the extent we are required to post cash or other collateral to meet these requirements, we have less capacity to finance other activities.

The Company's most significant borrowing arrangement is a €15.0 million credit facility for general corporate purposes which expires in October 2009. Amounts available under the facility were reduced by €2.5 million during 2008 and will be reduced by another €2.5 million in April, 2009 in accordance with the original terms of the facility. While not critical to our liquidity, the facility does provide an important safety net. Consequently, we will be seeking to renew the facility.

While we are generally confident about our ability to either renew our existing credit facility or establish a new credit facility with a different lender, we are not able to provide any assurance we will be successful. Our ability to secure a new credit facility could be impaired by factors that affect us in particular or the financial services industry in general. For example, lenders could develop a negative perception of our long-term or short-term financial prospects if we incurred large trading losses, if the level of our business activity decreased due to a market downturn or if regulatory authorities took significant action against us. Our ability to secure a new credit facility also could be impaired by factors that are not specific to us, such as a severe disruption of the financial markets or negative views about the prospects for the investment banking, securities or financial services industries generally. Given the current economic environment, it is likely a new facility will contain substantially less favourable terms.

In July 2008, we signed a lease for new office space which will house our Dutch operations and corporate headquarters. We expect to complete our relocation to this new office in the second quarter 2009. We anticipate that the aggregate cost of the build out of the new office space and relocation costs will be approximately €2.5 million almost all of which will be paid in 2009.

Cash flows

We manage our cash together with our trading working capital. Given the highly liquid nature of trading working capital, changes between the two are not a relevant metric. Therefore while cash and cash equivalents decreased by €193.9 million during 2008 to a negative €12.4 million (net of bank overdrafts of €443 million), it was primarily as a result of a €89.1 million increase in trading working capital. Operating cash outflows before changes in trading working capital were €9.4 million. During 2008, the Company's most significant expenditures were €47.8 million to settle subordinated borrowings which had been issued by VDM Specialists to fund minimum net liquidity and capital requirements (with the termination of the specialist activities, the Group was no longer subject to such requirements) and €29.8 million to fund its two common share repurchase programs completed in 2008.

OUTLOOK

We will focus our efforts on our most proven strength, European trading, VDM Institutional Brokerage, and the further expansion of VDM Global Markets. We do not expect to start any new business activities in 2009. We also have come to realise that under the current market conditions, it is not the right time to expand in Asia. The effect that market conditions will have on the revenues and results in 2009 are difficult to predict. We are therefore not able to give an outlook for 2009.

DECLARATIONS

The members of the Executive Board as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision (Wet op het Financieel Toezicht) confirm that to the best of their knowledge:

- The 2008 financial statements give a true and fair view of the Company's consolidated financial position at December 31, 2008 and of its results for the year then ended;
- The 2008 Annual Report gives a true and fair view of the Company's state of affairs at December 31, 2008 and of the development and performance of the Company's business for the year then ended;
- The 2008 Annual Report includes a description of the principal risks and uncertainties the Company faces.

Executive Board
Richard E. den Drijver (CEO)
Amsterdam, April 9, 2009

Index to the Financial Statements

Consolidated Financial Statements

Consolidated balance sheet

(in € millions)	Note*	2008 December 31	2007 December 31
Assets			
Non-current assets			
Goodwill	9	23.7	26.7
Other intangible assets	9	11.5	16.9
Property, plant and equipment	10	4.2	3.6
Deferred income tax assets	11	14.4	6.3
Investments in associates	12	-	8.3
Retirement benefit plans and other long-term benefits	27	3.4	3.6
Available-for-sale financial assets	13	-	11.1
Other financial assets	15	4.5	-
		61.7	**76.5**
Current assets			
Securities owned	14	1,248.8	600.5
Due from clearing organisations and professional parties		81.9	74.9
Current income tax receivables		9.7	10.4
Other current assets and prepaid expenses	16	8.4	7.9
Cash and cash equivalents	17	430.7	265.6
		1,779.5	**959.3**
Assets (of disposal group) classified as held for sale	12 and 8	6.5	9.0
		1,786.0	**968.3**
Total assets		**1,847.7**	**1,044.8**

* The notes to the consolidated financial statements on pages 44 to 99 are an integral part of these consolidated financial statements

(in € millions)	Note*	2008 December 31	2007 December 31
Equity and Liabilities			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	3.6	3.9
Share premium	18	207.6	220.5
Treasury shares	18	(19.1)	(2.5)
Fair value reserve	19	-	1.1
Cumulative translation adjustment reserve	19	(13.1)	(11.4)
Financing preferred shares dividend reserve	19	3.5	3.4
Accumulated deficit	19	(115.5)	(96.5)
Total equity		**67.0**	**118.5**
Non-current liabilities			
Long-term borrowings	22	0.3	0.7
Deferred income tax liabilities	11	11.5	10.2
Other non-current liabilities	7	-	1.2
		11.8	**12.1**
Current liabilities			
Securities sold, not yet purchased	14	1,212.3	632.8
Due to clearing organisations and professional parties		62.8	76.1
Due to customers		0.1	4.7
Short-term borrowings	23	0.3	49.4
Bank overdrafts	17	443.1	84.1
Current income tax liabilities		6.3	3.7
Provisions	24	4.3	8.8
Other current liabilities and accrued expenses	25	39.7	45.6
		1,768.9	**905.2**
Liabilities directly associated with the assets classified as held for sale	8	-	9.0
		1,768.9	**914.2**
Total equity and liabilities		**1,847.7**	**1,044.8**

* The notes to the consolidated financial statements on pages 44 to 99 are an integral part of these consolidated financial statements

Consolidated income statement

(in € millions)	Note*	2008	2007
Revenues	6	**147.3**	**101.9**
Other gains and losses - net	26	**(3.8)**	**0.9**
Employee benefit expense	28	(56.6)	(47.4)
Exchange, clearing and brokerage fees		(22.3)	(25.1)
Information and communication expense		(9.0)	(6.7)
Amortisation expense	9	(3.0)	(3.3)
Depreciation expense	10	(1.8)	(1.2)
Impairment of tax receivables	16	(43.2)	-
Impairment of intangible assets	9	-	(0.6)
Impairment of property, plant and equipment	10	-	(0.3)
General and administrative expense	29	(12.4)	(15.3)
Total operating expenses		**(148.3)**	**(99.9)**
Operating profit / (loss)		**(4.8)**	**2.9**
Foreign currency result - net	30	1.6	(2.6)
Interest income	30	2.2	6.8
Share in the results of associates	12	(0.1)	(0.2)
Other finance costs	30	(1.1)	(2.5)
Profit / (loss) before income tax from continuing operations		**(2.2)**	**4.4**
Income tax expense	31	(0.3)	(4.7)
Loss from continuing operations		**(2.5)**	**(0.3)**
Loss from discontinued operations before income tax	8	(14.6)	(91.4)
Income tax benefit	31	1.6	1.9
Loss from discontinued operations		**(13.0)**	**(89.5)**
Loss for the year		**(15.5)**	**(89.8)**
Attributable to:			
Minority interest		-	(1.8)
Financing preferred shareholders of the Company		3.5	3.7
Common equity holders of the Company		(19.0)	(91.7)
Loss for the year		**(15.5)**	**(89.8)**
Earnings per share attributable to the common equity holders of the Company for the year (expressed in € per share)			
From continuing operations:			
- Basic and diluted	32	(0.15)	(0.05)
From discontinued operations:			
- Basic and diluted	32	(0.32)	(1.92)
Total			
- Basic and diluted	32	**(0.47)**	**(1.96)**

* The notes to the consolidated financial statements on pages 44 to 99 are an integral part of these consolidated financial statements

Consolidated cash flow statement

(in € millions)	Note*	2008	2007
Cash flow from operating activities			
Loss for the year		(15.5)	(89.8)
Adjustments for:			
Amortisation of intangible assets	9	5.3	4.7
Depreciation of property, plant and equipment	10	2.0	2.2
Impairment of tax receivables	16	43.2	-
Impairment of intangible assets	9	3.9	39.4
Impairment of property, plant and equipment	10	-	1.9
Foreign currency result - net		-	16.7
Interest income		-	(1.6)
Share in the result of associates	12	0.1	0.2
Other finance costs		4.0	7.2
Income tax expense		(1.3)	2.7
Loss on sale of available-for-sale financial assets	26	4.1	(0.9)
Loss on sale disposal group	8	0.1	(0.2)
Movement in due to customers		(4.6)	0.8
Movement in retirement benefit plans and other long-term benefits	27	0.2	-
Movement in provisions	24	(4.5)	8.0
Movement in accrued bonus	25	3.9	13.9
Movement in other current assets and liabilities		(49.2)	5.6
Income tax paid		(1.1)	(2.4)
Operating cash flows before movement in trading working capital		**(9.4)**	**8.4**
Movement in trading working capital		**(89.1)**	**155.0**
Movement in non-current cash and cash equivalents		**-**	**103.0**
Net cash (used in) / generated from operating activities		**(98.5)**	**266.4**

* The notes to the consolidated financial statements on pages 44 to 99 are an integral part of these consolidated financial statements

Consolidated cash flow statement - continued

(in € millions)	Note*	2008	2007
Net cash generated from operating activities		**(98.5)**	**266.4**
Cash flow from investing activities			
Purchases of software	9	(1.4)	(3.1)
Purchases of property, plant and equipment	10	(2.9)	(2.4)
Proceeds from sale of property, plant and equipment	10	0.1	
Proceeds from sale of associates	12	0.4	0.2
Acquisition of group companies, less cash balances held	7	-	(1.2)
Payment of earn outs in connection with acquisitions of group companies	7	(0.9)	(1.0)
Loans granted	15	(6.0)	-
Proceeds from sale of available-for-sale financial assets	13	6.1	7.1
Proceeds from sale of disposal group	8	0.4	-
Dividends and distributions		-	0.1
Net cash used in investing activities		**(4.2)**	**(0.3)**
Cash flow from financing activities			
Repayment of subordinated borrowings	23	(47.8)	(43.4)
Repayment of short-term borrowings	23	(0.3)	(0.3)
Repurchase of financing preferred shares 'A'	18	-	(10.4)
Purchase of treasury shares	18	(29.8)	-
Dividend on financing preferred shares	18	(3.4)	(4.4)
Interest paid		(3.8)	(7.9)
Payment of make-whole penalty	25	(3.5)	-
Distributions paid to minority members, net of capital contributed		-	(5.6)
Payment to former partners of VDM Specialists		-	(6.0)
Net cash used in financing activities		**(88.6)**	**(78.0)**
Net (decrease) / increase in cash and cash equivalents, net of bank overdrafts		**(191.3)**	**188.1**
Cash and cash equivalents, net of bank overdrafts at January 1		181.5	2.5
Currency exchange differences on cash and cash equivalents, net of bank overdrafts		(2.6)	(9.1)
Cash and cash equivalents, net of bank overdrafts		**(12.4)**	**181.5**

* The notes to the consolidated financial statements on pages 44 to 99 are an integral part of these consolidated financial statements

Consolidated statement of recognized income and expense

Attributable to:		Financing preferred shares		Common equity holders of the Company		Minority interest		Total Equity	
(in € millions)	Note*	2008	2007	2008	2007	2008	2007	2008	2007
Realised fair value on available-for-sale financial assets, net of tax	13	-	-	(1.1)	(0.4)	-	-	(1.1)	(0.4)
Fair value changes on available-for-sale financial assets	13	-	-	-	(2.9)	-	-	-	(2.9)
Taxation on fair value changes on available-for-sale financial assets	11	-	-	-	1.7	-	-	-	1.7
Transfer of cumulative foreign currency translation to discontinued operations		-	-	-	14.1	-	-	-	14.1
Currency exchange rate differences on translation of foreign operations and impact of translation to the presentation currency	19	-	-	(1.7)	(11.3)	-	-	(1.7)	(11.3)
Net income/ (expense) recognized directly in equity		**-**	**-**	**(2.8)**	**1.2**	**-**	**-**	**(2.8)**	**1.2**
Profit / (loss) for the year		3.5	3.7	(19.0)	(91.7)	-	(1.8)	(15.5)	(89.8)
Total recognized income and expense for the year		**3.5**	**3.7**	**(21.8)**	**(90.5)**	**-**	**(1.8)**	**(18.3)**	**(88.6)**

* The notes to the consolidated financial statements on pages 44 to 99 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1 GENERAL INFORMATION

Van der Moolen Holding N.V. ('Company') and its subsidiaries (together 'Van der Moolen Holding' or the 'Group'), is an international securities trading and brokerage firm active as a market maker and proprietary trader on major equity and option exchanges in both the United States and Europe. Furthermore, the Group offers execution brokerage services. Van der Moolen Holding is headquartered in Amsterdam.

The Company is a limited liability company (N.V.) incorporated and domiciled in the Netherlands. The address of its registered office is Keizersgracht 307, 1016 ED Amsterdam. The Company is listed on NYSE Euronext Amsterdam. American Depositary Receipts (ADR) were listed on the New York Stock Exchange. The ADR facility was terminated on December 28, 2007.

These consolidated financial statements for the year ended December 31, 2008 have been authorised for issue by the Executive Board on April 9, 2009. The financial statements are tabled for adoption by the Annual General Meeting of Shareholders ('AGM') on May 7, 2009.

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 as adopted by the European Union (hereinafter referred to as 'IFRS'). The consolidated financial statements are presented in Euros and all values are rounded to the nearest million except when otherwise indicated.

The policies set out below have been consistently applied to all years presented except as follows:

As from January 1, 2004 Van der Moolen Holding and certain of its immediate holding companies applied the US dollar as their functional currency because the US dollar was considered the currency of the primary economic environment in which these entities operated and was the currency in which these entities primarily generated their cash flow. The acquisition of the Curvalue group of companies, the steep growth in revenues in the European activities (which are mainly based on transactions in Euros) and the decline in revenues of the US activities were considered by management as a change in the underlying transactions, events and conditions used to establish the US dollar as the functional currency. Consequently, with prospective effect from April 1, 2007 the functional currency of Van der Moolen Holding and certain of its intermediate holding companies changed from the US dollar to the Euro to reflect the dominance of the European activities in the Euro zone which could no longer be considered as a temporary dominance in 2007. The Euro is the currency of the primary economic environment in which these entities operate and is the currency in which these entities primarily generate their cash flow.

In preparing these financial statements the Group adopted IFRIC 11 'Group and Treasury Share Transactions' ('IFRIC 11'). IFRIC 11 requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. Since the Group already used the guidance in this interpretation to account for such transactions, the adoption of IFRIC 11 had no effect on the Group's financial statements.

In addition, the Group adopted IFRIC 14 'The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interactions' ('IFRIC 14'). Among other things, IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset. Since the Group already used the guidance in this interpretation to account for its surplus, the adoption of IFRIC 14 had no effect on the Group's financial statements.

For new accounting standards and IFRIC interpretations adopted by the EU that become mandatory for accounting periods beginning after January 1, 2009 reference is made to Note 2.26.

The 2007 consolidated financial statements have been re-presented in order to reflect operations which were discontinued in 2008 as discontinued in 2007.

These consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, and trading assets and liabilities (including derivative instruments) that have been measured at fair value.

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 5.

Parent only income statement

Under article 402 of Part 9, Book 2 of the Netherlands Civil Code, it is sufficient for a company's parent only income statement (page 101) to present only the income of group companies and other income and expenses, after income tax.

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. Net profit is adjusted for non-cash items to arrive at cash from operating activities. 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 divestments is netted against the cost of acquired companies or the consideration received from the sale of divested companies, respectively.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all 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 the 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 acquisition date, plus costs directly attributable to the acquisition. Identifiable assets acquired 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' ('IFRS 5'), which are recognised 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 recognised immediately in the income statement. Generally, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Intercompany interest income from discontinued operations is considered income from continuing operations and included in Interest income in the consolidated income statement. The corresponding interest expense is included in Loss from discontinued operations before income tax. Unrealised 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 recognised.

(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 or joint 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. As at December 31, 2008 and 2007 no investments in associates 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 recognised in the income statement, and its share of post-acquisition movements in equity is recognised 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 recognise further losses, unless it has incurred legal or constructive 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 recognised at the date of acquisition is recognised 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, after reassessment, is recognised immediately in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised 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 and the minority's share of changes in the equity of consolidated subsidiaries since that date. 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.

The profit (or loss) attributable to minority members is presented separately 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 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'). As from April 1, 2007 the functional currency of Van der Moolen Holding N.V. and certain of its intermediate holding companies changed from the US dollar to the Euro (Note 2.1).

(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 recognised in the income statement. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date when the items were recognised. Non-monetary items carried at fair value are translated 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 recognised 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 Capital and reserves attributable to the Company's equity holders ('Shareholders' Equity') under Fair value reserve at the balance sheet date.

(c) Group companies

The results and financial position of all Group companies (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- 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; and
- 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).

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 are, net of applicable taxation, taken to Shareholders Equity on consolidation through the Cumulative translation adjustment reserve ('CTA reserve'). On disposal or discontinuation of a foreign operation, the related cumulative translation adjustment is recognised in the income statement as part of the gain or loss on sale.

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 carried at cost less accumulated impairment losses. 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 ('CGUs') expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, and when events or circumstances indicate that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. Impairment losses are charged to the income statement. No subsequent reversal of impairment recognised in a previous (interim) period(s) is allowed for goodwill.

(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 recognised at cost, and are reported at cost less accumulated amortisation and less accumulated impairment losses. Specialist assignments are amortised on a straight-line basis over

40 years, this being the estimated useful life. Amortisation is based on the acquisition cost less impairment charges, and is recognised in the income statement as amortisation expense. 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. The useful life and the amortisation method are reviewed, and adjusted if appropriate, at each balance sheet date.

(c) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is recognised at cost, and is reported at cost less accumulated amortisation and less accumulated impairment losses. 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 also capitalised. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

These costs are amortised using the straight-line method over their estimated useful lives (two to three years), and are recognised in the income statement under amortisation expense. The useful lives and the amortisation method are reviewed, and adjusted if appropriate, at each balance sheet date.

(d) Trading rights

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 recognised at cost, and are reported at cost less accumulated amortisation and less accumulated impairment losses. Trading rights are amortised on a straight-line basis over 10 years, this being the estimated useful life. Amortisation is based on the acquisition cost less impairment charges, and is recognised in the income statement as amortisation expense. The cost of trading rights acquired through business combinations and the determination of the useful life were based on independent appraisals. The useful life and the amortisation method are reviewed, and adjusted if appropriate, at each balance sheet date.

2.6 Property, plant and equipment

All property, plant and equipment are stated at cost less depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised 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:

■ 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

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date. 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 intangible assets and property, plant and equipment

Assets that have an indefinite life, such as goodwill, are not subject to amortisation and are tested annually for impairment and when events or circumstances indicate impairment testing may be necessary. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognised (other than goodwill) is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss on assets other than goodwill subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, provided the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised 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.

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 (temporary tax deductible differences). Deferred income tax is not recognised 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 realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for temporary tax deductible differences, tax loss carry-forwards and unused tax credits to the extent that it is probable that future taxable profit will be available against which the temporary tax deductible differences, tax loss carry-forwards and unused tax credits can be utilised before they expire. 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 Shareholders' Equity together with the related remeasurement gain or loss, and is subsequently recognised 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 profit and loss, loans and receivables, 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 and when events or changes in circumstances indicate an alternate classification is more appropriate. Reference is made to Note 4 for a comparison between the fair value and the carrying value of all the Group's financial instruments. Financial assets are derecognised 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.

(a) Financial assets at fair value through profit or loss

This category includes 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 (held-for-trading) or if so designated by management, respectively. The Group classifies its securities owned, and securities sold, not yet purchased, including derivative financial instruments used for trading purposes as held-for-trading (Note 2.11).

Financial assets designated at fair value through profit or loss by management are in general, subsequently measured at fair value with no deduction for sale or disposal costs. However, investments in equity instruments whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by delivery of, such instruments are measured at cost less any impairment. If a reliable measure of fair value subsequently becomes available, the instrument is remeasured at that fair value and the gain or loss recognised in profit or loss.

Assets in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months of the balance sheet date.

(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.

Loans and receivables are carried at amortised cost using the effective interest method. Interest calculated using the effective interest method is recognised in the income statement.

(c) Available-for-sale financial assets

Available-for-sale financial assets are all other non-derivative financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Participations in stock exchanges where the Group does not exercise significant influence are classified as available-for-sale financial assets.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in Shareholders' Equity. When financial assets 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 financial assets are recognised in the income statement when the Group's right to receive payment is established.

2.10 Impairment of financial assets

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.

(a) Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables has been 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. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement. If a future write-off is later recovered, the recovery is recognised in the income statement.

(b) Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each balance sheet date whether there is objective evidence (such as a significant or prolonged decline in the fair value of the investment below its cost) that an investment or a group of investments is impaired. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from Shareholders' Equity and recognised in the income statement. No subsequent reversal of an impairment recognised in a previous (interim) period(s) is allowed.

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 recognised 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 recognised as revenue in the income statement, as such changes occur.

Certain matching buy and sell transactions in the same security are grossed up for balance sheet presentation purposes. Positions in American Depositary Receipts ('ADRs') and underlying shares arising from the Group's arbitrage activities are only derecognised 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

The Group borrows securities in order to support the settlement of short sales. Such borrowing transactions require the Group to have collateral with the lender. This collateral, which is primarily cash, is included in amounts due from clearing organisations and professional parties. The underlying securities are not recognised in the financial statements.

2.13 Amounts due from/to clearing organisations and professional parties

Amounts due from/to clearing organisations 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 used as collateral under stock borrowing arrangements. Amounts receivable and payable arising in connection with unsettled trades are recognised 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 Group does not net cash and cash equivalents and bank overdrafts that are included in the cash pooling arrangement between the Company and certain of its subsidiaries and a commercial bank. Hence, these balances are presented gross in the balance sheet. These overdrafts however, form an integral part of the Group's cash management and are therefore, for purposes of the cash flow statement, included in cash and cash equivalents.

Cash and cash equivalents presented in the balance sheet includes cash at banks and in hand, short-term bank deposits, cash with clearing organisations and other professional parties, and highly liquid investments with original maturities of three months or less. Cash and cash equivalents used to collateralise stock borrowing arrangements or held for margin purposes are classified under amounts due from clearing organisations and professional parties.

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 recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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

Non-current assets and disposal groups (when the Group 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 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 amortisation 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 the Group 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. A discontinued operation may also be 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.

If a discontinued operation is disposed of during the year, the income and expenses related to this operation are presented separately in the income statement as profit or loss from discontinuing operations, including comparative periods. The disposal of a discontinued operation will not affect the presentation on the balance sheet.

2.17 Share capital and share premium

Common shares are classified as equity. Cumulative financing preferred shares are classified as equity as the Executive Board can decide, with the approval of the Supervisory Board to either pay the dividend to the holders of the financing preferred shares or add the amount to the financing preferred shares dividend reserve.

Incremental costs directly attributable to the issue of new common shares are shown in Shareholders' Equity as a deduction, net of taxation, from proceeds. Where any Group company purchases the Company's own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from Shareholders' Equity through Treasury shares. When 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 are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. All other costs incurred in connection with borrowings are recognised in the income statement in the period they are incurred.

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 recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and 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 5). 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 the time value of money is assessed to be immaterial.

2.20 Employee benefits

(a) Retirement benefit plans

Group companies operate various retirement benefit schemes in Germany, Switzerland, the United Kingdom, the United States of America and the Netherlands. The Group has a defined benefit plan which requires payments be made to a separately administered fund as well as 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 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 recognised in the balance sheet in connection with the defined benefit retirement plan 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 unrecognised actuarial gains and losses and past service costs. The asset resulting from this calculation is limited to cumulative unrecognised actuarial losses and past services cost, plus present value of available refunds and reductions in future contributions to the plan.

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% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised to the income statement over the expected average remaining working lives of the participating employees.

Past-service costs are recognised 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 amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays fixed contributions to publicly or privately administered retirement benefit funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised 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 recognised immediately in the income statement. Also past service costs, if any, are recognised immediately in the income statement.

(c) Share-based compensation

Employees may receive remuneration in the form of stock grants from related parties. The fair value of employee services received in exchange for such stock grants is determined by reference to the fair value of the stock that is granted and expected to vest. This fair value is recognised as an expense over the vesting period, together with a corresponding increase in Retained earnings within Shareholders' Equity. Such stock grants do not include any market vesting conditions. Non-market vesting conditions are reflected in assumptions about the number of shares that are expected to vest. At each balance sheet date, the estimate of the number of shares that are expected to vest is revised, and the impact of the revision, if any, is recognised 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.

(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 recognises 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 recognises 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 recognises a liability where contractually obligated or where there is a past practice that has created a constructive obligation.

2.21 Revenue recognition

Revenue comprises:

- Fair value changes and realised gains and losses from the sale of held-for-trading financial instruments;
- Commission income; and
- Interest income and expense, dividend income and expenses, and exchange gains and losses associated with held-for-trading financial instruments.

Commission income is recognised on a settlement date basis, which is not significantly different from trade date. Commission income results primarily from the activities of Brokerage Europe and Brokerage US.

Interest income and expenses, dividend income and expenses, and exchange gains and losses associated with held-for-trading financial instruments 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 recognised on an effective interest basis and dividend income is recognised when the rights to receive the cash flows are established.

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

For further details on the recognition of revenues, reference is made to Note 6.

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 recognised in the income statement under general and administrative expenses.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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 Shareholders' Equity if the tax relates to items that are credited or charged, in the same or a different period, directly to Shareholders' 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 recognised as a liability in the Group's financial statements in the period in which the dividends are approved and adopted by the Company's General Meeting of Shareholders but not yet paid (Note 18).

2.25 Earnings per share ('EPS')

Basic EPS is calculated by dividing net results attributable to the common equity holders by the weighted average number of common shares outstanding (excluding treasury shares). Common shares issued and not contingently issuable in connection with acquisitions are included in the weighted average number of common shares outstanding from the acquisition date, even if the actual issue date is later. 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 (Note 32).

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

2.26 New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations adopted by the European Union have been published that are mandatory for accounting periods beginning after January 1, 2009. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 8 'Operating Segments' ('IFRS 8') will be effective for annual periods beginning on or after January 1, 2009. IFRS 8 requires entities to disclose segment information based on the information reviewed by the entity's Chief Operating Decision Maker. The Group has determined that the operating segments and operating segment information to be disclosed under IFRS 8 will be substantially the same as the business segments and business segment information currently disclosed in the financial statements. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

The amended IAS 1 'Presentation of Financial Statements' ('IAS 1') affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. The amended IAS 1 will be effective for annual periods beginning on or after January 1, 2009. The adoption of amended IAS 1 will have no impact on the financial position or financial performance of the Group.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' ('IFRIC 16') becomes effective for annual periods beginning on or after 1 October 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment, and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. As the Group already uses the guidance in this interpretation to account for its investments in foreign operations, the adoption of IFRIC 16 is not expected to impact the Group's financial statements.

In May 2008 the International Accounting Standards Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The Group has not yet adopted the amendments and anticipates that these changes will have no material effect on the financial statements.

Other new accounting standards and interpretations adopted by the European Union that are mandatory for accounting periods beginning on or after January 1, 2009 are not applicable to the Group.

3 FINANCIAL RISK AND CAPITAL MANAGEMENT

3.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks:

(a) Market risk (b) Currency risk
(c) Interest risk (d) Liquidity risk
(e) Credit risk

The Group's overall risk management program focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risks.

(a) Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign currency rates and interest rates will have an effect on the Group's income or the value of its equity and option positions that arise from normal trading activities. Market risk increases when markets move sharply and volatility increases.

Exposure to market risks

For the assessment of the Group's exposure to market risk, the Company performs a so-called haircut analysis. Haircut calculation is a well known practice within derivatives risk management and are also used by the Group's clearing organisations. The haircut represents the influence of a change in the underlying parameter on the value of a security position held by the Group and is reported on a daily basis. Daily reports show position characteristics and absolute exposures. They include haircut analyses based on price, volatility and interest movements. The haircut analysis measures all positions, individual and correlated, and reflects the different risk components. Price movement risk is based on the implied volatility of the individual stocks with a minimum price movement of 10%. The volatility risk calculation within derivatives is based on volatility increases up to 50% and a decrease of the volatility of up to 15%. Interest risk is calculated for overnight changes of 0.50%. Foreign currency rate risk is assessed using a percentage of change in the applicable foreign currency rates. The percentage level used differs by foreign currency rate, and is amongst others based on the volatility of the currency involved.

Haircuts are also calculated daily by the Group's clearing organisations under the restriction that in any case or circumstance the haircut must be lower than the Net liq, where Net liq represents the sum of the total cash position and the market value of the trading position held with the clearing organisation. These third-party haircut calculations are a control mechanism for the Group's internal calculations and complete the Group's overview of the risks the Group runs on a daily and overnight basis.

Independent of these haircut reports, each entity has a risk management system which calculates the entities' internal risk in real time and overnight within the same ranges as the haircut analysis.

The following table shows the potential loss based on the haircut:

(in € millions)	2008	2007
March 31	25.0	10.7
June 30	37.6	10.9
September 30	21.5	17.6
December 31	9.7	8.5

This overview of the haircut at the end of every quarter gives a fair indication of the Group's market risk exposure in 2008 and 2007. The relevant risk variables for the haircut are described above.

Management of market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the Group's invested capital. 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 performed by the Group's Risk Control Department at the Group's headquarters. The 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.

The Group mitigates its trading activities risk by setting specific risk parameters. For these operations 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 to price changes (delta) and volatility (vega). These guidelines are established by the trading managers and approved by the global risk manager. Local risk managers monitor these positions daily. Position data and option risk parameters are transmitted real time to the Risk Control Department, where this information is monitored and analysed by independent risk managers.

While the diversity of the Group's business reduces its exposure to market risk, the Group's main defence against market risk is trading discipline. The Group's equity trading units generally hold positions for a short period of time which reduces their risk from adverse price movements. They attempt to minimise the holding of large net positions when markets close, in order to minimise the risk that news could affect prices when traders cannot react to it. Furthermore, the Group only trades in listed exchange products for which there is an active market.

The Group's equity derivates trading units hold on to positions for a longer term. Strict limits in both positions and option risk parameters are set by the Risk Control Department in consultation with the management of the Group's European securities and derivative operations and are monitored continuously by the Risk Control Department. The derivatives exposures are analysed and the related risk monitored with similar procedures to the Group's other trading activities.

Short-term risk exposures resulting from the Group's activities as a broker to third parties are analysed separately, but with similar procedures. On a daily basis the Risk Control Department reports trading result, trading exposures and liquidity position to the Executive Board.

(b) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure to 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; and
- 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.

Management of currency risk

The Group's policy is to:

- Mitigate the effect of currency fluctuations that will result in volatility in the Group's consolidated income statement; and
- Hedge changes in valuation that result from translating financial statements of entities with functional currencies other than the Euro into the Group's presentation currency.

In addition to these considerations, a number of the Group's 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 held-for-trading purposes.

The following table demonstrates the sensitivity of the Group's revenues to reasonable possible changes in the US dollar, Great British pound and Swiss franc exchange rate, with other variables held constant.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

The Group's exposure to interest rate risk on its financial assets is addressed in market risk. The Group's exposure to interest rate risk on its financial liabilities is limited to its two debt instruments. These

(in € millions)	Currency	Appreciation / (Depreciation) towards the Euro	Effect on revenues
2008			
Continued operations	USD	5.0%	0.1
Continued operations	USD	(5.0%)	(0.1)
Discontinued operations	USD	5.0%	-
Discontinued operations	USD	(5.0%)	-
Continued operations	GBP	5.0%	2.0
Continued operations	GBP	(5.0%)	(1.8)
Discontinued operations	GBP	5.0%	1.5
Discontinued operations	GBP	(5.0%)	(1.4)
Continued operations	CHF	5.0%	0.4
Continued operations	CHF	(5.0%)	(0.4)
2007			
Continued operations	USD	5.0%	0.3
Continued operations	USD	(5.0%)	(0.3)
Discontinued operations	USD	5.0%	1.1
Discontinued operations	USD	(5.0%)	(1.1)
Continued operations	GBP	5.0%	1.1
Continued operations	GBP	(5.0%)	(1.1)
Discontinued operations	GBP	5.0%	0.9
Discontinued operations	GBP	(5.0%)	(0.9)
Continued operations	CHF	5.0%	0.8
Continued operations	CHF	(5.0%)	(0.8)

instruments consist of a long-term borrowing due in 2010 and a credit facility that matures in 2009. As the long-term borrowing and the credit facility have fixed interest rates of 6.25% and EURIBOR plus 1.5% (fixed at the date borrowings are made), respectively, the Group is not exposed to changes in the future cash flows of the debt instruments. While changes in interest rates would have an impact on the fair value of these instruments, because they are measured at amortised cost, any changes in their fair value would have no impact on the Group's financial position.

Management of interest rate risk

The Group's policy is to limit its exposure to interest rate risk by fixing the interest rates on its debt instruments.

(d) Liquidity risk

Liquidity risk relates to the Group's capacity to finance trading positions and other liabilities as well as meet the liquidity requirements of exchanges and clearing organisations.

Exposure to liquidity risk

The Group's financial resources, relative to its capital employed, and the liquid nature of the instruments traded, limit this risk.
The table on page 59 shows the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity.

Liabilities in trading portfolios have not been analysed by contractual maturity because trading assets and liabilities are typically held for short periods of time.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. All liquidity policies and procedures are subject to review and approval by the Executive Board.

On a daily basis the security trading positions and the liquidity position are monitored by the Risk Control Department and local management. The key measure used by the Group for managing liquidity risk is the ratio between its cash positions and the exposure which arises from security trading position.

Contractual maturities of financial liabilities

(in € millions)	Carrying amount	Gross nominal outflow	1 to 3 months	4 months to 1 year	1 to 5 years
December 31, 2008					
Long-term borrowings	0.3	0.4	-	-	0.4
Due to customers	0.1	0.1	0.1	-	-
Long-term borrowings (current)	0.3	0.3	0.3	-	-
Other current liabilities and accrued expenses	39.7	39.7	34.6	5.1	-
	40.4	**40.5**	**35.0**	**5.1**	**0.4**

(in € millions)	Carrying amount	Gross nominal outflow	1 to 3 months	4 months to 1 year	1 to 5 years
December 31, 2007					
Long-term borrowings	0.7	0.8	-	-	0.8
Other non-current liabilities	1.2	1.2	-	-	1.2
Due to customers	4.7	4.7	4.7	-	-
Subordinated borrowings (current)	49.1	48.4	48.4	-	-
Long-term borrowings (current)	0.3	0.4	0.4	-	-
Liabilities directly associated with the assets classified as held for sale	9.0	9.0	-	9.0	-
Other current liabilities and accrued expenses	45.6	45.6	32.5	13.1	-
	110.6	**110.1**	**86.0**	**22.1**	**2.0**

At December 31, 2008 and December 31, 2007 the Group's exposure is as follows:

(in € millions)	2008	2007
Haircut	9.7	8.5
Net liq	26.1	30.9
Haircut / Net liq ratio	0.37	0.28

The direct available cash position held with the Group's clearing organisations and the freely available cash are important indicators used for managing the Group's liquidity risk.

The so called direct available cash position held with the Group's clearing organisations is calculated by Risk Control Department and reported to Group management on a daily basis. The direct available cash position related to the European and US activities is the difference between the Net liq and 125% and 100%, respectively, of the haircut reported by the clearing organisations. The clearing organisations require the Net liq to exceed the exposure from the Group's security position as measured by the haircut. To manage the Group's overall liquidity risk, the so called freely available cash for the Group is reported regularly to the Executive Board. The freely available cash consists of the direct available cash at clearing organisations and the net cash available at commercial banks.

At December 31, 2008 and December 31, 2007 the freely available cash position amounts to:

(in € millions)	2008	2007
Net liq	26.1	30.9
Haircut	(9.7)	(8.5)
Direct available cash at clearing organisations	**16.4**	**22.4**
Net cash at commercial banks	22.6	107.6
Total freely available cash	**39.0**	**130.0**

e) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Exposure to credit risk

Credit risk that could result from counterparties defaulting is limited as the Group's trading operations take place on regulated exchanges where the settlement risk is essentially transferred to clearing organisations. For the brokerage business the credit risk is limited to transaction settlement.

Management of credit risk

The Risk Control Department monitors the balances held at clearing organisations on a daily basis. Excess cash and cash equivalents held at clearing organisations are invested in short-term bank deposits with commercial banks. The Group minimises the related credit risk by following strict policies governing its choice of counterparties. For example, the clearing organisations engaged in the Group's daily operations and the commercial banks where the Group's excess cash and cash equivalents are held have a S&P credit rating of at least A- or are owned in large part by the Dutch government.

At December 31, 2008 and December 31, 2007 the Company had the following Net liq positions with clearing organisations.

(in € millions)	2008	2007
KBC	11.6	15.8
Merril Lynch	14.5	12.5
GSEC	-	2.6
Total	**26.1**	**30.9**

With respect to the Group's brokerage business, the Group's customers are required to hold sufficient collateral in their accounts to cover their positions.

3.2 Capital management

Basel II came into effect in the European Union on January 1, 2007 under the Capital Requirements Directive (CRD). As an investment firm, the Company was required to implement this directive from June 2008 onwards.

The CRD contains requirements for the calculation of Risk Weighted Assets (RWA) and capital requirements (Pillar 1). Furthermore, it sets out rules for capital management under the Internal Capital Adequacy Assessment Process ('ICAAP'), commonly referred to as Pillar 2.

The Group's capital management policy is aimed at the efficient use of capital with the focus on achieving profitability targets and optimising return to the shareholders. A strong governance culture and framework are embedded in the capital planning and assessment method.

In addition to the minimum capital requirements under Pillar 1, the Group manages and measures the risks not or not fully covered by the solvency requirements of Pillar 1 (Pillar 2 risks). Examples of Pillar 2 risk types are interest rate risk, currency risk, employee misconduct, human resource risk and IT risk. In the Group's calculation of internal capital, all material Pillar 2 risks are included.

The Executive Board has the ultimate responsibility for setting limits on and monitoring risk exposure. The Executive Board also has ultimate responsibility for setting the targets for the capital ratios. The Executive Board is primarily responsible for ensuring the Group's current and future capital needs in relation to its strategic objectives. Risk in the Group is measured and reported according to common principles and policies approved by the Executive Board. The Executive Board decides on policies for credit, market, liquidity and operational risk management as well as the internal capital adequacy assessment process.

The Group's ability to maintain minimum capital requirements and the corresponding capital planning activities are reviewed regularly by senior management and the Executive Board. The Executive Board considers information on key regulatory developments and reviews capital in the Group's key legal entities. Meetings are held at least quarterly and on request by the Executive Board.

The Group's capital ratio met the requirements as set by the Dutch Central Bank during 2008.

4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities represent the amount at which such instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Set out below is a comparison by category of the fair value amounts of all the Group's financial instruments, including those classified under discontinued operations, which are carried in the financial statements.

	Category as defined by IAS 39	Determination of fair value	Carrying amount		Fair value	
(in € millions)			2008	2007	2008	2007
Financial assets						
NYSE shares	Available-for-sale financial assets	(A)	-	9.0	-	9.0
ISE shares	Available-for-sale financial assets	(B)	-	2.1	-	-
Convertible subordinated loan	Loans & receivables	(C)	4.5	-	-	-
Securities owned	Financial assets held for trading through profit and loss	(A)	1,248.8	600.5	1,248.8	600.5
Due from clearing organisations and professional parties	Loans & receivables	(D)	81.9	74.9	81.9	74.9
Other current assets and prepaid expenses	Loans & receivables	(D)	8.4	7.9	8.4	7.9
Assets (of disposal group) classified as held for sale	Loans & receivables	(D)	6.5	9.0	6.5	9.0
Financial liabilities						
Long-term borrowings	Financial liabilities measured at amortised cost	(E)	0.3	0.7	0.3	0.7
Other non-current liabilities	Financial liabilities measured at amortised cost	(D)	-	1.2	-	1.2
Securities sold, not yet purchased	Financial liabilities held for trading through profit and loss	(F)	1,212.3	632.8	1,212.3	632.8
Due to clearing organisations and professional parties	Financial liabilities measured at amortised cost	(D)	62.8	76.1	62.8	76.1
Due to customers	Financial liabilities measured at amortised cost	(D)	0.1	4.7	0.1	4.7
Short-term borrowings	Financial liabilities measured at amortised cost	(D)	0.3	49.4	0.3	49.4
Other current liabilities and accrued expenses	Financial liabilities measured at amortised cost	(D)	39.7	45.6	39.7	45.6
Liabilities directly associated with the assets classified as held for sale	Financial liabilities measured at amortised cost	(D)	-	9.0	-	9.0

(A) The fair values are based on current bid prices on active markets. Securities owned and securities sold, not yet purchased that have offsetting market risk are valued at the mid-price quoted for those instruments. If the market is not active, 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. At December 31, 2008 and 2007, current bid prices on active markets were available for all of the assets in this category.

(B) Given the limited information on this investment, the range of fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed at December 31, 2007. Consequently, the Group can make no assessment of the fair value of this investment at December 31, 2007.

(C) The convertible subordinated loan is a combined (or hybrid) instrument that consists of a non-derivative host contract (i.e. loan) and an embedded derivative (i.e. conversion option). The Group has assessed the fair value of the conversion option at zero. Given the limited market information for similar loans, the variability in the range of fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed at December 31, 2008. Consequently, the Group can make no assessment of the fair value of the convertible subordinated loan.

(D) Due to the short-term maturities of these assets and liabilities, their carrying amounts approximate their fair values.

(E) The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt with similar terms and remaining maturities.

(F) The fair values are based on current ask prices on active markets. Securities owned and securities sold, not yet purchased that have offsetting market risk are valued at the mid-price quoted for those instruments. If the market is not active, 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. At December 31, 2008 and 2007, current ask prices on active markets were available for all of the liabilities in this category.

5 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

Goodwill is tested annually for impairment and when events or circumstances indicate impairment testing may be necessary, in accordance with the accounting policy stated in Note 2.5. In determining the recoverable amount of CGUs, the Group uses standard valuation techniques, such as the market comparison approach (to determine fair value less costs to sell) and the income approach (to determine value in use). The market comparison approach is based upon a comparison of the CGU 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 CGU 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 and expenses, effective tax rates, returns on working capital, and capital expenditures, among others. The Group also estimates a discount rate and a terminal growth rate in the calculations.

(b) Deferred income tax assets

At December 31, 2008, using the currency rate as at the balance sheet date, the Group did not recognise deferred income tax assets of approximately €107.1 million (at December 31, 2007 approximately €93.1 million) related to temporary tax deductible differences, tax loss carry-forwards and unused tax credits that can be utilised against future taxable income, including €103.4 million (at December 31, 2007 about €90.5 million) related to the U.S. tax position. The decision not to recognise such income tax assets results from management's assessment 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 utilisation of the temporary tax deductible differences, tax loss carry-forwards and unused tax credits will be dependent on the Group's ability to successfully generate taxable income in the carry-forward period. The tax loss carry-forwards and temporary tax deductible differences expire in 8 to 20 years (see Note 11). Any recognition of deferred tax assets in the future may result in material tax benefits in the period in which such determination is made.

(c) 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 recognises 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 of the former Curvalue group entities for which the ultimate tax determination is uncertain and which originated before January 1, 2006 have been fully indemnified by the selling shareholders of Curvalue.

(d) Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made.

The Group is subject to regulatory investigations and civil litigation as set out in Note 33. To the extent that management cannot predict the outcome of these matters with sufficient reliability, a provision has not been recognised in the financial statements for the year ended December 31, 2008 (and 2007). At December 31, 2008, the Group recognised a provision of €2.5 million for legal expenses and settlements that can be reasonably estimated. See Note 24 and Note 33 for details.

Management believes there are valid defences for the claims asserted in the various proceedings and actions described in Note 33. There can be no assurance, however, as to the outcome or timing of the resolution of these matters. The range of possible resolutions could include determinations and judgments against the Group or settlements that could require substantial payments by the Group that could have a material adverse effect on the Group's financial condition, results of operations and cash flows.

(e) Tax receivables

The Group transacts various exchange-related trades which result in tax receivables from various European governments. In general, the Group has been successful in collecting its tax claims. Nonetheless, significant judgment is required to assess the likelihood such receivables will be collected.

At December 31, 2008, the Group has a valuation allowance of €43.2 million related to receivables resulting from trades made in 2008. Under the Group's agreement with GSFS Asset Management B.V. (GSFS), GSFS is entitled to a commission of approximately 50% of the revenues associated with the exchange-related trades made in 2008. Consequently, to the extent the Group is able to collect such tax receivables, it will recognise the related commission to a maximum of €18.9 million.

Any reversal of the allowance in the future, after taking into consideration the related commission, may result in a material benefit to the Group in the period such reversal is made.

6 SEGMENT INFORMATION

6.1 Primary reporting format - business segments

- **Trading Securities Europe** - Trading in equities and equity options from subsidiaries in Amsterdam 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. The liquid segments of the markets where these subsidiaries are active are order-driven markets, which means that they lack an official liquidity provider, and all orders entered into the markets' central limit order books interact freely with each other.
- **Trading Derivatives Europe** - This business segment has licenses to act as a PMM and CMM in options for various classes of equity on NYSE Euronext in Amsterdam. Where the Group acts as a liquidity provider in options, it acts as a Designated PMM by giving quotes. In addition, this segment trades for its own account in futures in Amsterdam, London and Zug. Trading Derivatives Europe also performs arbitrage on the European exchanges, trading futures, options and equities. All main positions are closed at the end of each day, either through direct closing or through appropriate hedging. Furthermore, activities in this segment include proprietary trading and acting as a market maker in listed options on recognised investment exchanges in the United Kingdom with corresponding trading in the relevant cash market.

- **Brokerage Europe** - European brokerage activities involve electronic and voice broking execution services to retail customers, institutional investors and professional traders.
- **Trading US** - This segment trades equity securities as a Designated PMM on the CBOE and it has a proprietary Exchange Traded Funds ('ETF') trading desk.
- **Brokerage US** - Brokerage US activities provide a wide variety of brokerage services.

These business segments are the basis on which the Group reports its primary segment information. 'Holding, Projects & Other' are those Group companies with primarily a (sub-) holding, finance function or projects and is included in the information presented below in order to reconcile the segment information to the consolidated financial statements. Segment information about the Group's continuing operations and discontinued operations is presented below.

	Continuing Operations							Discontinued Operations				Total
(in € millions)	Trading Securities Europe	Trading Derivatives Europe	Brokerage Europe	Trading US	Brokerage US	Holding, Projects & Other	**Total continuing operations**	Trading Securities Europe	Brokerage Europe	Trading US	**Total discontinuing operations**	
Year ended December 31, 2008												
Proprietary trading/market making activities [1]	19.4	121.8	-	(4.6)	-	-	136.6	0.1	-	-	0.1	136.7
Commissions	-	-	4.6	-	6.1	-	10.7	-	1.7	-	1.7	12.4
Revenues	**19.4**	**121.8**	**4.6**	**(4.6)**	**6.1**	**-**	**147.3**	**0.1**	**1.7**	**-**	**1.8**	**149.1**
Operating profit [3]	**(0.7)**	**20.2**	**0.3**	**(11.4)**	**(0.5)**	**(12.7)**	**(4.8)**	**(1.4)**	**(12.6)**	**1.2**	**(12.8)**	**(17.6)**
Capital expenditure	0.4	0.6	0.1	0.6	0.2	2.3	4.2	-	0.1	-	0.1	4.3
Significant non-cash segment expense												
Depreciation of PP&E	0.6	0.5	-	0.1	-	0.6	1.8	-	0.2	-	0.2	2.0
Amortisation of intangible assets	-	2.2	-	0.2	-	0.6	3.0	-	2.3	-	2.3	5.3
Impairment of intangible assets	-	-	-	-	-	-	-	-	3.9	-	3.9	3.9
Impairment of receivables	-	43.2	-	-	-	-	43.2	-	1.5	-	1.5	44.7
Year ended December 31, 2007												
Proprietary trading/market making activities [1]	27.5	59.3	-	2.9	-	-	89.7	10.7	-	-	10.7	100.4
Commissions	-	0.2	8.3	0.3	3.0	-	11.8	0.1	9.1	8.1	17.3	29.1
Specialist activities [2]	-	-	-	-	-	-	-	-	-	7.8	7.8	7.8
Other	-	-	-	0.4	-	-	0.4	-	-	6.6	6.6	7.0
Revenues	**27.5**	**59.5**	**8.3**	**3.6**	**3.0**	**-**	**101.9**	**10.8**	**9.1**	**22.5**	**42.4**	**144.3**
Operating profit [3]	**6.4**	**12.4**	**1.6**	**(4.1)**	**0.2**	**(13.6)**	**2.9**	**(3.6)**	**(5.1)**	**(55.7)**	**(64.4)**	**(61.5)**
Capital expenditure	0.5	0.8	1.3	0.5	-	1.1	4.2	0.6	0.1	0.6	1.3	5.5
Significant non-cash segment expense												
Depreciation of PP&E	0.4	0.4	-	0.1	-	0.3	1.2	0.2	0.1	0.7	1.0	2.2
Amortisation of intangible assets	-	2.2	0.5	0.1	-	0.5	3.3	-	0.3	1.1	1.4	4.7
Impairment of intangible assets	-	-	-	0.4	-	0.2	0.6	0.1	-	38.7	38.8	39.4
Impairment of PP&E	-	-	-	0.2	-	0.1	0.3	0.3	-	1.4	1.7	2.0

1) 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.
2) Revenues from specialist activities consist primarily of net trading income from principal transactions in securities for which the Group acts as a 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.
3) Operating profit per segment is the same as segment result as defined in IAS 14 'Segment reporting'.

Segment assets and liabilities are as follows:

	Continuing Operations							Discontinued Operations				Total
(in € millions)	Trading Securities Europe	Trading Derivatives Europe	Brokerage Europe	Trading US	Brokerage US	Holding, Projects & Other	**Total continuing operations**	Trading Securities Europe	Brokerage Europe	Trading US	**Total discontinued operations**	
At December 31, 2008												
Segment assets	147.5	1,508.4	8.8	98.8	3.6	55.5	1,822.6	-	1.0	-	1.0	1,823.6
Segment liabilities	127.3	1,462.3	1.0	94.4	0.5	72.8	1,758.3	-	1.8	2.5	4.3	1,762.6
At December 31, 2007												
Segment assets	345.2	326.2	17.2	227.7	4.4	74.2	994.9	4.5	28.6	-	33.1	1,028.0
Segment liabilities	317.6	296.9	13.5	134.1	0.5	78.9	841.5	3.2	16.3	-	19.5	861.0

Segment results include operating results which are directly attributable to the business segments of the Group, including impairment charges of goodwill, specialist assignments and property, plant and equipment. Non-trading interest income, finance costs and foreign currency results, as well as the Group's share in the results of associates and income tax expense or benefits are excluded from segment results.

Segment assets and liabilities are operating assets and liabilities directly attributable to the business segments of the Group. Segment assets exclude assets related to taxation. Segment liabilities exclude items such as taxation and corporate borrowings.

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

6.2 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 segment United States of America consists of the business segments Trading US and Brokerage US. The geographical segment Europe consists of Trading Securities Europe, Trading Derivatives Europe and Brokerage Europe.

The following table provides an analysis of the Group's segment revenues, assets, and capital expenditures (additions to property, plant and equipment and intangible assets) by geographical area at and for the year ended December 31, 2008 and December 31, 2007:

	Continuing operations		Discontinued operations		Total	
(in € millions)	2008	2007	2008	2007	2008	2007
Europe	145.8	95.3	1.8	19.9	147.6	115.2
United States	1.5	6.6	(0.0)	22.5	1.5	29.1
Segment revenues	**147.3**	**101.9**	**1.8**	**42.4**	**149.1**	**144.3**
Europe	1,664.7	688.6	1.0	33.1	1,665.7	721.7
United States	102.4	232.1	-	-	102.4	232.1
Segment assets	**1,767.1**	**920.7**	**1.0**	**33.1**	**1,768.1**	**953.8**
Europe	1.1	2.6	0.1	0.7	1.2	3.3
United States	0.8	0.5	-	0.6	0.8	1.1
Segment capital expenditures	**1.9**	**3.1**	**0.1**	**1.3**	**2.0**	**4.4**

7 BUSINESS COMBINATIONS

Acquisition Robbins & Henderson, LLC (renamed VDM Institutional Brokerage, LLC)

On August 1, 2007, the Group acquired 100% of the membership interest in Robbins & Henderson, LLC as part of the Group's strategy to expand the brokerage business. Robbins & Henderson, LLC (renamed R&H Securities, LLC and subsequently renamed VDM Institutional Brokerage, LLC) is included in the segment Brokerage US. The acquisition price consisted of an initial payment of US$2.0 million (€1.5 million) and a deferred earn-out payment for the years 2007 and 2008. The deferred earn-out payment is based on the profitability of VDM Institutional Brokerage, LLC and will be calculated as the total of 35% of 4.5 times the net profit for 2007 and 35% of 4 times the net profit for 2008. The total consideration including costs at the date of acquisition was estimated at €3.7 million paid and to be paid in cash.

The total consideration consisted of:

(in € millions)	
Amount paid in cash	1.5
Estimated deferred payment 2007 and 2008	2.0
Costs related directly to acquisition	0.2
Total consideration including costs as at the date of acquisition	**3.7**

The fair value of the identifiable assets and liabilities of VDM Institutional Brokerage, LLC as at the date of acquisition did not vary from the carrying amounts immediately before the acquisition. Such amounts were as follows:

(in € millions)	
Cash and cash equivalents	0.7
Receivable from clearing organisations and professional parties	0.4
Other current assets	0.1
Due to customers	(0.1)
Other liabilities and accrued expenses	(1.1)
Net assets	**-**
Initial goodwill arising from acquisition	3.7
Total consideration including costs as at the date of acquisition	**3.7**

Based on the actual profitability of VDM Institutional Brokerage, LLC in 2007 and 2008, the Group was required to pay €0.9 million of the estimated total deferred payment of €2.0 million. Consequently, the Group adjusted goodwill by €1.1 million at December 31, 2008. The total goodwill represents the fair value of expected synergies arising from the integration of VDM Institutional Brokerage, LLC in the Brokerage US organisation.

From the date of the acquisition through to the end of 2007, VDM Institutional Brokerage, LLC did not contribute to the net profit of the Group. If the combination had taken place at the beginning of the year, VDM Institutional Brokerage, LLC would have contributed €0.5 million to the net result. Revenues would have increased by €3.0 million.

Minority interest acquisitions

In 2007, the Group reached an agreement with the minority partners of VDM Specialists to acquire the remaining 25% minority interest in VDM Specialists and VDM Trading, LLC for US$7.0 million (€4.7 million) in cash. In December 2007, the Group acquired an additional profit share in Van der Moolen Capital Markets, LLC (‘VDM Capital Markets, LLC’), taking its interest from 50% to 100%. The Group recognised total goodwill of €0.3 million. The goodwill was fully impaired in December 2007.

8 DISCONTINUED OPERATIONS

Discontinued operations in 2008

In August 2008, the Group terminated OnlineTrader, its internet-based direct-access brokerage platform after concluding the activities could not be scaled to the desired levels. The results of OnlineTrader are included in the Discontinued Brokerage Europe segment.

In October, 2008, the Group terminated the trading activities of VDM Energy Trading B.V. due to underperformance. The results of VDM Energy Trading B.V. are included in the Discontinued Trading Securities Europe segment.

Discontinued operations in 2007

In August 2007 the Group terminated its European bond activities (Van der Moolen Obligaties B.V.) after concluding that the activities could not be scaled to the desired levels. Van der Moolen Obligaties B.V. made market in Dutch and selected French, Italian and Belgian fixed income instruments traded on Euronext. Its primary activity was to provide liquidity in these bonds to banks and brokers in order to fill retail order flow. The results of Van der Moolen Obligaties B.V. are included in the Discontinued Trading Securities Europe segment.

In November 2007 the Group decided to terminate its specialist activities (VDM Specialists) after concluding such operations had not succeeded in returning to profitability and would not be able to meet its second half year US target. On December 17, 2007, Van der Moolen Holding N.V. sold all the assets directly related to the US specialist activities to Lehman Brothers Inc. for zero consideration. The agreement included the sale of all specialist assignments and transfer of the majority of staff. As from the date of sale, Lehman Brothers Inc. assumed specialist responsibility for the 308 operating companies on the New York Stock Exchange floor. The results of VDM Specialists are included in the business segment Discontinued Trading US.

In December 2007 the Group terminated the business of Van der Moolen Securities Ltd. ('VDM Securities Ltd.') and VDM Gibraltar Ltd. after concluding that these entities could not meet the desired levels of profitability. The termination of VDM Securities Ltd. was completed December 21, 2007. VDM Gibraltar Ltd. was sold in 2008 for €0.4 million in cash resulting in a loss of €0.1 million. The results of these entities are included in the business segment Discontinued Trading Securities Europe.

The contribution of discontinued operations to the consolidated income statements, consolidated balance sheet and consolidated cash flow statement for the years ended December 31, 2008 and December 31, 2007, is given in the table below:

(in € millions)	2008	2007
Revenues	1.8	42.4
Operating expenses	(14.6)	(106.8)
Operating profit	**(12.8)**	**(64.4)**
Loss on sale of disposal of discontinued operations	0.1	-
Finance costs, net	(1.9)	(27.0)
Loss from discontinued operations before income tax	**(14.6)**	**(91.4)**
Assets		
Property, plant and equipment	-	0.1
Due from clearing organisations and professional parties	-	3.1
Cash and cash equivalents	-	5.8
Assets of disposal group classified as held for sale	**-**	**9.0**
Liabilities		
Due to clearing organisations and professional parties	-	(5.4)
Due to customers	-	(2.5)
Other current liabilities and accrued expenses	-	(1.1)
Liabilities directly associated with assets classified as held for sale	**-**	**(9.0)**
Net assets directly associated with disposal group	-	-
Cash inflow / (outflow) from operating activities	(18.4)	65.5
Cash inflow / (outflow) from investing activities	(6.2)	16.5
Cash inflow / (outflow) from financing activities	(52.6)	(60.7)

On the disposal of a foreign operation, the related cumulative translation adjustment is recognised in profit or loss when the gain or loss on disposal is recognised. Due to the disposal of VDM Specialists in 2007, €14.1 million was reported as a foreign exchange loss. The abandonment of Van der Moolen Securities Limited caused a similar loss of approximately €0.1 million. These losses had no impact on the Group's equity, as they had been previously included in the CTA reserve.

At December 31, 2008, all of the discontinued operations were either sold or abandoned. Accordingly, there are no net assets classified as held for sale at December 31, 2008. At December 31, 2007, only the net assets of VDM Gibraltar Limited were classified as held for sale assets and liabilities. Van der Moolen Obligaties B.V. and VDM Securities Limited were abandoned and VDM Specialists were sold before year end.

9 INTANGIBLE ASSETS

(in € millions)	Goodwill	Specialist assignments	Software	Trading rights	Total other intangibles
At January 1, 2007					
Cost	45.6	86.9	15.7	9.7	112.3
Accumulated amortisation and impairment	-	(67.9)	(4.0)	(1.1)	(73.0)
Net book amount January 1, 2007	**45.6**	**19.0**	**11.7**	**8.6**	**39.3**
Additions (internal development)	-	-	3.1	-	3.1
Additions (through business combinations)	3.7	-	-	-	-
Additions (buy out minority partners)	0.3	-	-	-	-
Amortisation charge - continuing operations	-	-	(2.3)	(1.0)	(3.3)
Amortisation charge - discontinued operations	-	(0.5)	(0.9)	-	(1.4)
Impairment charge - continuing operations	(0.3)	-	(0.3)	-	(0.3)
Impairment charge - discontinued operations	(20.2)	(16.9)	(1.7)	-	(18.6)
Currency translation adjustment	(2.4)	(1.6)	(0.3)	-	(1.9)
Net book amount December 31, 2007	**26.7**	**-**	**9.3**	**7.6**	**16.9**
At December 31, 2007					
Cost	26.7	-	18.5	9.7	28.2
Accumulated amortisation and impairment	-	-	(9.2)	(2.1)	(11.3)
Net book amount December 31, 2007	**26.7**	**-**	**9.3**	**7.6**	**16.9**
Additions (internal development)	-	-	1.4	-	1.4
Amortisation charge - continuing operations	-	-	(1.6)	(1.4)	(3.0)
Amortisation charge - discontinued operations	-	-	(2.3)	-	(2.3)
Impairment charge - discontinued operations	(2.0)	-	(1.9)	-	(1.9)
Purchase price adjustment (Note 7)	(1.1)	-	-	-	-
Currency translation adjustment	0.1	-	0.4	-	0.4
Net book amount December 31, 2008	**23.7**	**-**	**5.3**	**6.2**	**11.5**
At December 31, 2008					
Cost	23.7	-	11.2	9.1	20.3
Accumulated amortisation and impairment	-	-	(5.9)	(2.9)	(8.8)
Net book amount December 31, 2008	**23.7**	**-**	**5.3**	**6.2**	**11.5**

The remaining amortisation periods of the software and trading rights are 2 years and 8 years. respectively.

Goodwill is allocated to the following CGUs:

(in € millions)	Segment	2008	2007
Curvalue Principal Trading	Trading Derivatives Europe	17.3	17.3
Curvalue Brokerage	Brokerage Europe	4.0	6.0
VDM Institutional Brokerage, LLC	Brokerage US	2.4	3.4
Total goodwill		**23.7**	**26.7**

As a result of the termination of OnlineTrader, the Group recognised impairment to the related software of €1.9 million and goodwill of €2.0 million.

As a result of the termination of the Group's specialist activities, the related goodwill of €20.2 million was fully impaired in December 2007. In August 2007, the Group acquired VDM Institutional Brokerage, LLC, recognising €3.7 million in goodwill. In December 2007, the Group acquired an additional profit share in VDM Capital Markets, LLC, taking its interest from 50% to 100%. The Group recognised total goodwill of €0.3 million which was fully impaired in December 2007.

Specialist assignments represented amounts paid for the right to act as a specialist for securities listed on the New York Stock Exchange. Specialist assignments acquired through business combinations prior January 1, 2001 have been written off to equity, net of taxation, in accordance with the exemption provided by IFRS 1. As a result of the termination of the Group's specialist activities, the specialist assignments were fully impaired in December 2007.

Impairment test for goodwill Curvalue Principal Trading and Curvalue Brokerage

The Group performed an impairment test on the carrying value of the goodwill of both Curvalue Principal Trading and Curvalue Brokerage on June 30, 2008. The valuations were carried out in conformity with the Group's policy that an impairment test be performed annually.

The recoverable amount is the higher of its fair value less cost to sell and its value in use. The recoverable amount of goodwill related to both Curvalue Principal Trading and Curvalue Brokerage is based on value in use calculations, using the methods described in Note 5(a). For determining the value in use of goodwill the Group uses discounted cash flow projections based on financial budgets approved by management covering a 3.5 year period for both Curvalue Principal Trading and Curvalue Brokerage. Cash flows beyond these periods assume no growth.

Key assumptions and operating trends used to estimate the value in use were as follows:

	2008	2007
Revenue growth - Trading segment	10% for 2009 and 2010 and 2.5% for 2011	10% for 2008 and 2009 and 2.5% for 2010
Post-tax discount rate - Trading segment	12% (equivalent to a pre-tax rate of 16%)	12% (equivalent to a pre-tax rate of 16%)
Revenue growth - Brokerage segment	17.5% for 2009 and 2010 and 2.5% for 2011	35% for 2008 and 28% for 2009
Post-tax discount rate - Brokerage segment	15% (equivalent to a pre-tax rate of 20.1%)	17% (equivalent to a pre-tax rate of 23%)

The outcome of the calculations based on the key assumptions above resulted in no impairment charge to the carrying value of Curvalue Principal Trading and a €2.0 milion impairment charge to the Curvalue Brokerage goodwill.

Due to the economic developments at the end of the year, the Group performed an impairment test on the carrying value of the goodwill of both Curvalue Principal Trading and Curvalue Brokerage on December 31, 2008. Key assumptions and operating trends used to estimate the value in use were as follows:

	Trading	Brokerage
Revenue growth	10.0% for 2009 and 2010 and 2.5% for 2011	10.0% for 2009 and 2010 and 2.5% for 2011
Post-tax discount rate	12.5% (equivalent to a pre-tax rate of 16.8%)	14.5% (equivalent to a pre-tax rate of 19.5%)

In making its assessment, the Group uses estimates which it considers to be neither too aggressive nor too conservative. If revenue growth would have been 10% less or if the discount rate would have been 10% greater than management's estimates, the Group would have no impairment charge on Curvalue Principal Trading and Curvalue Brokerage.

Impairment test for goodwill VDM Institutional Brokerage. LLC

On December 31, 2008, the Group performed an impairment test on the carrying value of the goodwill related to VDM Institutional Brokerage, LLC. The valuation was carried out in conformity with the Group's policy that an impairment test be performed annually.

The recoverable amount is the higher of its fair value less cost to sell and its value in use. The recoverable amount of goodwill related to VDM Institutional Brokerage, LLC is based on value in use calculations, using the methods described in Note 5(a). For determining the value in use of goodwill the Group uses discounted cash flow projections based on financial budgets approved by management covering a three-year year period. Cash flows beyond the three-year period assume no growth.

Key assumptions and operating trends used to estimate the value in use were as follows:

	2008	2007
Revenue growth	-6% for 2009 and 20% for 2010 and 5% for 2011	0% for 2008 and 10% for 2009 and 2010
Post-tax discount rate	14.3% (equivalent to a pre-tax rate of 27.5%)	12% (equivalent to a pre-tax rate of 23%)

The outcome of the calculations based on the key assumptions above resulted in no impairment charge to the carrying value of VDM Institutional Brokerage, LLC goodwill.

The Group also performed sensitivity analyses by using 10% lower revenues or a 10% greater discount rate in its calculations. This would not have led to an impairment charge.

10 PROPERTY, PLANT AND EQUIPMENT ('PPE')

(in € millions)	Hardware and other	Company cars	Total
At January 1, 2007			
Cost	14.4	0.3	14.7
Accumulated depreciation and impairment	(8.5)	(0.1)	(8.6)
Net book amount January 1, 2007	**5.9**	**0.2**	**6.1**
Additions	2.2	0.2	2.4
Depreciation charge - continuing operations	(1.1)	(0.1)	(1.2)
Depreciation charge - discontinued operations	(1.0)	-	(1.0)
Impairment charge - continuing operations	(0.2)	-	(0.2)
Impairment charge - discontinued operations	(1.7)	-	(1.7)
PPE of disposal group classified as held for sale	(0.1)	-	(0.1)
Divestments	(0.2)	(0.1)	(0.3)
Currency translation adjustment	(0.4)	-	(0.4)
Net book amount December 31, 2007	**3.4**	**0.2**	**3.6**
At December 31, 2007			
Cost	15.1	0.3	15.4
Accumulated depreciation and impairment	(11.7)	(0.1)	(11.8)
Net book amount December 31, 2007	**3.4**	**0.2**	**3.6**
Additions	2.8	0.1	2.9
Depreciation charge - continuing operations	(1.7)	(0.1)	(1.8)
Depreciation charge - discontinued operations	(0.2)	-	(0.2)
Divestments	(0.1)	-	(0.1)
Currency translation adjustment	(0.2)	-	(0.2)
Net book amount December 31, 2008	**4.0**	**0.2**	**4.2**
At December 31, 2008			
Cost	14.6	0.3	14.9
Accumulated depreciation and impairment	(10.6)	(0.1)	(10.7)
Net book amount December 31, 2008	**4.0**	**0.2**	**4.2**

11 DEFERRED INCOME TAX ASSETS AND LIABILITIES

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

(in € millions)	Intangibles written-off to equity	Unused tax losses	Impairment losses	Other	Total
At January 1, 2007	**-**	**4.7**	**10.2**	**1.0**	**15.9**
Reclassifications	(32.7)	31.9	-	-	(0.8)
(Charged) / credited to the income statement	32.7	(25.3)	(9.8)	(0.5)	(2.9)
Currency translation adjustment	-	(0.4)	(0.4)	-	(0.8)
At December 31, 2007	**-**	**10.9**	**-**	**0.5**	**11.4**
Reclassifications to current income tax receivables	-		-	0.2	0.2
Credit to the income statement - continuing operations	-	14.0	-	-	14.0
Credit to the income statement - discontinued operations	-	0.7	-	-	0.7
At December 31, 2008	**-**	**25.6**	**-**	**0.7**	**26.3**

The tax loss carry-forwards at December 31, 2008 expire in 8 to 20 years.

With the sale of VDM Specialists to Lehman Brothers Inc. for zero consideration in 2007, both the book base and the tax base for the related intangible assets were equally impaired. Consequently, the deferred tax asset on the impairment losses at December 31, 2007 was zero. The deferred tax asset of €32.7 million related to the intangibles written off to equity, which had been fully derecognised in 2006, was reclassified to unused tax losses. The tax base for the intangible assets was impaired by €98.0 million.

In connection with the acquisition of Curvalue in 2006, the sellers of Curvalue issued a €4.6 million bank guarantee to indemnify the Group for pre-acquisition tax exposures. In June 2007 the bank guarantee was released. However, the indemnifications in the purchase agreement remain in force.

Deferred income tax assets are recognised for temporary tax deductible differences, tax loss carry-forwards and unused tax credits to the extent that it is probable that future taxable profit will be available against which the temporary tax deductible differences, unused tax losses and tax credits can be utilised before they expire.

At December 31, 2008, using the currency rate as at the balance sheet date, the Group did not recognise deferred income tax assets of approximately €107.1 million (at December 31, 2007 approximately €93.1 million) related to temporary tax deductible differences, tax loss carry-forwards and unused tax credits that can be utilised against future taxable income, including €103.4 million (at December 31, 2007 about €90.5 million) related to the U.S. tax position. Unused U.S. tax losses may be utilised within a period of 20 years.

The amount of unrecognised deferred income tax assets at December 31, 2008 and the average remaining utilisation period before they expire, can be specified as follows (measured at closing rate):

in € millions	Deductible* temporary differences	Unused tax losses	Total
Profit before tax	(33.6)	(204.5)	(238.1)
Unrecognised deferred income tax assets	15.3	91.8	107.1
Ultimate expiry date (after applying utilisation period of tax losses in relevant tax jurisdiction)	20 years	20 years	

* The deductible temporary differences relate among others to intangibles written off through equity.

The movement in deferred income tax liabilities without taking into consideration the offset of balances is as follows:

(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, 2007	**2.4**	**8.0**	**3.8**	**6.3**	**0.9**	**21.4**
Reclassification to current income tax liabilities	-	-	-	(1.1)	-	(1.1)
Charged / (credited) to the income statement	(2.3)	(2.2)	(0.7)	2.6	-	(2.6)
Charged / (credited) to equity	-	(1.6)	-	-	-	(1.6)
Currency translation adjustment	(0.1)	(0.7)	-	-	-	(0.8)
At December 31, 2007	**-**	**3.5**	**3.1**	**7.8**	**0.9**	**15.3**
Reclassification to current tax	-	-	-	(1.9)	-	(1.9)
Charged / (credited) to the income statement	-	(3.4)	(1.1)	14.6	-	10.1
Currency translation adjustment	-	(0.1)	-	-	-	(0.1)
At December 31, 2008	**-**	**-**	**2.0**	**20.5**	**0.9**	**23.4**

As of January 1, 2005, a new US-Netherlands tax treaty took effect that eliminated 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, 2008.

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)	2008 December 31	2007 December 31
Deferred income tax assets		
Deferred income tax assets to be recovered after more than 12 months	26.3	11.4
Deferred income tax assets to be recovered within 12 months	-	-
	26.3	**11.4**
Offset of deferred income tax liability	(11.9)	(5.1)
Net deferred income tax asset	**14.4**	**6.3**
Deferred income tax liabilities		
Deferred income tax liabilities to be settled after more than 12 months	23.4	15.3
Deferred income tax liabilities to be settled within 12 months	-	-
	23.4	**15.3**
Offset of deferred income tax assets	(11.9)	(5.1)
Net deferred income tax liability	**11.5**	**10.2**

(in € millions)	2008 December 31	2007 December 31
Deferred income tax assets comprise of:		
Deferred income tax assets - continuing operations	13.9	6.3
Deferred income tax assets - discontinued operations	0.5	-
	14.4	**6.3**
Deferred income tax liabilities comprise of:		
Deferred income tax liabilities - continuing operations	11.5	10.2
Deferred income tax liabilities - discontinued operations	-	-
	11.5	**10.2**

12 INVESTMENTS IN ASSOCIATES

(in € millions)	CBOE Stock Exchange, LLC	Gibraltar Exchange	Total
At January 1, 2007	**7.6**	**1.7**	**9.3**
Share in result	(0.2)	-	(0.2)
Currency translation adjustment	(0.8)	-	(0.8)
At December 31, 2007	**6.6**	**1.7**	**8.3**
Share in result	(0.3)	-	(0.3)
Disposal	(0.2)	(1.7)	(1.9)
Currency translation adjustment	0.4	-	0.4
Reclassification to Assets held for sale	(6.5)	-	(6.5)
At December 31, 2008	**-**	**-**	**-**

In 2007, the Group had a 20% interest in CBOE Stock Exchange, LLC, a Delaware limited liability company which was formed on July 31, 2006. On January 3, 2008, the Group sold a 0.6% interest in CBOE Stock Exchange, LLC to Lime Brokerage Holdings, LLC for US$0.6 million (€0.4 million). The gain of €0.2 million is included in Share in the results of associates. As a result of the sale, the Group holds a 19.4% interest in CBOE Stock Exchange, LLC. By the end of the year, the Group was committed to the sale of its remaining interest in CBOE Stock Exchange, LLC. As the sale should be completed in 2009, the carrying amount of €6.5 million has been reclassified to Assets held for sale.

In 2007, the Group had a 33.3% in the Gibraltar Exchange, a company incorporated in accordance with the laws of Gibraltar, subject to obtaining certain regulatory permits. The investment represents a bank guarantee issued by the Group of €1.7 million which is included under other current liabilities. In 2008, the Group withdrew its guarantee effectively terminating its investment in the Gibraltar Exchange.

Through the acquisition of Curvalue as at January 2, 2006 the Group acquired 40% ownership of Elite Derivatives Ltd. which was valued at zero as the company had a net deficit. In 2008, the Group sold its interest in the associate without gain or loss.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

(in € millions)	NYSE Euronext shares	ISE Stock Exchange, LLC	Total
Net book amount January 1, 2007	**21.9**	**2.3**	**24.2**
Sale	(7.1)	-	(7.1)
Transfer shares to minority members	(1.4)	-	(1.4)
Fair value change to minority members	(0.3)	-	(0.3)
Fair value change to equity	(2.9)	-	(2.9)
Currency translation adjustment	(1.2)	(0.2)	(1.4)
Net book amount December 31, 2007	**9.0**	**2.1**	**11.1**
Sale	(9.0)	(2.3)	(11.3)
Currency translation adjustment	-	0.2	0.2
Net book amount December 31, 2008	**-**	**-**	**-**

The Group shares in NYSE Euronext were subject to trading restrictions which were lifted in 2008. Consequently, the Group sold its shares in December 2008 for €3.8 million resulting in a loss of €4.1 million. Included in the loss is the associated fair value reserve of €1.1 million reflecting the unrealised gain on such shares prior to their sale.

In June 2006 the Group entered into a subscription agreement with ISE Stock Exchange, LLC for an amount of US$3.0 million (€2.3 million) obtaining a 3% share in ISE Stock Exchange, LLC. In December 2008, the Group sold its interest for US$3.0 million (€2.3 million) and therefore recognised no gain or loss.

14 SECURITIES OWNED AND SECURITIES SOLD, NOT YET PURCHASED

(in € millions)	**December 31, 2008**		**December 31, 2007**	
	Owned	Sold, not yet purchased	Owned	Sold, not yet purchased
Common and preferred shares	899.9	896.0	391.3	366.6
Derivatives	348.9	316.3	209.2	266.2
	1,248.8	**1,212.3**	**600.5**	**632.8**

Based on agreements with the Group's clearing organisations and professional parties, the Group's securities are pledged to clearing organisations, depositories and other financial institutions for the purpose of financing the Group's trading activities. In order to secure payments to the clearing organisations, the Group is also obligated to pledge at first request of these clearing organisations, the current and future receivables connected with its normal business. The clearing organisations are authorised to use the collateral at their own risk and may join the collateral of their assets and other collateral. If the Group does not comply with the first request to deposit or supplement collateral or with requirements such as haircut and Net liq, all debts to the clearing organisations shall become payable and the clearing organisations shall be entitled to proceed with the liquidation of the Group's security position and realise, at its discretion, all collateral or any part thereof without prior warning or notice of default, at such time and in such manner as the clearing organisations deem desirable to recover from the proceeds everything owed to the clearing organisations according to its books, including interest and costs.

At December 31, 2008, securities owned and securities sold, not yet purchased, resulting from the Group's market making activities, include €31.1 million and €31.1 million, respectively, of positions with offsetting market risk, among others in ADRs and the corresponding shares arising as a result of the Group's arbitrage activities.

Derivates held-for-trading

Trading activities in derivatives are entered into for the purpose of generating profits from short term fluctuations in price or margin. Positions may be traded actively or held over a period of time to benefit from expected changes in exchange rates, interest rates, equity prices or other market parameters. Trading includes market making, positioning and arbitrage activities. Market making entails quoting bid and offer prices to other market participants for the purpose of generating revenues based on spread and volume; positioning means managing market risk positions in the expectation of benefiting from favourable movements in prices, rates or indices; arbitrage involves identifying and profiting from price differentials between markets and products.

15 OTHER FINANCIAL ASSETS

In June 2008, the Group entered into a loan agreement establishing the terms of a convertible subordinated loan of €6.0 million. Under the terms of the loan agreement, the Group may convert the loan into shares representing between 20% and 40% of the borrower's share capital at any time within three years from the loan agreement date. Interest on the loan accrues at 10% per annum and is due one month after conversion. Should the Group elect not to convert or be unable to convert, the loan and related accrued interest is due one year after giving notice of its intention not to convert. Although the loan is subordinated to all other creditors, a shareholder of the borrower granted the Group a pledge on his shares in the borrower.

In 2008, the Group concluded the convertible subordinated loan was impaired. At December 31, 2008, the Company recorded an impairment loss of €1.5 million which is included in Finance costs, net in Discontinued operations.

In 2006, the Company advanced a loan of €0.4 million to Elite Derivatives Ltd., at the time an associate of the Company. This loan carries an interest rate of 6.5% per annum and is due on July 31, 2010. During 2006, the Group recognised an impairment loss of €0.2 million. In 2007, the Group determined that it would not be likely that the loan would be repaid by Elite Derivatives Ltd. As a result the loan was fully impaired during 2007 (€0.2 million). During 2008, Elite Derivatives Ltd. paid €0.2 million. No collateral is held for this loan. The remaining provision for this loan amounts to €0.2 million.

16 OTHER CURRENT ASSETS AND PREPAID EXPENSES

(in € millions)	2008	2007
	December 31	December 31
Taxes and social securities	45.8	2.1
Provision for uncollectable amounts	(43.2)	-
Net taxes and social securities	**2.6**	**2.1**
Other	5.8	5.8
Total	**8.4**	**7.9**

During 2008, the Group transacted various exchange-related trades which resulted in tax receivables from various European governments. In general, the Group has been successful in collecting its tax claims. Recently, one of these European governments initiated an investigation into the claims. Under the current economic climate, tax authorities are taking a more aggressive approach in their investigations of tax claims. Although the investigation has not been completed, the Group recorded a provision of €43.2 million related to such receivables.

Under the Group's agreement with GSFS, GSFS is entitled to a commission of approximately 50% of the revenues associated with the aforementioned exchange-related trades. Consequently, to the extent the Group is able to collect such tax receivables, it will recognise the related commission to a maximum of €18.9 million.

17 CASH AND CASH EQUIVALENTS

(in € millions)	2008	2007
	December 31	December 31
Cash at banks and in hand	98.2	75.9
Short-term bank deposits	21.0	13.7
Cash with clearing organisations and other professional parties	311.3	80.8
Highly liquid investments	0.2	95.2
Total	**430.7**	**265.6**

At December 31, 2008, an amount of €68.3 million (2007: €76.3 million) of cash at bank is held with one commercial bank under a cash pooling arrangement that includes bank overdrafts of €66.9 million (2007: €69.7 million).

The short-term bank deposits outstanding at December 31, 2008 have an effective interest rate of 3.5% (2007: 6.5%).

At December 31, 2008, the Group has approximately €39 million (December 31, 2007: €130.0 million) of freely-available cash. The remainder represents amounts that are earmarked for collateralising bank overdrafts within the cash pooling arrangement as set out above, for purposes of collateralising 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)	2008 December 31	2007 December 31	2007 January 1
Cash and cash equivalents	430.7	265.6	114.9
Bank overdrafts	(443.1)	(84.1)	(112.4)
Cash and cash equivalents for cash flow purposes	**(12.4)**	**181.5**	**2.5**

18 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Capital attributable to the Company's equity holders							
	Financing preferred shares		Common shares		Treasury shares		Share premium	Total
(in € milions. except for number of shares data)	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Amounts		
At January 1, 2007	**642,304**	**0.4**	**43,583,962**	**3.5**	**102,182**	**(2.5)**	**230.9**	**232.3**
Acquisition of Curvalue	-	-	1,920,964	0.2	-	-	(0.2)	-
Repurchase and cancellation of financing preferred shares	(251,000)	(0.2)	-	-	-	-	(10.2)	(10.4)
At December 31, 2007	**391,304**	**0.2**	**45,504,926**	**3.7**	**102,182**	**(2.5)**	**220.5**	**221.9**
Acquisition of Curvalue	-	-	1,175,965	0.1	-	-	(0.1)	-
Purchase of treasury shares	-	-	(8,988,115)	-	8,988,115	(29.8)	-	(29.8)
Cancellation of treasury shares	-	-	-	(0.4)	(4,576,125)	13.2	(12.8)	-
At December 31, 2008	**391,304**	**0.2**	**37,692,776**	**3.4**	**4,514,172**	**(19.1)**	**207.6**	**192.1**

Financing preferred shares

The number of authorised and issued financing preferred shares at December 31, 2008 is:

- 1,200,000 cumulative financing preferred shares 'A' with a par value of €0.60 per share, none of which were issued and fully paid up; (December 31, 2007: none);
- 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 up (December 31, 2007: 391,304 shares issued and fully paid up);
- 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 (December 31, 2007: none).

The financing preferred shares are not mandatorily redeemable.

On April 26, 2007, the AGM approved the repurchase and cancellation of all the outstanding financing preferred shares 'A'. As a result, on April 27, 2007, Van de Moolen Holding N.V. repurchased and cancelled all of the outstanding financing preferred shares 'A', being 251,000 shares for €11.3 million. This amount included a dividend of €0.9 million for the period January 1, 2006 until April 27, 2007.

The cumulative financing preferred shares 'B' 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 Prijscourant 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 2008 of €8.82 per share amounts to €3.5 million (2007: €3.4 million). The dividend percentage is re-established each 7 year period; the last time being on April 5, 2006.

The dividend on financing preferred shares is not deductible for corporate income tax purposes.

Common shares

The total authorised number of common shares is 54,000,000 shares at December 31, 2008 (December 31, 2007: 54,000,000 shares) with a par value of €0.08 per share. All issued shares are fully paid up.

On January 2, 2006, the Group acquired 100% of the share capital of Curvalue Beheer B.V. and its subsidiaries (together Curvalue). At the acquisition date, the consideration consisted of an initial cash payment of €5.0 million and 3,803,509 Company shares. In addition, an earn-out was agreed consisting of two payments depending on 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 was settled and consisted of 1,920,964 Company shares and an amount of €940,679 in cash. On January 2, 2008, the second part of the earn-out was settled and consisted of 1,175,965 Company shares. The newly issued shares have selling restrictions varying from 2 to 4 years.

Share premium

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

Treasury shares

In 2008, the Company purchased an additional 8,988,115 shares for €29.8 million of which 4,576,125 shares were cancelled. The purpose of the share buy back was to obtain shares for future incentive plans for VDM staff, further optimise the capital structure of the Group and reduce the cost of capital while retaining sufficient capital to fund growth plans as well as potential acquisitions. At December 31, 2008, Van der Moolen Holding N.V. holds 4,514,172 common shares (2007: 102,182 shares) in its own capital; it has the right to resell these shares at a later date.

Preferred shares

At December 31, 2008, the authorised 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 objective is to safeguard the interests of the Company and its subsidiaries in the event of, for instance, a hostile take over, 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 preferred shares with an aggregate par value 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 carries 7.5 votes. The shares held by the Company (treasury shares) have no voting rights.

Proposed appropriation of result for the year

The following proposal for the appropriation of the Company's result will be presented for shareholder approval at the AGM on May 7, 2009 (in comparison to the appropriation of the Company's result for the year 2007 as adopted at the AGM of May 22, 2008).

(in € millions)	2008	2007
Dividend on common shares	-	-
Added to accumulated deficit	(19.0)	(91.7)
Loss for the year attributable to the Company's common equity holders	**(19.0)**	**(91.7)**

19 RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS

(in € millions)	Fair value reserve	CTA reserve	Financing preferred shares dividend reserve	Accumulated deficit	Total
At January 1, 2007	**3.2**	**(14.7)**	**4.0**	**(9.5)**	**(17.0)**
Result for the year attributable to common equity shareholders	-	14.1	-	(91.7)	(77.6)
Result for the year attributable to financing preferred shareholders	-	-	3.7	-	3.7
Payment financing preferred shares dividend 2006	-	-	(4.3)	-	(4.3)
Realised fair value available-for-sale financial assets, net of tax	(0.4)	-	-	-	(0.4)
Fair value change of available-for-sale financial assets, net of tax	(1.2)	-	-	-	(1.2)
Acquisition of minority interest	-	-	-	4.7	4.7
Currency translation adjustments	(0.5)	(10.8)	-	-	(11.3)
At December 31, 2007	**1.1**	**(11.4)**	**3.4**	**(96.5)**	**(103.4)**
Result for the year attributable to common equity shareholders	-	-	-	(19.0)	(19.0)
Result for the year attributable to financing preferred shareholders	-	-	3.5	-	3.5
Payment financing preferred shares dividend 2007	-	-	(3.4)	-	(3.4)
Fair value reserve recognised on sale of available-for-sale financial assets, net of tax	(1.1)	-	-	-	(1.1)
Currency translation adjustments	-	(1.7)	-	-	(1.7)
At December 31, 2008	**-**	**(13.1)**	**3.5**	**(115.5)**	**(125.1)**

20 SHARE OPTION PLAN

Company employee option plan

The Group's employee option plan was terminated at the beginning of 2003. The following table summarises option activity for the year ended December 31, 2008:

(in €, except for number of options data)	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, 2008	**22,500**	**16.17**	**1.92**	**-**	**-**	**16.17**	**4.63**
Expired	-	16.17	-	-	-	16.17	4.63
Forfeited	-	16.17	-	-	-	16.17	4.63
Outstanding at December 31, 2008	**22,500**	**16.17**	**0.92**	**-**	**-**	**16.17**	**4.63**
Exercisable options	22,500	16.17	0.92	-	-	16.17	4.63

The following table summarises option activity for the year ended December 31, 2007:

(in €, except for number of options data)	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, 2007	**22,500**	**16.17**	**2.92**	**-**	**-**	**16.17**	**4.63**
Outstanding at January 1, 2007	162,080	21.09	0.96	21.00	-	24.79	7.11
Expired	(79,250)	21.09	0.96	21.00	-	24.79	7.11
Forfeited	(82,830)	21.09	0.96	21.00	-	24.79	7.11
Outstanding at December 31, 2007	**22,500**	**16.17**	**1.92**	**-**	**-**	**16.17**	**4.63**
Outstanding at December 31, 2007	-	21.09	0.96	21.00	-	24.79	7.11
Outstanding at December 31, 2007	**22,500**	**16.17**	**1.92**	**-**	**-**	**16.17**	**4.63**
Exercisable options	22,500	16.17	1.92	-	-	16.17	4.63

All the options outstanding during 2008 were already vested at the end of 2005. Consequently, no costs were recognised in 2008 in connection with the employee option plan (2007: nil)

Curvalue stock plan

On January 1, 2006, Mr. Richard E. den Drijver through the RDD Family Foundation granted the employee group of Curvalue a stock award by donating 4% of the consideration he received from the sale of his Curvalue shares to the Company, being 209,707 Company shares. The weighted average fair value of these shares was approximately €0.5 million based on the observable market price of the shares at December 31, 2008.

The conditions under which the Curvalue employees received shares under the Curvalue stock plan were as follows:

1. The donation was only for those personnel who still had an active contractual relation with Curvalue at the moment of the determination of the individual donations, being December 20, 2007;

2. The level of individual donation was at the complete discretion of Mr. Richard E. den Drijver, who determined at his sole discretion the elements relevant for determining the level of the individual donations;
3. The donation will be distributed in 5 tranches during 2008-2012; and
4. If an individual leaves before the end of 2012, the employee will receive cash compensation instead of shares.

Since there is a direct relation between the donation and the employment during the specific period, the Group recognises compensation expense for the granting of shares under this plan. The compensation costs related to this arrangement were less than €0.1 million in 2008 and 2007. The expense recognised does not affect Shareholders' Equity, as there is a corresponding increase in share capital as described in Note 2.20(c). This arrangement has no impact on the participation of common and preferred shareholders, as no additional shares will be issued by the Company.

21 MINORITY INTEREST (EQUITY) AND CAPITAL OF MINORITY MEMBERS (LIABILITIES)

	Equity			Liability
(in € millions)	Minority interest in specialist assignments	Other minority interest	Total Minority interest	Capital of minority members
At January 1, 2007	**4.7**	**-**	**4.7**	**13.7**
Change in minority interest in specialist assignments due to amortisation and impairment (Note 8)	(0.0)	-	(0.0)	-
Other results for the year attributable to minority members	-	(1.8)	(1.8)	-
Allocation of profits to Capital accounts	-	1.8	1.8	(1.8)
Distribution to minority members	-	-	-	(5.6)
Acquisition of 100% interest	(4.7)	-	(4.7)	(6.0)
Fair value change of available-for-sale financial assets (Note 12)	-	-	-	(0.3)
Loan loss provision (Note 30)	-	-	-	1.2
Transfer of available-for-sale financial assets (Note 12)	-	-	-	(1.4)
Interest attributable to Capital Accounts of minority members	-	-	-	0.5
Exchange rate differences	0.0	-	0.0	(0.3)
Net book amount December 31, 2007	**-**	**-**	**-**	**-**

The effective interest rate on the capital accounts of minority members for the year ended December 31, 2007 was 10%.

In 2007, the Group reached an agreement with the minority partners of VDM Specialists to acquire the remaining 25% minority interest in VDM Specialists and VDM Trading, LLC for US$7.0 million (€4.7 million) in cash. As a result, 100% of the results of VDM Specialists and VDM Trading, LLC are included in the Group's results as of 1 April 2007.

At December 31, 2008 no equity nor liability related to minority members were recognised.

22 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 instalments. Amounts of €0.3 million and €0.3 million are due in 2009 and 2010, respectively. The principal amount due in 2009 is classified in short-term borrowings in the consolidated balance sheet (Note 23). The effective interest rate on this loan is 6.25% per annum (2007: 6.25%).

23 SHORT-TERM BORROWINGS

(in € millions)	2008 December 31	2007 December 31
Current portion of long-term borrowings (Note 22)	0.3	0.3
Current portion of subordinated borrowings	-	49.1
	0.3	**49.4**

In 2007, the Group entered into a €15.0 million credit facility for general corporate purposes which expires in October 2009. Amounts available under the facility were reduced by €2.5 million during 2008 in accordance with the original terms of the facility. Except as the lender may otherwise agree, borrowings under the agreement are secured by substantially all of the Group's securities and carry fixed interest charges based on EURIBOR plus 1.5% at the date borrowings are made. There were no amounts borrowed under the credit facility at December 31, 2008 (2007: €nil).

The Group's subordinated borrowings were issued by VDM Specialists to fund minimum net liquidity and capital requirements. With the termination of the specialist activities, the Group was no longer subject to such requirements. The Group consequently repaid the subordinated borrowings in 2008. For this early redemption a make whole penalty of €3.5 million was recognised in 2007.

24 PROVISIONS

Legal provisions

At December 31, 2007 the Group had a provision of €7.0 million primarily for legal expenses relating to the US specialist activities. The Group's financial liability related to these activities arises, in part, from the operating agreement of VDM Specialists. Pursuant to Section 5.5 of such agreement, VDM Specialists is required to advance funds for actual litigation expenses (including legal fees, judgements, fines and amounts paid in settlement) incurred by the relevant members in connection with the proceedings discussed below and in Note 33. As a result of developments during 2008, the Company released €2.8 million during the year. At December 31, 2008, €2.5 million of the provision still remains, including €1.1 million to settle claims and charges in the following proceedings:

(i) Specialist Trading Investigations by SEC and NYSE and criminal charges

On April 12, 2005, the U.S. Securities and Exchange Commission ('SEC') commenced administrative proceedings against the seven former employees of VDM Specialists who were indicted by the U.S. Department of Justice, as well as another employee of VDM Specialists who was not indicted. The New York Stock Exchange ('NYSE') has also brought charges against these former employees of VDM Specialists. The complaint of the SEC alleges trading practices in violation of certain anti-fraud provisions of federal securities laws and of NYSE rules, constituting violations of the Exchange Act. The NYSE complaint generally makes the same allegations. To date, six of the eight former employees of VDM Specialists have settled with the SEC without admitting or denying the allegations against them. In addition, five of the eight former employees of VDM Specialists have settled with the NYSE without admitting or denying the allegations against them, and the NYSE dropped its case against one of the specialists. A hearing on the SEC's administrative charges commenced in February 2008 and was concluded in May 2008. Post hearing briefs have been submitted and the Administrative Law Judge has not yet issued her decision.

(ii) Arbitration against Mill Bridge IV, LLC et al.

In May 2007, three former members of VDM Specialists commenced a NYSE arbitration against Mill Bridge IV, LLC (the parent company of VDM Specialists and a member of the VDM Specialists Management Committee) and seven individual members of the Management Committee of VDM Specialists, alleging a failure by these members to disclose to the minority members of VDM Specialists an alleged offer by Van der Moolen Holding N.V. to purchase the membership interest of these minority members. The matter has been settled in January and March 2009.

(iii) NYSE Investigation of trading in Rockwell Collins Common Stock

The Enforcement Division of NYSE Regulation, VDM Specialists and a former specialist for VDM Specialists have entered into a settlement with respect to allegations that VDM Specialists and the specialist failed to maintain a fair and orderly market and failed to effectively represent certain orders in connection with the opening of the common stock of Rockwell Collins Inc. on July 26, 2007. The settlement calls for a censure and a fine on VDM Specialists, a censure and a fine on the specialist, and an undertaking by VDM Specialists to establish a fund to adjust the price that persons received who sold Rockwell Collins stock on the NYSE on July 26, 2007.

Employee benefits

At December 31, 2007 the Group had a provision of €1.8 million primarily for redundancy payments for the closing down of the equity trading activities in the United Kingdom. After utilising most of the provision during the year, the Group has a remaining provision of €0.3 million. In addition, at December 31, 2008, the Group recognised a provision of €1.5 million for other employee compensation matters.

25 OTHER CURRENT LIABILITIES AND ACCRUED EXPENSES

(in € millions)	2008	2007
	December 31	December 31
Accrued bonuses	26.9	23.0
Employer taxes and social security contributions	1.6	2.8
Trade payables	3.7	2.1
Capital payable to former partners of VDM Specialists	0.7	0.4
Deferred payment - VDM Institutional Brokerage, LLC (Note 7)	-	0.8
Make-whole penalty - redemption of subordinated borrowings (Note 21)	-	3.5
Bank guarantee - Gibralter Exchange (Note 12)	-	1.7
Other	6.8	11.3
	39.7	**45.6**

26 OTHER GAINS AND LOSSES - NET

Other gains and losses primarily represents realised gains and losses on the sale of NYSE shares as well as the recognition of the associated fair value reserve reflecting the unrealised loss on such shares prior to their sale.

27 RETIREMENT BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

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

Retirement benefits - Defined contribution plans

Substantially all of the Group's German, US, UK and Swiss employees as well as certain employees of the Curvalue group in the Netherlands are covered under defined contribution plans. The Group recognised €0.3 million in expenses for these plans in 2008 and 2007.

Retirement benefits - Defined benefit plans

In the Netherlands, various defined benefit plans exist. Defined benefits plans are based on years of service and compensation levels at the time of retirement. The main Dutch plan is a defined benefit average pay plan.

Under the main 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-retirement 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, 2008, 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.

Other long-term benefits

In addition, the Group provides other long-term employee benefits, such as for some employees of a former subsidiary of Van der Moolen Holding N.V.

The amounts recognised in the balance sheet in connection with the Group's defined benefit retirement plans and other long-term benefits are as follows:

(in € millions)	2008	2007
	December 31	December 31
Present value of funded obligations	15.7	15.5
Fair value of plan assets	(16.9)	(16.9)
Excess of plan assets over funded obligations	**(1.2)**	**(1.4)**
Present value of unfunded obligations	-	0.1
Unrecognized actuarial gains	(2.2)	(2.3)
Retirement benefit asset	**(3.4)**	**(3.6)**

The movement of the net asset recognised in the balance sheet is as follows:

(in € millions)	2008	2007
At January 1	3.6	3.5
Total expense recognised in the income statement	(0.6)	(0.2)
Contributions paid by employer	0.4	0.3
At December 31	**3.4**	**3.6**

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

(in € millions)	2008	2007
Discount rate	5.60%	5.50%
Expected return on plan assets (based on risk free rate)	5.60%	4.50%
Expected average rate of compensation increases (including expected inflation rates of 2.5% and 2.0%. respectively)	3.41%	2.91%

Assumptions regarding future mortality experience are based on published statistics, known as 'Pensioentafel 2006'.

The amounts recognised in the income statement in employee benefits expense in connection with the Group's retirement benefit plans and other long-term benefits are as follows:

(in € millions)	2008	2007
Current service cost	0.2	0.2
Interest cost	0.8	0.8
Expected return on plan assets	(0.5)	(0.8)
Recognition/amortisation of actuarial losses/(gains)	0.0	0.0
Other costs	0.1	0.0
Total expense	**0.6**	**0.2**

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

(in € millions)	2008	2007
	December 31	December 31
Opening present value of obligations	15.6	17.6
Current service cost	0.2	0.2
Interest cost	0.8	0.8
Benefits paid	(1.0)	(1.0)
Other	-	(0.1)
Expected present value of obligations (end of year)	**15.6**	**17.5**
Actuarial loss / (gain)	0.1	(1.9)
Closing present value of obligations	**15.7**	**15.6**

Changes in the fair value of and the actual return on plan assets are as follows:

(in € millions)	2008 December 31	2007 December 31
Opening fair value of plan assets	16.8	19.4
Expected return on plan assets	0.5	0.8
Contributions by the employer	0.4	0.3
Benefits paid	(1.0)	(1.0)
Other	0.1	(0.2)
Expected closing fair value of plan assets	**16.8**	**19.3**
Actuarial gain / (loss)	0.1	(2.5)
Closing fair value of plan assets	**16.9**	**16.8**
Expected return on plan assets	0.5	0.8
Actuarial gain / (loss)	0.1	(2.5)
Actual return on plan assets	**0.6**	**(1.7)**

The Group has qualifying insurance policies with two insurance companies in the Netherlands, with S&P ratings of at least A-, to cover its obligations under its defined benefit retirement plans. Under the terms of such policies, the insurance companies are solely responsible for paying benefits to the participants. Consequently, the plan assets primarily represent the Group's rights under such policies (i.e. the present value of the obligations).

In addition, if the actual rate of return on a virtual investment portfolio, primarily Netherlands treasuries, held by the insurance companies exceeds a guaranteed rate of return, the Group is entitled to a share of the difference. These amounts are also included in the plan assets.

Because of the nature of these insurance contracts, there are no separate asset and investment policies. 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.

Historical information about the plan is as follows:

(in € millions)	2008 December 31	2007 December 31	2006 December 31	2005 December 31	2004 December 31
Present value of funded and unfunded obligations	15.7	15.6	17.6	19.6	19.9
Fair value of plan assets	(16.9)	(16.8)	(19.4)	(20.6)	(21.7)
Surplus	**(1.2)**	**(1.2)**	**(1.8)**	**(1.0)**	**(1.8)**

Experience adjustments on plan liabilities (expressed as a percentage of plan liabilities at the end of the year) and plan assets (expressed as a percentage of plan assets at the end of the year) for the year 2008 and for the previous four years are as follows:

	2008 December 31	2007 December 31	2006 December 31	2005 December 31	2004 December 31
Experience adjustments on plan liabilities	0.5%	(10.9%)	(9.6%)	1.4%	0.9%
Experience adjustments on plan assets	0.5%	(13.2%)	(6.7%)	3.7%	5.2%

The Group expects to contribute approximately €0.5 million to its retirement benefit plans in 2009.

28 EMPLOYEE BENEFIT EXPENSE

(in € millions)	2008	2007
Base salaries	17.3	15.1
Social security cost	1.9	2.1
Retirement benefits - defined contribution plans (Note 27)	0.3	0.3
Retirement benefits - defined benefit plans and other long-term benefits (Note 27)	0.5	0.2
Other retirement benefits expense	-	(0.1)
Total fixed employee benefit expense	**20.0**	**17.6**
Employee bonuses - variable compensation	36.6	29.8
Total variable employee benefit expense	**36.6**	**29.8**
Total employee benefit expense	**56.6**	**47.4**

Base salaries include termination benefits amounting to €1.2 million (2007: €2.6 million)

During 2008, the average number of employees was 250 (2007: 338), of which 129 were employed by foreign group companies (2007: 245). The number of employees at December 31, 2008 was 237 (December 31, 2007: 344).

29 GENERAL AND ADMINISTRATIVE EXPENSES

(in € millions)	2008	2007
Professional fees	4.9	6.9
Other general and administrative expenses	7.5	8.4
	12.4	**15.3**

30 INTEREST INCOME AND OTHER FINANCE COSTS

(in € millions)	2008	2007
Intercompany interest income	0.7	6.3
Other interest income	1.5	1.5
Total interest income	**2.2**	**7.8**

The intercompany interest income from discontinued operations is considered income from continuing operations and hence included in interest income. The corresponding intercompany interest expense is included in the result from discontinued operations.

(in € millions)	2008	2007
Credit facility (Note 23)	(0.4)	-
Long-term borrowings (Note 22)	(0.1)	(0.1)
Loan loss provision (Note 15)	0.2	(1.4)
Interest on capital of minority members	-	(0.5)
Other finance expense	(0.8)	(0.5)
Total other finance costs	**(1.1)**	**(2.5)**

Loan loss provision relates to the partial recovery of a loan receivable of €0.2 million (Note 15). In 2007, it is primarily €1.2 million of losses attributable to the minority members of VDM Trading, LLC and VDM Capital Markets, LLC which were absorbed by the Group. The minority members of VDM Trading, LLC were not required to absorb their losses as a result of the Group's acquisition of 100% of VDM Specialists. The minority members of VDM Capital Markets, LLC were not required to absorb their losses as a result of the Group's acquisition of the 100% result share.

31 INCOME TAX (EXPENSE) / BENEFIT

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

(in € millions)	2008	2007
Profit before income tax from continuing operations	(2.2)	4.8
Add: result attributable to minority interest	-	1.8
Profit before income tax from continuing operations for purposes of income tax calculations	**(2.2)**	**6.6**

The income tax expense consists of the following:

(in € millions)	2008	2007
Current income tax	(3.3)	(2.5)
Deferred income tax (Note 11)	4.6	(0.3)
Income tax income/(expense)	**1.3**	**(2.8)**
Less: benefit relating to discontinued operations	(1.6)	(1.9)
Income tax expense from continuing operations	**(0.3)**	**(4.7)**

The 2008 and 2007 weighted average tax rates of 31.8% and 29.4%, respectively, represent the weighted averages of the tax rates in the jurisdictions where the Group operates. The tax rates are weighted based on profit before income tax from continuing operations. For purposes of determining the weighted average, losses before income tax from continuing operations are treated as profits.

A reconciliation between the actual income tax expense and that derived from applying the consolidated weighted average statutory tax rates to the profit before income tax from continuing operations as defined above, is as follows:

(in € millions)	2008	2007
Profit / (loss) before income tax from continuing operations for purposes of income tax calculations	(2.2)	6.6
Weighted average tax rate applicable to the Group	31.8%	29.4%
Income tax expense calculated using domestic tax rates applicable to profits in the tax jurisdictions concerned	**0.7**	**(1.9)**
Capital or other tax payable instead of income tax	(4.9)	(1.9)
Effect of aggregating profits and loss	3.7	1.0
Tax benefit on expense/losses of discontinued operations allocated as continuing business	0.9	-
Derecognition of deferred tax assets	(0.8)	(0.3)
Setoff of deferred tax liability on equity through income statement	-	(1.7)
Expenses not deductible for tax purposes	-	0.1
Other	0.1	-
Income tax expense from continuing operations	**(0.3)**	**(4.7)**

The following factors materially affected the comparison between the effective tax rate and the weighted average applicable tax rate in 2008 and 2007:

Capital tax instead of income tax

As a result of falling under certain taxable income thresholds, the Group's Swiss and US subsidiaries pay taxes based on contributed capital rather than on income. The taxes paid relative to the income from the Swiss subsidiaries decrease the effective tax rate. The effect of the decrease was €1.3 million in 2008 and €0.9 million in 2007. In the US, the taxes paid relative to the income from the US subsidiaries increase the effective tax rate. The effect of the increase was €6.2 million in 2008 and €2.8 million in 2007.

Effect of aggregating profits and loss

Although the weighted average tax rate is based on treating all pre-tax results as profits, various subsidiaries have pre-tax losses. Consequently, the aggregate income tax expense or benefit based on the weighted average tax rate will differ from the aggregate income tax expense or benefit derived from applying the local tax rates to the pre-tax profits and losses.

Tax benefit from losses included in discontinued operations

Certain subsidiaries included in discontinued operations form part of a fiscal unity in the Netherlands. Taxes of the fiscal unity are included in continuing operations. Therefore the tax from continuing operations may reflect the tax effect from the profit or loss of certain discontinued operations.

Derecognition of deferred tax assets

The derecognition of deferred tax assets mainly relates to the Group's tax position in the Netherlands, the United Kingdom and Germany. The derecognition resulted from management's assessment 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 5(b) and 11).

Set off deferred tax liability on equity through income statement

Changes in the fair value of the Group's financial assets that are classified as available-for-sale (primarily the Group's NYSE shares) are recognised in Shareholders' equity, net of the related tax effect. Consequently, the Group recognised a deferred tax liability as the NYSE shares initially increased in value and reduced the deferred tax liability as the NYSE shares subsequently decreased in value. The Group recognised changes in its deferred tax assets as it recognised changes in the value of the deferred tax liability. Unlike the movements in the deferred tax liability that are recognised in Shareholders' equity, the movements in the deferred tax asset are recognised through the income statement.

32 EARNINGS PER SHARE

	2008	2007
Loss attributable to the common equity holders of the Company (in € millions)	(19.0)	(91.7)
Weighted average number of common shares outstanding	40,497,555	46,680,891

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to the common equity holders 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 18). In addition, the weighted average number of shares in 2007 includes the weighted impact of the shares issued in 2008 in connection with the earn-out agreement from the Curvalue acquisition. Such shares were considered issued at January 1, 2007.

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of common shares outstanding to assume conversion or exercise of all dilutive potential common shares. The dilutive effect of share options is nil for 2008 and 2007 as a result of share option exercise prices being higher than the average annual market share price.

33 COMMITMENTS AND CONTINGENT LIABILITIES

33.1 Guarantees

Van der Moolen Holding N.V. has issued a guarantee to third parties for a total amount of €1.0 million in connection with a credit facility of the Stichting. No amounts were drawn under this facility at December 31, 2008 (2007: nil).

In the ordinary course of its business, the Group 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 Group. In addition, the Group provides guarantees to securities clearing and settlement houses and exchanges. These guarantees are generally required under the standard membership agreements such that members are required to guarantee the performance of other members. The terms of this guarantee provide for no limitation to the maximum potential future payments under this guarantee. However, the potential for the Company to be required to make payments under such guarantees is deemed remote.

33.2 Lease obligations (non-cancellable operating leases)

(in € millions)	
2009	2.5
2010	2.0
2011	0.9
2012	0.8
2013	0.8
Later years	3.4
Total minimum lease payments	**10.4**

Certain leases contain renewal options and escalation clauses. Rental expense for the year 2008 amounted to €2.2 million (2007: €2.9 million), and is recognised in general and administrative expenses.

In July 2008, the Company signed a lease for new office space which will house its Dutch operations and corporate headquarters. The Company expects to complete the relocation to this new office during the second quarter of 2009. The Company anticipates that the aggregate cost of the build out of the new office space and relocation costs will be approximately €2.5 million almost all of which will be paid in 2009. Future lease obligation contains an amount of €0.3 million for 2009 and €0.3 million for 2010 for leases relating to office space the Company will no longer use after its relocation.

33.3 Regulatory proceedings and litigation

(a) VDM Specialists USA, LLC

The Group's financial liability related to the activities of VDM Specialists arises, in part, from the operating agreement of VDM Specialists. Pursuant to Section 5.5 of such agreement, VDM Specialists is required to advance funds for actual litigation expenses (including legal fees, judgements, fines and amounts paid in settlement) incurred by the relevant members in connection with the proceedings discussed below. Although the Group has established a provision for legal fees in connection with such proceedings, there can be no assurance that further legal fees over and above this provision will not arise, and such expenses could be material.

(i) Specialist Trading Investigations by SEC and NYSE and criminal charges

On April 12, 2005 seven former employees of Van der Moolen Specialists USA, LLC ('VDM Specialists'), an indirectly owned subsidiary of Van der Moolen Holding N.V., were indicted by the United States Department of Justice 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 of 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 trial and appealed their conviction to the United States Court of Appeals for the Second Circuit (the 'Second Circuit'). Two other 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. On July 30, 2008 the Second Circuit reversed the convictions of the two specialists who had been convicted following trial. In reversing the convictions of securities fraud, the court noted that, at most, the government had proved that the specialists violated a NYSE rule, but that violation of a NYSE rule does not establish fraud in the civil context, let alone in a criminal prosecution. Following the Second Circuit's reversal of the convictions, the United States District Court for the Southern District of New York (the 'District Court'), on August 25, 2008, vacated the convictions of the two specialists who had pleaded guilty. All criminal proceedings arising out of this matter have now been concluded.

(ii) In re NYSE Specialist Securities Litigation

In the fourth quarter of 2003, four putative class actions were filed with the District Court against VDM Specialists and other NYSE specialist firms. In March 2004, a similar suit was filed with the District Court by an individual plaintiff, not purporting to represent a class. One of the class actions and the individual suit also named the NYSE and Van der Moolen Holding N.V. as defendants. In May 2004, the District Court entered an order consolidating the four class actions and the individual action and appointing lead plaintiffs.

Each of these five actions was filed on behalf of plaintiffs who allege that the defendants violated U.S. federal securities law by conducting various improper trading activities to the detriment of pending customer orders. The actions were based on the administrative charges brought by the NYSE and SEC against the specialist firms. The actions seek unspecified restitution and damages.

On November 16, 2004, Van der Moolen Holding N.V., VDM Specialists and the other NYSE 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 N.V., VDM Specialists and the other specialist firms. Initially the claims against the NYSE were dismissed in their entirety but on September 18, 2007 the Court of Appeals for the Second Circuit reversed in part the dismissal of the claims against the NYSE and remanded the matter for further proceedings before the District Court.
On March 14, 2009, the District Court certified a class in this action. VDM Specialists and the other defendants intend to seek an interlocutory appeal of this decision to the Second Circuit. The Second Circuit has discretion whether to accept the appeal.

The Company believes it has substantial defences to this litigation, although the outcome or a range of outcomes of the litigation cannot be predicted at this time. Additionally, whether a class is certified in this case or not, members of the putative class may elect to bring individual claims for damages against Van der Moolen Holding N.V. and VDM Specialists. The likelihood of such litigation and its outcome or range of outcomes cannot be predicted at this time.

(iii) Sea Carriers, LP I v. NYSE Euronext
On June 1, 2007, a putative class action was filed in the District Court by Sea Carriers, LP I and Sea Carriers Corporation against Van der Moolen Holding N.V., VDM Specialists, other NYSE specialists and their affiliates, various large brokerage firms and their affiliates, and NYSE Euronext. On August 20, 2008, counsel for the plaintiffs voluntarily dismissed this action without prejudice.

However, on or about September 29, 2008, a former trader at Sea Carriers Corporation's offices filed a "pro-se" complaint in the District Court. The allegations in the complaint replicate the administrative charges brought by the SEC against the specialist firms and the criminal charges brought by the United States Department of Justice against individual specialists. The former trader further alleges organised, institutional fraud and racketeering, organised institutional criminal enterprise activities across state lines, insider trading, and market manipulation. In addition to NYSE Euronext, the complaint names as additional defendants: seven individuals associated with the NYSE, eight present or former NYSE specialist firms (including VDM Specialists), and some individuals and entities affiliated with the NYSE specialist firms. The complaint alleges damages in excess of US$16 million (€11.5 million). On April 3 2009, the Company received notice of the voluntarily dismissal by the plaintiff.

(iv) In re Short Sale Antitrust Litigation
On October 24, 2006, VDM Specialists was served with an amended complaint in an antitrust class action brought in the District Court against numerous financial institutions alleging that the defendants violated federal antitrust laws and state fiduciary duty law by conspiring to raise borrowing costs for "hard-to-borrow" securities. The defendants filed a motion to dismiss, which was granted by the court. The plaintiff has appealed this decision. The Company believes it has substantial defences to this litigation, although the outcome or a range of outcomes of the litigation cannot be predicted at this time.

(b) U.S. Option Business

Investigations by the Chicago Board Options Exchange and the SEC
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 the Group's 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 & Co, LLC. Cohen, Duffy, McGowan & Co, LLC was closed and dissolved in December 2003.

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 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 Options Exchange or SEC rules.

The outcomes or range of losses arising from these investigations in respect of the Group's U.S. options businesses cannot be reliably estimated at this time. However, the Group does not foresee any further action to be taken.

(c) OnlineTrader

(i) Termination of OnlineTrader activities

In relation to the termination of its OnlineTrader activities as announced on 12 August 2008, a few former clients of Van der Moolen Financial Services SAS ('VDMFS') have made claims against VDMFS for trading losses and other damages alleging, amongst others, undue termination of contract.

The Company believes it has substantial defences to these claims and litigation, although the outcome or a range of outcomes thereof cannot be predicted at this time.

(ii) Other claims relating to OnlineTrader

In January 2008, VDMFS filed an appeal against two former clients (both affiliates of the same party) appealing the judgments in first instance relating to claims for trading losses. Both cases have been joined and the counterparties filed a counter appeal in October 2008. The former clients claim damages for trading losses which they allege result from failure of OnlineTrader software, failure to comply with warning procedures and failure to cut positions.

In addition, one former client has filed a claim with the Tribunal de Commerce in France for erroneous double crediting in October 2008.

The Company believes it has substantial defences to these claims and litigation, although the outcome or a range of outcomes thereof cannot be predicted at this time.

(d) Van der Moolen Effecten Specialist B.V.

On 2 March 2009 the Deutsche Börse started a formal investigation into certain incidental trades made by Van der Moolen Effecten Specialist B.V. It is expected that, following the response of Van der Moolen Effecten Specialist B.V., there will be no fines or disciplinary actions imposed.

(e) Concluding remark

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 the Group or settlements that could require substantial payments by the Group that could have a material adverse effect on the Group's financial condition, results of operations and cash flows.

34 RELATED PARTY TRANSACTIONS

Key Management Compensation

At December 31, 2008, the Supervisory Board of Van der Moolen N.V. had two members (2007: three). They received total remuneration of €0.1 million (2007: €0.2 million). For attendance at meetings of the Audit Committee and the Remuneration and Nominating Committee, committee members received €1,500 per meeting, excluding value added tax (2007: €1,500). The total remuneration of Supervisory Board members in 2008 and 2007 was as follows (all amounts including VAT, where applicable):

(in €)	Supervisory Board Attendance	Audit Committee Attendance	Remuneration and Nominating Committee Attendance	**Total 2008**	Total 2007
G.H. de Marez Oyens (Chairman)	30,982	8,192	1,638	40,812	36,640
J.M. McNally	30,000	-	-	30,000	-
M. Arentsen (resigned May 22, 2008)	24,441	1,935	3,869	30,245	53,432
G.L. van den Broek. Chairman (term expired May 22, 2008)	12,587	1,664	3,329	17,580	48,384
Prof. dr. R.G.C. van den Brink (resigned August 14, 2007)	-	-	-	-	40,561
Total remuneration	**98,010**	**11,791**	**8,836**	**118,637**	**179,017**

The total remuneration of members of the Executive Board in 2008 and 2007 was:

(in €)	Base Salary	Bonuses	Post employment benefits and social security expense	Other short term benefits	**Total 2008**	Total 2007
R.E. den Drijver (Chairman) 1)	447,108	-	49,028	-	496,136	888,033
M. Wolfswinkel 2)	356,469	164,550	50,039	415,275	986,333	448,373
C.F. Rondeltap 3)	-	-	-	-	-	1,423,858
Total remuneration	**803,577**	**164,550**	**99,067**	**415,275**	**1,482,469**	**2,760,264**

1) Mr. Richard E. den Drijver was appointed effective April 5, 2006 and became chairman on May 1, 2006.
2) Mr. M. Wolfswinkel was appointed effective March 1, 2007. He resigned effective July 11, 2008. In accordance with his contractual arrangements, Mr. M. Wolfswinkel received a total severance payment of €329,100.
3) Mr. C. F. Rondeltap resigned effective November 30, 2007. In accordance with his contractual arrangements, Mr. C.F. Rondeltap received a total severance payment of €1,009,957.

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 Family Foundation, a related party to Mr. Richard E. den Drijver, the Chairman of the Company's 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 was 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 were received by the RDD Family Foundation and 396,543 shares were received by persons, or related parties thereof, that are currently employed by the Group or act as its advisor. On January 2, 2008, 1,175,965 shares were issued in connection with the 2006 earn-out, 933,246 of which were received by the RDD Family Foundation and 242,719 shares were received by persons, or related parties thereof, that are currently employed by the Group or act as its advisor.

At December 31, 2008 the RDD Family Foundation held 4,369,017 common shares in the capital of the Company. During 2008, no other members of the Supervisory Board or Executive Board held common shares, financing preferred shares or related options in the capital of the Company.

In 2007, the Group reached an agreement with the minority partners of VDM Specialists to acquire the remaining 25% minority interest in VDM Specialists and VDM Trading, LLC for $7.0 million (€4.7 million) in cash.

For an overview of the movements of the capital of the minority members, reference is made to Note 21.

Compensation to minority members

The former minority members of VDM Specialists and VDM Trading, LLC acted as employees of these entities and hence received salaries, bonuses and related compensation, for which in 2007, €3.4 million was charged to the income statement. In addition, minority members received interest on their capital accounts of €0.5 million in 2007.

Individual members of the Management Committee of VDM Specialists and VDM Trading, LLC received remuneration including interest on their capital accounts of €1.0 million in 2007. This amount includes base salaries of €0.7 million, bonuses of €0.0 million, interest on capital accounts of €0.1 million and other short term benefits of €0.2 million.

Loans due from related parties

Reference is made to Note 15.

Commitments and contingencies

For details of guarantees issued in connection with related parties reference is made to Note 33, Commitments and contingent liabilities.

Reference is made to Note 5 and Note 11 for tax indemnifications issued by related parties.

Major shareholders of the Company (minimum of 5%)

At December 31, 2008, Van der Moolen Holding N.V., due to the treasury shares it holds, qualified as a major shareholder with an ownership interest of over 5% in the Company.

At December 31, 2008, the RDD Family Foundation held an interest of over 5% in the Company. For shares issued in 2008 to the RDD Family Foundation reference is made to Key management compensation above.

At December 31, 2008, Fortis Verzekeringen Nederland N.V. qualified as a major shareholder with an ownership interest of over 5% in the Company.

At December 31, 2007, Fortis Utrecht N.V. qualified as a major shareholder with an ownership interest of over 5% in the Company. During 2007, affiliates of this entity also acted as a clearing organisation for the Company. These services were provided on an arm's length basis. At December 31, 2008, Fortis Utrecht N.V. no longer qualified as a major shareholder.

Former Shareholders Curvalue

Based on the Business Combination Agreement dated October 12, 2005 between the former Curvalue shareholders and Van der Moolen Holding N.V. there is a receivable (€0.5 million) from and a payable (€0.5 million) to the former shareholders of Curvalue. At December 31, 2008 and 2007 the net amount is recognised on the balance sheet as other asset.

List of subsidiaries

All subsidiaries are fully consolidated. All subsidiaries are fully owned unless stated otherwise.

Netherlands
Van der Moolen Effectengroep N.V. [1]
Van der Moolen Effecten Specialist B.V.
Elnam Amsterdam B.V.
VDM Energy Trading B.V. [5]
Van der Moolen Financial Services B.V.
Curvalue Beheer B.V.
Curvalue B.V.
Curvalue II B.V.
Curvalue III B.V.
Cyber Trading B.V.
Finvalue B.V. [1]
Van der Moolen Obligaties B.V. [1]

Germany
Breitmühle GmbH
Tague Securities GmbH
Curvalue Options Trading GmbH
Van der Moolen Beteiligungs GmbH
Curvalue II GmbH

Switzerland
Curvalue A.G.
Neutral Network Trading GmbH

France
Van der Moolen Financial Services SAS

Italy
VDM Italy S.r.l.

Denmark
VDM Kopenhagen Trading ApS [3]
VDM Scandinavia Holding ApS [3]

Gibraltar
Van der Moolen (Gibraltar) Limited [2]

Malta
VDM Malta Holding Limited [3]
VDM Malta Trading Limited [3]

United Kingdom
Van der Moolen Derivatives Limited
Curvalue IV Limited [1]
Van der Moolen International Limited
Maxy Finances One Limited
Curvalue Management Services Limited
Derivatives Trading (No.2) Limited
VDM Global Markets Limited (50%) [4]
Van der Moolen Securities Limited

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 [1]
VDM Capital Markets, LLC
VDM Trading, LLC
VDM Chicago Holdings, LLC (50%)
VDM Chicago, LLC
Curvalue US, LLC [1]
VDM Institutional Brokerage, LLC [6]
Van der Moolen Specialists USA, LLC

Hong Kong
VDM Asia Holding Limited [3]
VDM Hong Kong Trading Limited [3]

United Arab Emirates
Gulf Holding Limited [4]

1) Liquidated during 2008
2) Disposed of during 2008
3) Incorporated during 2008
4) Acquired during 2008
5) Until February 6, 2008, Elnam Dam B.V.
6) Until May 30, 2008 R&H Securities, LLC

35 EVENTS AFTER THE BALANCE SHEET DATE

GSFS

In October 2007, the Group announced an agreement with GSFS to cooperate globally with traditional proprietary arbitrage trading and structured products. In November 2008, the Group announced the intent to acquire a significant stake in GSFS. However, as a result of the decline in the Company's share price since the date of the announcement, the Group concluded that taking such a stake, under the conditions agreed to in November 2008, would not lead to a positive impact on shareholder value. The Group therefore cancelled the transaction. Despite cancelling the transaction, the Group continues to partner with GSFS under the 2007 agreement.

VDM Global Markets

In March 2009, the Group extended its partnership with Sycap Group AB ("Sycap") to develop a forex platform for VDM Global Markets based on a software license agreement. Under the new agreement, the Group will be required to pay management fees and software maintenance costs of €4.4 million through 2013.

Parent Only Financial Statements

Parent Only Balance Sheet (before appropriation of result of the year)

(in € millions)	Note*	2008 December 31	2007 December 31
Assets			
Non-current assets			
Intangible fixed assets	2	21.3	23.3
Tangible fixed assets	3	1.8	0.5
Financial fixed assets	4	150.5	134.8
		173.6	**158.6**
Current assets			
Receivable from Group companies		23.3	9.9
Current income tax receivables		0.4	1.5
Other taxes and social security contributions		1.2	1.1
Other current assets and prepaid expenses		1.1	0.3
Cash and cash equivalents		30.5	40.9
		56.5	**53.7**
Total assets		**230.1**	**212.3**
Equity and liabilities			
Capital and reserves attributable to the Company's equity holders			
Share capital	5	3.6	3.9
Share premium	5	207.6	220.5
Fair value reserve	5	-	1.1
Cumulative translation adjustment reserve	5	(13.1)	(11.4)
Financing preferred shares dividend reserve	5	3.5	3.4
Accumulated deficit	5	(115.6)	(7.3)
Unappropriated result for the year	5	(19.0)	(91.7)
Total equity		**67.0**	**118.5**
Non-current liabilities			
Deferred income tax liabilities	7	0.9	0.9
Long-term borrowings	8	51.1	13.9
		52.0	**14.8**
Current liabilities			
Payable to Group companies		48.1	5.1
Short-term borrowings		0.3	0.3
Bank overdrafts		57.0	68.1
Current income tax liabilities		1.0	1.0
Other taxes and social contributions		0.3	0.7
Other current liabilities and accrued expenses		4.4	3.8
		111.1	**79.0**
Total equity and liabilities		**230.1**	**212.3**

* The notes to the parent only financial statements on pages 102 to 109 are an integral part of these financial statements.

Parent Only Income statement

(in € millions)	Note*	2008	2007
Loss from Group companies after income tax	4	(9.3)	(66.7)
Other income and expenses after income tax		(6.2)	(21.3)
Loss after income tax		**(15.5)**	**(88.0)**

* The notes to the parent only financial statements on pages 102 to 109 are an integral part of these financial statements.

Notes to the parent only financial statements

1 PRINCIPLES FOR THE PREPARATION OF THE PARENT ONLY FINANCIAL STATEMENTS

1.1 General

The parent only statutory financial statements of Van der Moolen Holding N.V. (hereinafter also referred to as the 'parent only financial statements') are part of the 2008 financial statements of Van der Moolen Holding N.V. and are prepared in compliance with the legal requirements of Part 9, Book 2 of the Netherlands Civil Code.

Under article 402 of Part 9, Book 2 of the Netherlands Civil Code, it is sufficient for a company's statutory income statement (page 101) to present only the results from Group companies and other income and expenses, after income tax.

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 N.V. exerts significant influence, is filed in the trade register of the Chamber of Commerce in Amsterdam.

1.2 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 of Part 9, Book 2 of the Netherlands Civil Code to apply the same measurement and recognition policies (including those concerning the presentation of financial instruments as either equity instruments or financial liabilities) as those applied for the consolidated financial statements of Vander Moolen Holding N.V.

From 2005 onwards, the Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter referred to as 'IFRS').

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

1.3 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 parent only balance sheet of the Company. Goodwill acquired through business combinations prior to January 1, 2001 has been written off to Shareholders' Equity, net of taxation, in accordance with the exemption provided by IFRS 1 'First time adoption of international financial reporting standards'. Goodwill acquired through indirect investments in Group companies is capitalised within the carrying value of the entities that have directly acquired these investments (Note 1.4).

1.4 Financial fixed assets

Group companies or 'subsidiaries' are all 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.

When the Company's share of losses in a Group company equals or exceeds its interest in the Group company, including separately presented goodwill, if any, and other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Group company.

Unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 INTANGIBLE FIXED ASSETS

As 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. In 2008, the Company impaired an additional €2.0 million. Refer to Note 9 of the consolidated financial statements.

3 TANGIBLE FIXED ASSETS

(in € millions)	Furniture and fixtures	Company cars	Total
At January 1, 2007			
Cost	4.0	0.3	4.3
Accumulated depreciation and impairment	(3.7)	(0.1)	(3.8)
Net book amount January 1, 2007	**0.3**	**0.2**	**0.5**
Additions	0.2	0.2	0.4
Depreciation charge	(0.1)	(0.1)	(0.2)
Impairment charge	(0.1)	-	(0.1)
Divestments	-	(0.1)	(0.1)
Net book amount December 31, 2007	**0.3**	**0.2**	**0.5**
At December 31, 2007			
Cost	4.1	0.3	4.4
Accumulated depreciation and impairment	(3.8)	(0.1)	(3.9)
Net book amount December 31, 2007	**0.3**	**0.2**	**0.5**
Additions	1.7	0.1	1.8
Deprecation charge	(0.4)	(0.1)	(0.5)
Net book amount December 31, 2008	**1.6**	**0.2**	**1.8**
At December 31, 2008			
Cost	5.8	0.3	6.1
Accumulated depreciation and impairment	(4.2)	(0.1)	(4.3)
Net book amount December 31, 2008	**1.6**	**0.2**	**1.8**

4 FINANCIAL FIXED ASSETS

(in € millions)	Investments in Group companies	Loans receivable	Deferred income tax assets	Retirement benefit plans and other long-term benefits	Total
At January 1, 2007	**165.6**	**43.9**	**3.7**	**3.5**	**216.7**
Loans advanced	-	(8.6)	-	-	(8.6)
Result for the year	(66.7)	-	2.5	-	(64.2)
Acquisition	4.7	-	-	-	4.7
Fair value change on available-for-sale financial assets	(2.1)	-	-	-	(2.1)
Movements in retirement benefit plans	-	-	-	0.1	0.1
Exchange differences	(10.6)	(1.2)	-	-	(11.8)
At December 31, 2007	**90.9**	**34.1**	**6.2**	**3.6**	**134.8**
Loans advanced	-	38.8	-	-	38.8
Result for the year	(9.3)	-	1.6	-	(7.7)
Acquisition	19.2	(30.8)	-	-	(11.6)
Fair value change on available-for-sale financial assets	(2.1)	-	-	-	(2.1)
Movements in retirement benefit plans	-	-	-	(0.2)	(0.2)
Exchange differences	(1.7)	0.2	-	-	(1.5)
At December 31, 2008	**97.0**	**42.3**	**7.8**	**3.4**	**150.5**

Deferred income tax assets

The deferred income tax assets mainly relate to the calculated tax impact of the tax loss carry-forwards allocable to the parent company. Van der Moolen Holding N.V. is head of a fiscal unity of the Dutch entities within the Group. Deferred income tax assets are recognised for temporary tax deductible differences, tax loss carry-forwards and unused tax credits to the extent that it is probable that future taxable profit will be available against which the temporary tax deductible differences, tax loss carry-forwards and unused tax credits can be utilised before they expire. 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.

Retirement benefit plans and other long-term benefits

The employees that are members of the retirement benefit plans or are eligible for other long-term benefits are employed either by the Company or its Dutch operating entities, including Curvalue in 2008. 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 2008 and 2007 were approximately €168,000 and €54,000, respectively. For further information regarding retirement benefit plans and other long-term benefit plans, refer to Notes 27 and 28 to the consolidated financial statements.

5 CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS

General

For the years ended December 31, 2008 and 2007, the capital and reserves attributable to the Company's equity holders included in the parent only financial statements is equal to the capital and reserves attributable to the Company's equity holders as presented in the consolidated financial statements.

(in € millions)	Financing preferred shares		Common shares							
	Nominal Value	Share premium	Nominal Value	Share premium	Fair value reserve	Currency translation adjustment reserve	Preferred financing dividend reserve	Accumu-lated deficit	Unappro-priated result for the year	Total
At January 1, 2007	**0.4**	**51.0**	**3.5**	**179.9**	**3.2**	**(14.7)**	**4.0**	**66.7**	**(78.7)**	**215.3**
Appropriation of result	-	-	-	-	-	-	-	(78.7)	78.7	-
Result for the year	-	-	-	-	-	14.1	-	-	(88.0)	(73.9)
Acquisition of Curvalue	-	-	0.2	(0.2)	-	-	-	-	-	-
Repurchase and cancellation of financing preferred shares	(0.2)	(10.2)	-	-	-	-	-	-	-	(10.4)
Payment financing preferred shares dividend	-	-	-	-	-	-	(4.3)	-	-	(4.3)
Financing preferred shares dividend	-	-	-	-	-	-	3.7	-	(3.7)	-
Realised fair value available-for-sale financial assets, net of tax	-	-	-	-	(0.4)	-	-	-	-	(0.4)
Fair value change of available-for-sale financial assets, net of tax	-	-	-	-	(1.2)	-	-	-	-	(1.2)
Acquisition of minority interests	-	-	-	-	-	-	-	4.7	-	4.7
Currency translation adjustment	-	-	-	-	(0.5)	(10.8)	-	-	-	(11.3)
At December 31, 2007	**0.2**	**40.8**	**3.7**	**179.7**	**1.1**	**(11.4)**	**3.4**	**(7.3)**	**(91.7)**	**118.5**
Appropriation of result	-	-	-	-	-	-	-	(91.7)	91.7	-
Result for the year	-	-	-	-	-	-	-	-	(15.5)	(15.5)
Acquisition of Curvalue	-	-	0.1	(0.1)	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	(29.8)	-	(29.8)
Cancellation of treasury shares	-	-	(0.4)	(12.8)	-	-	-	13.2	-	-
Payment financing preferred shares dividend	-	-	-	-	-	-	(3.4)	-	-	(3.4)
Financing preferred shares dividend	-	-	-	-	-	-	3.5	-	(3.5)	-
Fair value reserve recognised	-	-	-	-	(1.1)	-	-	-	-	(1.1)
Currency translation adjustment	-	-	-	-	-	(1.7)	-	-	-	(1.7)
At December 31, 2008	**0.2**	**40.8**	**3.4**	**166.8**	**-**	**(13.1)**	**3.5**	**(115.6)**	**(19.0)**	**67.0**

Share capital

Authorised and issued share capital

The authorised and issued share capital at December 31, 2008 is:

- 54,000,000 common shares with a par value of €0.08 per share, of which 42,206,948 were issued and fully paid up. Excluding the shares that have been repurchased, the number of common shares issued and outstanding is 37,692,776 (December 31, 2007: 45,607,108 and 45,504,926, respectively);
- 1,200,000 cumulative financing preferred shares 'A' with a par value of €0.60 per share, none of which were issued and fully paid up; (December 31, 2007: none);
- 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 up (December 31, 2007: 391,304 shares issued and fully paid up);
- 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 (December 31, 2007: none).

Treasury shares

In 2008, the Company purchased an additional 8,988,115 shares for €29.8 million of which 4,576,125 shares were cancelled. The purpose of the share buy back was to obtain shares for future incentive plans for VDM staff, further optimise the capital structure of the Group and reduce the cost of capital while retaining sufficient capital to fund growth plans as well as potential acquisitions. As at December 31, 2008, Van der Moolen Holding N.V. holds 4,514,172 common shares (2007: 102,182 shares); it has the right to resell these shares at a later date.

Financing preferred shares

On April 26, 2007, the AGM approved the repurchase and cancellation of all the outstanding financing preferred shares 'A'. As a result, on April 27, 2007, Van der Moolen Holding N.V. repurchased and cancelled all of the outstanding financing preferred shares 'A', being 251,000 shares for €11.3 million. This amount included a dividend of €0.9 million for the period January 1, 2006 until April 27, 2007.

Preferred shares

At December 31, 2008, authorised 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 objective is to safeguard the interests of the Company and its subsidiaries in the event of, for instance, a hostile take over, 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 preferred shares with an aggregate par value 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 carries 7.5 votes.

The movement in the number of shares in 2008 and 2007 is as follows:

	Financing preferred shares	Common shares	Treasury shares
At January 1, 2007	**642,304**	**43,583,962**	**102,182**
Acquisition of Curvalue	-	1,920,964	-
Repurchase of financing preferred shares	(251,000)	-	-
At December 31, 2007	**391,304**	**45,504,926**	**102,182**
Acquisition of Curvalue	-	1,175,965	-
Purchase of treasury shares	-	(8,988,115)	8,988,115
Cancellation of treasury shares	-	-	(4,576,125)
At December 31, 2008	**391,304**	**37,692,776**	**4,514,172**

Currency translation adjustment reserve

From 2005 onwards, the currency translation reserve is a legal reserve established 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.

Until April 1, 2007, the presentation currency of the Company, the Euro, differed from its functional currency, the US dollar. 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. From April 1, 2007 onwards, the functional currency of the Company was changed from the US dollar to the Euro (refer to Note 2.1 and 2.4 to the consolidated financial statements). As a consequence, only CTA movements arise because the functional currency of foreign operations is different from the functional currency of the Company.

The components of the CTA reserve and the movements therein are as follows:

(in € millions)	CTA on net investments in foreign operations	Other CTA	Total
At January 1, 2007	**(9.2)**	**(5.5)**	**(14.7)**
CTA recognised in the income statement	14.1	-	14.1
Currency translation adjustment	(10.6)	(0.2)	(10.8)
At December 31, 2007	**(5.7)**	**(5.7)**	**(11.4)**
Currency translation adjustment	(1.7)	-	(1.7)
At December 31, 2008	**(7.4)**	**(5.7)**	**(13.1)**

Proposed appropriation of result for the year

The following proposal for the appropriation of the Company's result will be presented for shareholder approval at the AGM on May 7, 2009 (in comparison to the appropriation of the Company's result for the year 2007 as adopted at the AGM of May 22, 2008).

(in € millions)	2008	2007
Dividend on common shares	-	-
Added to accumulated deficit	(19.0)	(91.7)
Loss for the year attributable to the Company's common equity holders	**(19.0)**	**(91.7)**

Refer to Page 112 for further details of the Articles of Association with respect to the appropriation of the result.

6 SHARE OPTION PLAN

Details of the share option plan are provided in Note 20 to the consolidated financial statements.

7 DEFERRED TAX LIABILITY

The deferred tax liability in the parent only financial statements relates to the temporary difference on the retirement benefit plans and other long-term benefits (Note 4). Calculated at the statutory tax rate of 25.5%, the deferred tax liability is €0.9 at December 31, 2008 (December 31, 2007: €0.9 million).

8 LONG-TERM BORROWINGS

Long-term borrowings include intercompany loans made during 2008 of €37.5 million. The loans are granted for a period of ten to twelve years and are repayable at maturity.

For other long-term borrowings, refer to Note 22 to the consolidated financial statements.

9 EMPLOYEE INFORMATION

During 2008, the average number of employees was 36 (2007: 23). The number of employees at December 31, 2008 was 39 (December 31, 2007: 28).

10 COMMITMENTS AND CONTINGENT LIABILITIES

Refer to Note 33 to the consolidated financial statements.

11 STATUTORY MANAGEMENT COMPENSATION

The statutory management remuneration is consistent with the Executive Board remuneration as included in the consolidated financial statements. Refer to Note 34 to the consolidated financial statements.

Amsterdam, April 9, 2009

The Executive Board
The Supervisory Board

Other Information

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. In December 2007, we delisted from the NYSE. Our shares are components of the Small Cap Index.

Dividend Policy

We have the obligation to clarify our 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 7 May, 2009.

Principles

Our 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 normalised 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. We strive for a payout ratio of between 40% and 50% of normalised net profit attributable to shareholders of common shares.

Choice of dividend

A feature of our 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.

Shareholders with an interest of 5% or more

Three 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:

- Van der Moolen Holding N.V. (Treasury shares, Note 18)
- Fortis Verzekeringen Nederland N.V.
- RDD Family Foundation

A total of 4,998,684 of our common shares, representing 13.3% of those outstanding on December 31, 2008 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.
- Shareholder information: Investor Relations/Corporate Communications, telephone: +31 20 535 6789, fax: +31 20 535 6744, e-mail:info@nl.vandermoolen.com.

AUDITORS' REPORT

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

Report on the financial statements

We have audited the accompanying financial statements 2008 of Van der Moolen Holding N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the parent only financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, consolidated cash flow statement and the consolidated statement of recognised income and expense for the year then ended, and a summary of significant accounting policies and other notes to the consolidated financial statements. The parent only financial statements comprise the parent only balance sheet as at 31 December 2008, the parent only income statement for the year then ended and the notes to the parent only financial statements.

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 2008, 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 parent only financial statements

In our opinion, the parent only financial statements give a true and fair view of the financial position of Van der Moolen Holding N.V. as at 31 December 2008, 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 f 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 9 2009

for Ernst & Young Accountants LLP
/s/ G. H. C. de Méris

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 the previous sentence 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 authorised 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 reserves 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.

7a 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 "Officiële Prijscourant" 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 share, 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 concerns 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.

7b 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 "Officiële Prijscourant" 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 this 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. 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 and E.

3a 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.

3b 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.

3c 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 reserve 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 5 of the Parent Only Financial Statements for further specification of proposed appropriation of the result 2008.

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 N.V. ('Van der Moolen' or the 'Company') amended its Articles of Association to provide for the future issuance of preferred shares to an unaffiliated foundation called Stichting Van der Moolen. The Stichting's objective is to safeguard the interests of Van der Moolen and its subsidiaries in the event of, for instance, a hostile takeover, by acquiring and managing the preferred shares of Van der Moolen and by exercising the rights attached to those shares, in particular the voting rights.

Van der Moolen 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 N.V. outstanding.

There are currently no preferred shares in issue. In accordance with Article 29 of the Company's Articles of Association, the holders of preferred shares are entitled to a primary dividend and, in accordance with Article 42 of the Company's Articles of Association, the holders of preferred shares have a liquidation preference. No other preferences are attached to these shares. The preferred shares of Van der Moolen Holding N.V. are not convertible into common shares.

Amsterdam, April 9, 2009

Executive Board of Van der Moolen Holding N.V.

Management Board of Stichting Van der Moolen Holding