

OZ Gruppe

OZ Holding

OZ Bankers





2004 Annual Report

Board of Directors, Executive Board and Staff

BOARD OF DIRECTORS OZ HOLDING

Erwin W. Heri (Chairman)

Elfried Hasler

Stefan Holzer

Peter Rüegg

EXECUTIVE BOARD OZ BANKERS AG

Markus Eberle

Peter Rüegg

Lorenzo Trezzini (from January 1, 2005)

Andreas Walther (to December 31, 2004)

STAFF OZ BANKERS AG

Beat Arnold

Ulrich Bender

Denise Camele

Andres Gujan

Alexander Heeb

Karl-Heinz Hoch

Marcel Jordi

Daniel Koller

Béatrice Leutwiler

Reto Peczinka

Daniel Reptsis

Daniel Stemmler

Marco Tinnirello

Christian Waldispühl

Report of the Board of Directors

DEAR SHAREHOLDERS

OZ Group looks back on a demanding yet interesting year. Demanding because the tailwind we enjoyed on the stock markets the year before, fizzled out. Consequently, we were not quite able to generate the profit we did in 2003. On the other hand – and this is particularly interesting – almost 40% of our commission income in 2004 derived from our «new income pillars» corporate finance and asset management. You may remember that we announced about two years ago that we planned to strengthen those parts of our business which promised the most stable income opportunities. We continued on this path in the past year. This meant a lot of basic work – grinding, tough labor which may not appear very glamorous from the outside. This included such tasks as structuring processes, working on and applying for authorization of distribution in the mutual fund business as well as building up the corresponding compliance and risk-management systems.

We want to accompany our clients with expertise and enthusiasm, designing creative solutions for their investment and corporate finance needs. At the heart of our activities lies the Swiss small- and mid-cap segment.

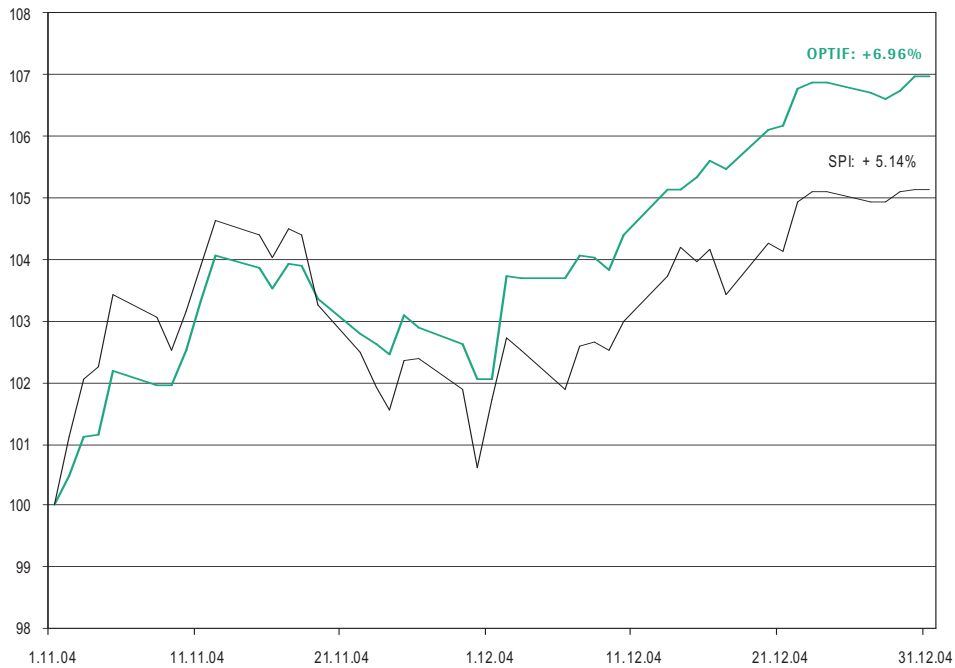
THREE INCOME PILLARS

We systematically continued work on our three income pillars in the past year. In the field of *asset management* we offer active strategies for the Swiss stock and derivative markets through specific products. These are interesting for a growing number of institutional investors who are looking for so-called satellite investments in addition to their core index investments. On today's stock market, active run-of-the-mill management no longer offers added value. Institutional investors generate added value with the help of satellites which they add to their indexed core investments and which are managed by seasoned specialists. This is precisely where the OZ team has long been active.

One example of a derivatives-based mandate is our «Derivative Overlay». Applying systematic writer strategies, this product enables us to improve an indexed stock portfolio's performance by at least as much as the indexing costs – and with practically identical risk. We do not promise fabulous returns, just solid tools for systematic portfolio management.

In order to make our innovative products accessible to a wider investor audience, we launched the OZ Swiss Equities Optimized Fund (OPTIF, securities number 1912.460), a mutual fund under Swiss law, last November. This is the first time we offer investors a public fund. The OZ Swiss Equities Optimized Fund is a perfect instrument for investors in search of a well-balanced core investment in Swiss stocks with a better risk profile than conventional, Swiss Performance Index (SPI®)-based funds. There are two reasons: First, we underweight the stocks of the largest capitalized SPI® companies in favor of medium-sized and smaller companies – the insufficient diversification of the SPI has long been a much talked about but still unsolved problem. Second, we optimize returns by means of a derivatives strategy which is geared to optimize the fund’s return profile in various market environments. In this context, derivatives are always and exclusively used to reduce the portfolio risk. The following chart which shows the fund’s performance from its launch on November 1 to the end of 2004 proves that so far we succeeded. At present, the fund’s volume stands at around CHF 100 million.

OZ Swiss Equities Optimized Fund vs. SPI
Performance since launch, in CHF (SPI adjusted)



Apart from the above-mentioned products, we are also active in the field of alternative investments for our clients. Here, we mostly work with arbitrage strategies based on very diverse investment instruments like stocks, options, bonds and structured products. And all of this exactly where we believe to excel: in the Swiss market. With a moderate cost structure we want to prove that we are not out to make a lot of money fast, riding the latest investment fads; rather, we want to create long-term added value for our clients and, of course, for ourselves as well.

We also progressed nicely in the field of *corporate finance* for smaller and medium-sized companies in Switzerland. Here, we focus on «equity» and «equity-linked» transactions. For instance, we were co-manager for Feintool's convertible issue, co-lead-manager for Swissmetal's capital restructuring, co-manager for Forbo's capital increase and so on and so forth – you will find the individual transactions on the front cover of this annual report.

In *investment consulting* we did not quite meet the results of the previous year. Brokerage suffered from partly thin trading volumes. At the same time, historically low volatility dampened the derivatives business. Nevertheless we were able to improve the issuing business significantly with a total of 47 new options – there is a list of all the options we issued in 2004 on the last two pages of this annual report. We were also very pleased with the issue of certificates on specifically assembled stock baskets – a novelty for OZ. The «Swiss Micro Cap Basket» in the first half of the year was followed by the «Swiss Real Estate Basket» and the «Swiss Dividend Basket» in the second half. All three certificates were successfully placed in the market through partner banks.

We stressed one thing at the beginning of this report: 2004 was a demanding but interesting year. Innovative work at the front and equally sound execution and compliance in the background. We introduced new structures, strengthened financial management with a new chief financial officer and expanded compliance, reporting and auditing. In this respect one thing must be emphasized one more time: Constantly increasing «regulation mania» is a particular burden on small banks which are hit disproportionately. We have come to a point where five to ten percent of our personnel resources are almost exclusively tied down to compliance and regulation – in addition to external and internal auditing which also produce extra cost.

BACK TO THE FIGURES

The measures described above contributed substantially to the development and quality of our commission income of CHF 20.7 million. All of these endeavors were not quite able to offset the lower income from securities. Reaching CHF 10.4 million in 2004 this was CHF 6.4 million below the previous year's figure. But, apart from a rather average stock market year, this also reflects a conscious improvement of our risk profile (risk reduction) which was even accelerated by our stock buy-backs.

Expenses were under control. Despite the fact we hired new employees, personnel expense fell compared to the previous year because of significantly lower profit participation. As expected, the higher number of employees increased administrative costs. For instance, we had to expand our offices to two floors and carry out a number of expansion and renewal investments in IT.

Comparing expenses and income, it becomes obvious that we were again very efficient: With a cost/income ratio of 30.3% we remain far below the average in our industry. The higher number compared to the previous year is mainly due to the lower (volatile) trading income.

Overall we achieved a solid result: Net income for the 2004 fiscal year reached CHF 20.1 million. In relation to the average equity of CHF 180 million this equals a return on equity of 11.20%.

HIGHER DIVIDENDS AND STOCK BUYBACK

Due to the solid profit trend and sufficient equity, the Board of Directors will propose to the Annual General Meeting of OZ Holding on February 23, 2005, to increase the dividend from CHF 1.50 to CHF 2.50 per bearer share. On the basis of the year-end quotation of CHF 73, this corresponds to a return of 3.4%. The Board of Directors plans to keep proposing dividend payments according to the market environment to the Annual General Meeting.

We have repeatedly announced that we would continue capital repayments when it becomes obvious that our strategy changes take effect and, consequently, additional equity is set free. We believe that we are on the right track and have therefore bought back 500,000 OZ bearer shares below market value from a number of institutional investors in the middle of the year. The Board of Directors of OZ Holding will propose to the upcoming ordinary Annual General Meeting to reduce the share capital by CHF 500,000 by canceling the bought back shares. Subject to approval by the Annual General Meeting, OZ Holding will distribute CHF 40 million to its shareholders in this transaction and reduce the number of outstanding bearer shares to 3.5 million. Adjusted for the stock buyback, equity was CHF 160 million or CHF 45.70 per bearer share at the end of 2004.

«ARE WE ALL DEAD IN THE LONG RUN...?»

We look to the future with a certain degree of optimism. Despite all the risks: The economic data are better than the mood. The economy will hardly expand wildly nor will it race downhill – provided there will be no dramatic development on the commodities markets and the U.S. twin deficits (budget and current account deficit) will finally be recognized as a problem on the other side of the Atlantic as well. This kind of environment will keep inflation fears and, consequently long-term interest rates, at bay and offer a reasonable foundation for a moderate development of corporate profits. «Too good to be true?» Perhaps. And certainly there will be short-term drawbacks, and it may take longer than the first quarters of the new year to see positive results. Perhaps we should turn our back on the analysts' and media's frenzy about quarterly results and focus more on long-term perspectives and strategies – «... we're not all dead in the long run!»

Pfäffikon, January 12, 2005

For the Board of Directors



Erwin W. Heri, Chairman

Corporate Governance

GROUP AND SHAREHOLDER STRUCTURE

Group structure

Through OZ Bankers AG, OZ Group specializes in the Swiss equity market, specifically the market for options. Apart from OZ Bankers AG, OZ Holding holds no participations. The scope of consolidation is listed in the notes to the consolidated financial statements on page 21. OZ Holding is domiciled in Freienbach SZ. OZ bearer shares (ISIN CH0001840450) are listed on the SWX Swiss Exchange. The consolidated figures and the market capitalization can be found on page 58.

Major shareholders

Details on the major shareholders can be found on page 27 of OZ Holding's consolidated financial statements.

CAPITAL STRUCTURE

OZ Holding's share capital amounts to CHF 4,000,000, divided into 4,000,000 fully paid bearer shares entitled to dividends and votes with a par value of CHF 1 each. The statement of equity can be found on page 20. Changes in equity in the form of stock buybacks and a split are listed in the consolidated key ratios on page 58. There are no instruments outstanding which would lead to dilution. Employee options were issued by third parties and have no diluting effect. Detailed information can be found on page 28.

BOARD OF DIRECTORS

Erwin W. Heri: Swiss, b. 1954; associate professor for financial market theory at the University of Basel and visiting professor at the University of Geneva; chairman of the investment commission of Publica (federal pension fund); chairman of the board of trustees of the «Winterthur» investment foundation, Winterthur; member of the board of directors of Hilti Inc., Schaan, Ciba Specialty Chemicals Inc., Basel, and Losinger AG, Bern; chairman of the board of directors of OZ Holding and OZ Bankers AG; term of office until 2006 (first elected in 2003).

Elfried Hasler: citizen of Liechtenstein, b. 1965; member of the executive board of Liechtensteinische Landesbank AG (LLB) and responsible for the department of private-banking products; member of the board of directors of various group companies of LLB in Liechtenstein and Switzerland; member of the board of directors of OZ Holding and OZ Bankers AG; term of office until 2006 (first elected in 2003).

Stefan Holzer: Swiss, b. 1961; economist with a doctorate and co-owner of H&H Holding, a company that specializes in managing participations in listed and unlisted companies; member of the board of directors of OZ Holding and OZ Bankers AG; term of office until 2006 (first elected in 2003).

Peter Rüegg: Swiss, b. 1955; member of the executive board of OZ Bankers AG since 1995 and CEO since 2003; member of the board of directors of SenTec AG, Therwil, and ENR Russia Invest SA, Geneva; member of the board of directors of OZ Holding; term of office until 2006 (first elected in 2003).

Election and term of office

The members of the board of directors are elected for a period of three years by the general assembly. Re-election is permitted. The chairman of the board is elected by the board of directors.

Internal organization and regulation of responsibilities

The board of directors is responsible for the strategy; it is also responsible for the overall management, supervision and control of the management of the group. The board of directors had and has no operational functions. There are no board of directors' committees.

Information and controlling instruments

The board of directors meets at least once each quarter. It is informed on a monthly basis about the assets and liabilities, the financial, liquidity and income situation as well as the concurrent risks. The market risk policy is continuously reviewed. This forms the basis for risk management. The board of directors checks the control system and the adherence to the limits as well as to the accounting and reporting principles. These checks are based on the board of directors' own evaluations and on the work of the internal and external auditors.

EXECUTIVE BOARD

OZ Holding's governing bodies are the general assembly, the board of directors and the auditors. There is no executive board provided in the statutes as an additional body.

The executive board of the subsidiary, OZ Bankers AG, is made up of:

Peter Rüegg: Swiss, b. 1955; CEO, responsible for operations; trained as a banker in Switzerland and the U.S.; employed at various banks in Switzerland and Great Britain; member of the executive board of OZ Bankers AG since 1995; member of the board of directors of SenTec AG, Therwil, and ENR Russia Invest SA, Geneva.

Markus Eberle: Swiss, b. 1964; responsible for product development in corporate finance, investment consulting and asset management; lic. rer. pol. University of Bern; member of the executive board of OZ Bankers AG since 1989; member of the board of directors of NEBAG, Zurich.

Lorenzo Trezzini: Swiss, b. 1968; responsible for administration, back office and reporting since January 1, 2005; lic. oec. University of Zurich and Swiss certificate accountant; successfully passed his Ph.D. exam at the University of Zurich; manager at Deloitte & Touche in the field of auditing and at Ernst & Young in corporate finance as well as at Invision AG in venture capital; CFO and member of the executive board of OZ Bankers AG since January 1, 2005.

Andreas Walther: Swiss, b. 1961; responsible for administration, back office and reporting until December 31, 2004; Dr. oec. University of St. Gall (HSG); project and team leader at Alusuisse-Lonza's corporate controlling division; member of the executive board of OZ Bankers AG from 1995 to December 31, 2004; responsible for compliance since January 1, 2005.

COMPENSATION, PARTICIPATIONS AND LOANS

There are no assets or liabilities due from or due to members of the board of directors, the executive board of OZ Bankers AG or major shareholders (previous year: none). The members of the board of directors are paid a fixed fee. The staff members are paid a fixed and a variable remuneration based on the company's result. The total compensation for the non-executive members of the board of directors of OZ Holding, including OZ Bankers AG, amounts to CHF 554,087 (previous year: CHF 520,000). The compensation is paid in the form of OZ Holding shares. The total compensation for the executive members of OZ Holding and the executive board of OZ Bankers AG amounts to CHF 1,808,946 (previous year: CHF 1,889,689). The highest total remuneration for an executive member of the board of directors amounts to CHF 829,911 (previous year: CHF 829,989). The participations of the members of the board of directors and the executive board of OZ Bankers AG in OZ Holding are listed on page 28. All shares and options were purchased at market prices. Every remuneration is determined by the board of directors.

PARTICIPATION RIGHTS OF SHAREHOLDERS

The shareholders' participation rights correspond to the legal requirements of the Swiss Code of Obligations. There are no voting rights restrictions.

CHANGE OF CONTROL AND DEFENSE MEASURES

Opting out

The purchaser of company shares is not obligated to a public purchasing offer according to articles 32 and 52 of the Federal Stock Exchange and Securities Law.

Change of control clauses

There is no contractual compensation for departing members of the board of directors or employees of OZ Group.

AUDITORS

The group financial statements and the annual financial statements of OZ Holding as well as the annual financial statements of OZ Bankers AG are audited by Ernst & Young AG, Bern. The auditors of OZ Holding and the group auditors respectively are elected for one year at the regular annual general meeting. Ernst & Young AG was first elected auditor at the time of the founding of OZ Holding in 1988. Mr. Cataldo Castagna is lead auditor. From 1997 to 2003, the lead auditor was Mr. Jürg Häusler. The change to Mr. Castagna took place due to the regular rotation principle as practiced by the auditing profession. Ernst & Young AG invoiced OZ Group CHF 277,910 for the year 2004 (previous year: CHF 227,680) for services rendered in connection with the audit of the annual report of OZ Holding and OZ Bankers AG, the audit of the group accounts of OZ Group as well as for the audit of OZ Bankers AG in accordance with the Swiss Banking Law. In addition Ernst & Young AG invoiced OZ Group CHF 94,970 (previous year: CHF 59,190) for consulting services in the areas legal, tax, risk and IT.

INFORMATION POLICY

The group balance sheet and income statement are published quarterly according to IFRS standards. In addition to electronic communication, the report is sent to interested parties as printed version or can be retrieved from the homepage www.ozholding.ch. Contact addresses can be found on page 61.



2004 Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
CURRENT ASSETS			
Due from banks		202,768,186	206,890,687
Due from clients		34,071,441	48,509,211
Trading securities	1/2	161,998,306	141,742,000
Accrued and deferred assets		911,238	1,228,290
Total current assets		399,749,171	398,370,188
TOTAL ASSETS		399,749,171	398,370,188

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
LIABILITIES			
Due to banks		12,559,982	49,190,740
Due to clients		131,534,659	155,333,551
Due from trading	1/2	42,418,266	31,054,669
Accrued and deferred liabilities	3	7,347,666	2,497,069
Total liabilities		193,860,573	238,076,029
SHAREHOLDERS' EQUITY			
Share capital		4,198,870	4,000,000 ¹⁾
Own shares		- 4,650,000	- 43,780,000
Retained earnings		206,339,728	200,074,159
Total equity		205,888,598	160,294,159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		399,749,171	398,370,188

1) With the resolution of the annual general meeting on February 18, 2004, the share capital was reduced by CHF 198,870 by canceling 198,870 shares. The board of directors proposes to the annual general meeting on February 23, 2005, to reduce the share capital by CHF 500,000 by canceling another 500,000 shares.

Income Statement

	Notes	Jan. 1 - Dec. 31 2003 CHF	Jan. 1 - Dec. 31 2004 CHF
INCOME			
Profit from securities		16,836,939	10,365,894
Dividend income		1,962,891	3,837,331
Interest income		238,350	317,719
Commission income		23,410,960	20,662,956
Total income		42,449,140	35,183,900
EXPENSES			
Administrative expenses		- 4,029,950	- 4,896,762
Personnel expense	9	- 5,160,517	- 4,941,667
Interest expense		- 52,295	- 98,998
Commission expense		- 2,114,423	- 2,631,499
Total expenses		- 11,357,185	- 12,568,926
Annual profit before tax		31,091,955	22,614,974
Taxes	6	- 5,946,261	- 2,467,100
ANNUAL PROFIT		25,145,694	20,147,874
Profit per (weighted) share	7	6.08	5.82

Cash Flow Statement

	Notes	Jan. 1 – Dec. 31 2003 CHF	Jan. 1 – Dec. 31 2004 CHF
Annual profit		25,145,694	20,147,874
(Increase) decrease in accrued and deferred assets		- 424,575	- 317,052
(Decrease) increase in accrued and deferred liabilities	3	6,605,580	- 4,850,597
(Increase) decrease in trading securities	1	7,762,429	8,892,709
(Decrease) increase in amounts due to clients		55,389,076	23,798,892
(Increase) decrease in amounts due from clients		- 27,001,728	- 14,437,770
Net cash flow provided by operating activities		67,476,476	33,234,056
Repayment of equity		0	- 16,854,233
Change in own shares		1,196,712	- 42,589,775
Dividends		- 6,298,305	- 6,298,305
Cash flow used by financing activities		- 5,101,593	- 65,742,313
(Decrease) increase in «Banks – under 90 days»		62,374,883	- 32,508,257
Position at January 1		127,833,321	190,208,204
Position at December 31		190,208,204	157,699,947
«Banks – under 90 days» consists of amounts due from minus amounts due to:			
Amounts due from banks at sight / callable		129,523,186	55,390,687
Amounts due from banks (under 90 days)		73,245,000	151,500,000
Amounts due to banks at sight / callable		- 12,559,982	- 49,190,740
Total «Banks – under 90 days»		190,208,204	157,699,947
Dividends received		1,962,891	3,837,331
Interest received		238,350	317,719
Interest paid		52,295	98,998
Taxes paid		203,131	7,533,169

Statement of Changes in Equity

	Share Capital	Capital Reserves	Retained Earnings	Own Shares	Total Shareholders' Equity
	CHF	CHF	CHF	CHF	CHF
Position at Jan. 1, 2003	4,198,870	- 3,747,668	194,443,295	- 9,050,000	185,844,497
Dividend payment			- 6,298,305		- 6,298,305
Annual profit			25,145,694		25,145,694
Change in own shares		- 3,203,288		4,400,000	1,196,712
Position at Jan. 1, 2004	4,198,870	- 6,950,956	213,290,684	- 4,650,000	205,888,598
Dividend payment			- 6,298,305		- 6,298,305
Capital repayment	- 198,870		- 16,655,363		- 16,854,233
Annual profit			20,147,874		20,147,874
Change in own shares		- 3,459,775		- 39,130,000	- 42,589,775
Position at Dec. 31, 2004	4,000,000	- 10,410,731	210,484,890	- 43,780,000	160,294,159

Notes

COMMENT ON BUSINESS ACTIVITY

Through OZ Bankers AG, OZ Group specializes in the Swiss equity market, specifically the market for options. The services include trading in Swiss securities, investment consulting, asset management, corporate finance as well as issuing warrants.

BASIC ACCOUNTING PRINCIPLES

The consolidated annual financial statements are based on the individual financial statements of the group companies, prepared on a uniform basis. The accounting of OZ Group is in accordance with the International Financial Reporting Standards (IFRS).

Consolidated Companies

The following incorporated company was included in the consolidation of OZ Holding, Freienbach SZ, Switzerland:

OZ Bankers AG, Freienbach SZ, Switzerland

Share capital of OZ Bankers AG: CHF 20,000,000

Percentage held: 100.0%

Number of employees: 18

Consolidation Date

The balance sheet date is December 31.

Principles of Consolidation

Consolidation is performed under the purchase method. Companies in which OZ Holding holds more than 50% of the voting rights or which are controlled in some other way are fully consolidated. Transactions between group companies are concluded under market conditions. Assets and liabilities as well as, if applicable, intra group profits are eliminated completely in the consolidated financial statements.

Foreign Currency Translation

Transactions in foreign currencies are translated at the daily rate for the date of the transaction. Profits and losses resulting from transactions in foreign currencies are taken through the income statement. Any assets and liabilities in foreign currencies are translated at the rate on the balance sheet date.

Recognition of Income

Income from services is recorded on the date the service is provided. Single transactions, particularly in corporate finance, are recorded when the service is completed. Interests are deferred and recorded as they occur. Dividends are recorded when payments are received.

Change in Accounting and Valuation Principles

None.

Risk Management

The basis of risk management is the risk policy. The risk policy includes the goals, the organizational framework and the risk management process of OZ Group. Risk responsibility is in the hands of the board of directors while the executive board is responsible for the implementation of the risk policy, respectively the management and monitoring of all risks. The business unit «Trading» is responsible for risk management while Controlling is responsible for risk control. The board of directors is regularly informed about the assets and liabilities, the financial, liquidity and income situation as well as the concurrent risks.

Market risk: Market risk includes potential losses from unexpected price changes of financial instruments. The market risk is divided into share price risk, volatility risk, interest rate change risk, commodity risk and currency risk.

OZ Group focuses on the Swiss stock and options market. Consequently, share price risk and volatility risk are most important. The valuation of trading positions and the monitoring of the market risk, including pre-determined limits, are made on a continuous basis and are concentrated at OZ Bankers AG. Securities held for trading and derivative instruments are usually listed or may be valued according to an options valuation model. The derivative financial instruments do not qualify as hedging instruments.

In the issuing business, all OZ options are issued in the Bank's own name but for account of the options writers. In the case of call options, the options writer pledges all underlying securities to OZ Group to secure and cover all liabilities. In the case of put options, the options writer pays OZ Group a margin or delivers a collateral. Issuing commissions are taken through the income statement and are not deferred over their term to maturity.

Liquidity risks: Liquidity risks include the risk that the Bank may not have sufficient liquid assets at its disposal to meet its liabilities. This risk is minimized by keeping easily disposable assets. OZ Group strives at keeping an amount of liquid assets which is significantly higher than the required minimum at all time.

Credit risk: Credit risk means the risk of losses due to the fact that a counterparty does not meet its contractual obligations. With regard to individual clients, credit risk is limited and only entered into if it is covered by securities and offers adequate margins. With regard to professional counterparties, credit risk is only entered with first-class counterparties. OZ Group is not active in the commercial loan business.

Operational risks: Operational risks include all potential losses from operational activities. Such risks may, for example, arise from faulty internal processes, procedures or systems, mistakes by employees or external impacts. Operational risks are limited by the systematic analysis of the major business processes, by organizational measures, by keeping an adequate internal control system as well as by internal regulations and directives. OZ Group's IT systems are constantly modernized.

Principles of Accounting and Valuation

General: All concluded transactions are recorded and valued. Trading securities as well as financial investments are recorded on the trading day. Assets and liabilities due within twelve months are treated as short-term items.

Receivables: Receivables with very short maturities are shown at their nominal value less any valuation adjustments required.

Securities: The securities and options held for trading are valued at market price on the balance sheet date. The resulting capital gains and losses are shown in the income statement under the heading «Profit from securities».

Forward transactions and derivative instruments: Derivative instruments are held for trading purposes. Positive or negative replacement values are shown under the balance sheet headings «Trading securities» or «Due from trading». Trading portfolios are valued at market price on the balance sheet date. Profit on valuation is booked as «Profit from securities».

Property and Equipment: Minor investments into property and equipment are directly expensed. Depreciations are included in administrative expenses.

Accrued and deferred liabilities: Apart from other deferred items, this position specifically includes accruals for capital and income taxes.

Valuation adjustments: Valuation adjustments are made if there are objective signs that receivables may not be received with their corresponding value. The valuation adjustment is made based on the estimated realizable amount. The realizable amount corresponds to the cash value of the expected future cash flows. Valuation adjustments are booked as reductions of the book value of the receivables in the balance sheet and shown under «Valuation adjustments, provisions and losses» in the income statement.

Provisions: Provisions are made, if operationally or legally required, to the extent that relevant commitments, impairments or imminent losses are known at the time the consolidated financial statements are prepared.

Taxes: Deferred taxes are calculated using the comprehensive liability method. In principle, provision is made for annual tax on current profit. Taxes due are either paid or provisioned. Taxes on capital are included in the administrative expenses. The effective tax rate on the annual profit is applied. Deferred tax credits are not capitalized.

Staff Pensions

The employees of OZ Group are part of a collective insurance scheme; therefore the rules for a defined contribution plan are applied.

Notes

		Dec. 31, 2003	Dec. 31, 2004
		CHF	CHF
1. TRADING SECURITIES			
Shares and debt securities	Long	159,848,689	138,189,875
Options	Long	2,149,617	3,552,125
<i>Total shares, debt securities and options</i>	<i>Long</i>	<i>161,998,306</i>	<i>141,742,000</i>
Shares	Short	- 4,967,288	- 12,346,875
Options	Short	- 37,450,978	- 18,707,794
<i>Total shares and options</i>	<i>Short</i>	<i>- 42,418,266</i>	<i>- 31,054,669</i>
Net trading securities		119,580,040	110,687,331

2. DERIVATIVE INSTRUMENTS (TRADING SECURITIES)

Replacement values (maturity)	< 3 Months		3-12 Months		1-5 Years		Total	
	positive	negative	positive	negative	positive	negative	positive	negative
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
<i>Equities / Indexes</i>								
Options (OTC)	21,275	770,315	2,932,778	5,184,952	223,463	9,487,506	3,177,516	15,442,773
Options (exchange traded)	90,280	1,113,953	145,768	1,516,576	138,561	634,492	374,609	3,265,021
Total Dec. 31, 2004	111,555	1,884,268	3,078,546	6,701,528	362,024	10,121,998	3,552,125	18,707,794
Total Dec. 31, 2003	545,534	13,742,894	1,580,033	23,333,463	24,050	374,621	2,149,617	37,450,978

All derivative instruments are valued at «fair value».

There are no netting agreements.

Contract volume	Total
	CHF
<i>Equities / Indexes</i>	
Options (OTC)	136,970,875
Options (exchange traded)	58,498,507
Total Dec. 31, 2004	195,469,382
Total Dec. 31, 2003	206,503,895

3. ACCRUED AND DEFERRED LIABILITIES

	Jan. 1, 2004	Utilized / released in accordance with designated purpose	Newly formed and charged to income statement	Released and credited to income statement	Dec. 31, 2004
	CHF	CHF	CHF	CHF	CHF
Current taxes on income	6,185,163	- 7,266,102	2,572,645	- 17,388	1,474,318
Taxes on capital	111,075	- 267,067	238,352	- 44,078	38,282
<i>Total accrued taxes</i>	<i>6,296,238</i>	<i>- 7,533,169</i>	<i>2,810,997</i>	<i>- 61,466</i>	<i>1,512,600</i>
Other deferrals (liabilities)	1,051,428	0	984,469	- 1,051,428	984,469
Total	7,347,666	- 7,533,169	3,795,466	- 1,112,894	2,497,069

4. DEFERRED TAXES

	Jan. 1, 2004	Utilized / released in accordance with designated purpose	Newly formed and charged to income statement	Released and credited to income statement	Dec. 31, 2004
	CHF	CHF	CHF	CHF	CHF
Deferred taxes	0	0	0	0	0
Total	0	0	0	0	0

Losses from seven previous years may be net with taxable net profit.

The resulting tax effect of CHF 761,915 in 2004 (previous year: CHF 761,915) was not capitalized.

5. MATURITY STRUCTURE OF CURRENT ASSETS AND BORROWED FUNDS

	At Sight	Callable	Within 3 Months	After 3 Months Up to 12 Months	After 12 Months Up to 5 Years	Total
<i>Current assets</i>						
Due from banks	55,390,687	0	151,500,000	0	0	206,890,687
Due from clients	0	43,510,699	4,998,512	0	0	48,509,211
Securities trading portfolio	141,742,000	0	0	0	0	141,742,000
Accrued and deferred assets	0	0	1,228,290	0	0	1,228,290
Total current assets	197,132,687	43,510,699	157,726,802	0	0	398,370,188
Total current assets previous year	292,432,730	34,071,441	73,245,000	0	0	399,749,171
<i>Borrowed funds</i>						
Due to banks	2,839,548	46,351,192	0	0	0	49,190,740
Due to clients	67,737,813	9,499,521	40,500,000	15,014,498	22,581,719	155,333,551
Due from trading	31,054,669	0	0	0	0	31,054,669
Accrued and deferred liabilities	0	0	2,497,069	0	0	2,497,069
Total borrowed funds	101,632,030	55,850,713	42,997,069	15,014,498	22,581,719	238,076,029
Total borrowed funds previous year	160,496,301	0	33,364,272	0	0	193,860,573

	Jan. 1 – Dec. 31 2003 CHF	Jan. 1 – Dec. 31 2004 CHF
6. INCOME TAXES		
Current taxes on income	6,188,426	2,749,530
Reclassification of taxes on capital to administrative expenses	- 242,165	- 282,430
Total income taxes	5,946,261	2,467,100
Analysis of income tax charges		
Profit before taxes	31,091,955	22,614,974
Expected income tax rate	18,0%	18,0%
Expected income tax	5,596,552	4,070,695
Impact of diverging tax rates	- 2,640,913	- 2,050,991
Back taxes from previous years ¹⁾	2,990,622	447,396
Effective tax on income	5,946,261	2,467,100
Effective income tax rate	19,1%	10,9%

Losses from seven previous years may be net with taxable net profit.

The resulting tax effect of CHF 761,915 in 2004 (previous year: CHF 761,915) was not capitalized.

¹⁾ The new assessment of the holding privilege by the tax authorities resulted in net tax charges of CHF 447,396 in 2004 (previous year: CHF 2,990,622).

	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
7. PROFIT PER SHARE (WEIGHTED)		
Profit	25,145,694	20,147,874
Outstanding bearer shares (weighted)	4,198,870	4,016,573
minus own shares	- 61,460	- 557,700
Outstanding bearer shares (weighted) for calculation	4,137,410	3,458,873
Profit per share (weighted)	6.08	5.82
There are no instruments outstanding that would dilute profit per share. Profit per share: group profit divided by the number of outstanding bearer shares.		
8. PLEDGED ASSETS		
Securities pledged as collateral under covered warrant agreements	15,652,500	2,000,000
Due from banks	70,485,580	61,270,871

9. PENSION SCHEMES (DEFINED CONTRIBUTION SYSTEM)

From an actuarial point of view, there are no claims on or liabilities to the pension fund schemes. The employer contribution (obligatory and over-obligatory) amounts to CHF 280,406 for 2004 (previous year: CHF 184,321) and is booked to personnel expense. Per balance-sheet date, there were no liabilities due to pension schemes (previous year: CHF 448,809). These amounts are shown in the balance sheet under «Due to clients».

10. BOARD OF DIRECTORS AND MAJOR SHAREHOLDERS

There are no claims from or liabilities due to the directors or major shareholders (previous year: none). Total expenses of the board of directors of OZ Group were CHF 581,997 in 2004 (previous year: CHF 540,248). The directors' interests in OZ Holding are listed on page 28. The board of directors will propose the approval of the financial statements to the annual general meeting on February 23, 2005.

	Dec. 31, 2003	Dec. 31, 2004
11. SHAREHOLDER STRUCTURE		
<i>Shareholders holding more than 5% of the share capital</i>		
Liechtensteinische Landesbank Aktiengesellschaft, Vaduz	<10.00%	<10.00%
Zürcher Kantonalbank, Zurich	<10.00%	<10.00%
OZ directors and staff (shares and options)	15.24%	9.55%
Bâloise Holding, Basel	<10.00%	n/a
<i>Shareholders holding 10% or more of the share capital</i>		
Pension fund of the Siemens companies in Switzerland, Zurich (including further pension institutions of Siemens in Switzerland)	<20.00%	<20.00%
OZ Holding (shares bought back for capital reduction) ¹⁾	0	12.50%

12. POST-BALANCE-SHEET EVENTS

There are no post-balance-sheet events to report.

1) The board of directors proposes to the ordinary annual general meeting on February 23, 2005, to reduce the share capital by 12.5% by canceling 500,000 shares.

Staff Participation

Dec. 31, 2003

Dec. 31, 2004

	Shares	Options	Total Percentage	Shares	Options	Total Percentage
Non-executive members of the board of directors of OZ Holding	23,317	10,000	0.79%	30,241	20,000	1.25%
Executive members of the board of directors of OZ Holding and members of the executive board of OZ Bankers AG	237,723	162,550	9.54%	184,562	49,420	5.85%
Staff of OZ Bankers AG	53,694	152,450	4.91%	50,220	47,630	2.45%
Total	314,734	325,000	15.24%	265,023	117,050	9.55%

Options conditions

All shares are backed by a covered warrant agreement with third parties and have no diluting effect. The options originate from a number of different series and were issued for the account of third parties. One option entitles the holder to subscribe one OZ bearer share. All shares and options were purchased at market prices.

Time of issue	Maturity	Ratio	Strike price
November 2002	December 2005	1:1	97.00
January 2004	January 2006	1:1	88.00

Group Auditors' Report



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To the general meeting of
OZ Holding, Freienbach

Berne, January 12, 2005

Report of the group auditors

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows and notes / pages 16 to 28) of OZ Holding for the year ended December 31, 2004.


These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd


Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)


Rolf Scheuner
Swiss Certified Accountant

■ Niederlassungen in Aarau, Baden, Basel, Bern, Genf, Kreuzlingen, Lausanne, Lugano, Luzern, Neuenburg, St. Gallen, Zug, Zürich.
■ Mitglied der Treuhand-Kammer



2004 Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
CURRENT ASSETS			
Due from clients		0	1,200,000
Due from group companies	1	28,785,724	3,116,680
Trading securities	1	37,527,495	15,034,500
Own shares ¹⁾		0	36,500,000
Accrued and deferred assets		766,580	455,542
Total current assets		67,079,799	56,306,722
FIXED ASSETS			
Participation	4	20,000,000	20,000,000
Total fixed assets		20,000,000	20,000,000
TOTAL ASSETS		87,079,799	76,306,722

1) Set aside for the capital reduction (subject to approval by the annual general meeting on February 23, 2005).

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
LIABILITIES			
<i>Current</i>			
Due to clients		9,319,200	194,000
Accrued and deferred liabilities		126,188	349,443
Total current liabilities		9,445,388	543,443
Total liabilities		9,445,388	543,443
SHAREHOLDERS' EQUITY			
Share capital	5	4,198,870	4,000,000
General legal reserve		1,000,000	1,000,000
Reserve for own shares	6	4,650,000	43,780,000
Free reserves		69,823,830	5,638,468
Retained earnings			
Profit carried forward from previous year		63,616	63,406
Annual loss / profit		- 2,101,905	21,281,405
Total shareholders' equity		77,634,411	75,763,279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		87,079,799	76,306,722

Income Statement

		Jan. 1 – Dec. 31 2003 CHF	Jan. 1 – Dec. 31 2004 CHF
INCOME			
Loss / profit from securities		- 2,398,289	2,588,878
Financial income		849,799	19,596,282
Total loss / income		- 1,548,490	22,185,160
EXPENSES			
Administrative expenses		- 169,339	- 239,321
Personnel expense		- 297,350	- 313,783
Financial expense		- 11,694	0
Commission expense		0	- 47,363
Taxes		- 75,032	- 303,288
Total expenses		- 553,415	- 903,755
ANNUAL LOSS / PROFIT		- 2,101,905	21,281,405

Notes

Notes to the Financial Statements

	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
1. PLEDGED ASSETS		
Securities pledged as collateral under covered warrant agreements	15,652,500	2,000,000
Due from group companies	28,785,724	3,116,680
2. GUARANTEES IN FAVOR OF THIRD PARTIES		
Total guarantees in favor of OZ Bankers AG amount to CHF 40,147,921 (previous year: CHF 0).		
3. LONG-TERM ASSETS		
<i>Property and equipment</i>		
Since holdings of property and equipment are negligible, no details are supplied.		
4. PARTICIPATION		
<i>OZ Bankers AG, Freienbach SZ, Switzerland (banking)</i>		
Share capital	20,000,000	20,000,000
Book value	20,000,000	20,000,000
Interest held (percentage of capital and votes)	100%	100%
5. SHARE CAPITAL		
Number of bearer shares issued ¹⁾	4,198,870	4,000,000
Share capital	4,198,870	4,000,000
Par value per share	1	1
6. OWN SHARES		
Shares bought back for capital reduction ²⁾	0	500,000
Number of shares ³⁾	61,460	57,700
Reserve for own shares	4,650,000	43,780,000

1) In January 2004, 198,870 shares were bought back on the part of OZ Holding at an average price of CHF 84.75 each and subsequently canceled by a resolution of the annual general meeting of February 18, 2004.

2) In July 2004, another 500,000 shares were bought back on the part of OZ Holding at an average price of CHF 78.00 for the purpose of a capital reduction. The board of directors will propose to the ordinary annual general meeting of February 23, 2005, to reduce the share capital by CHF 500,000 by canceling 500,000 shares.

3) In the year 2004, 1,176,717 shares were purchased at CHF 83.17 each and 1,180,477 shares were sold at CHF 80.78 each (average prices).

	Dec. 31, 2003	Dec. 31, 2004
7. SHAREHOLDER STRUCTURE		
<i>Shareholders holding more than 5% of the share capital</i>		
Liechtensteinische Landesbank Aktiengesellschaft, Vaduz	<10.00%	<10.00%
Zürcher Kantonalbank, Zurich	<10.00%	<10.00%
OZ directors and staff (shares and stock options)	15.24%	9.55%
Bâloise Holding, Basel	<10.00%	n/a
<i>Shareholders holding 10% or more of the share capital</i>		
Pension fund of the Siemens companies in Switzerland, Zurich (including further pension institutions of Siemens in Switzerland)	<20.00%	<20.00%
OZ Holding (shares bought back for capital reduction)	0	12.50%

Proposal of the Board of Directors to the Annual General Meeting

	2003 CHF	2004 CHF
APPROPRIATION OF RETAINED EARNINGS		
Profit carried forward from previous year	63,616	63,406
Annual loss / profit	- 2,101,905	21,281,405
Accumulated loss / profit	- 2,038,289	21,344,811
Drawing on / allocation to free reserves	8,400,000	- 12,531,311
<i>Subtotal</i>	<i>6,361,711</i>	<i>8,813,500</i>
Dividend / Dividend on capital entitled to dividend payments	- 6,298,305	- 8,750,000
BALANCE TO BE CARRIED FORWARD	63,406	63,500
Dividend per bearer share entitled to dividend payments	1.50	2.50

Auditors' Report



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To the general meeting of
OZ Holding, Freienbach

Berne, January 12, 2005

Report of the statutory auditors

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 32 to 36) of OZ Holding for the year ended December 31, 2004.


These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.


Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd


Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)


Rolf Scheuner
Swiss Certified Accountant

■ Niederlassungen in Aarau, Baden, Basel, Bern, Genf, Kreuzlingen, Lausanne, Lugano, Luzern, Neuenburg, St. Gallen, Zug, Zürich.
■ Mitglied der Treuhand-Kammer



2004 Annual Report

Report of the Board of Directors

DEAR SHAREHOLDERS

In 2004, OZ Bankers AG generated a profit of CHF 10.9 million (previous year: CHF 24.0 million). The decline was mainly due to lower income from (volatile) trading. On the other hand, we were able to increase income from our «new income pillars» corporate finance and asset management. In other words: We are moving precisely on the path to stabilizing our income situation as we announced a couple of years ago.

In our commission and fee business we posted revenues of CHF 20.7 million in 2004 (CHF 23.5 million) while incurring expenses of CHF 2.6 million (CHF 2.1 million), resulting in a net income of CHF 18.1 million (CHF 21.4 million). With 47 (28) new options we clearly passed the year-earlier figure. Interest operations contributed CHF 2.5 million (CHF 1.3 million) while trading added 1.8 million (CHF 16.0 million). Administrative expenses rose slightly from CHF 8.3 million to CHF 8.7 million. This was due to an increase in property, equipment and administrative expenses in connection with our increase in the number of employees. Tax amounted to CHF 2.0 million (CHF 3.2 million).

The board of directors proposes a dividend payment of CHF 18.2 million to the annual general meeting. OZ Bankers AG will continue to have a strong equity base even after the proposed dividend payment.

At the beginning of December 2004, Lorenzo Trezzini joined OZ Bankers AG where he has been responsible for financial reporting, administration and the back office as CFO and member of the executive board since January 1, 2005. Andreas Walther, who was responsible for the division in the past, will now focus on compliance which has become increasingly demanding and time-consuming.

Pfäffikon, January 12, 2005

For the Board of Directors



Erwin W. Heri, Chairman



2004 Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
CURRENT ASSETS			
Cash		128,084,405	53,036,681
Due from banks		74,683,781	153,854,006
Due from clients		34,071,441	47,309,211
Trading securities	3.2	131,784,948	127,935,375
Accrued and deferred assets		0	27,678
Other assets	3.5	2,294,276	4,297,196
TOTAL ASSETS		370,918,851	386,460,147
Total receivables from group companies and eligible shareholders		0	0

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
LIABILITIES			
Due to banks		12,559,982	52,870,169
Other amounts due to clients		170,101,431	167,117,677
Accrued and deferred liabilities		6,807,722	1,728,858
Other liabilities	3.5	28,545,529	18,932,563
SHAREHOLDERS' EQUITY			
Share capital	3.8	20,000,000	20,000,000
General legal reserve		4,000,000	5,700,000
Other reserves		109,000,000	109,000,000
Retained loss / earnings		- 4,140,124	204,187
Annual profit		24,044,311	10,906,693
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		370,918,851	386,460,147

Total liabilities to group companies and eligible shareholders		28,785,724	3,116,680
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Off-Balance-Sheet Business

		Dec. 31, 2003	Dec. 31, 2004
		CHF	CHF
Contingent liabilities		0	0
Irrevocable commitments		0	0
Call liabilities		0	0
Confirmed credits		0	0
Derivatives			
Contract volume		182,302,444	192,969,382
Positive replacement values		2,149,617	3,552,125
Negative replacement values		28,131,773	18,513,794
Fiduciary transactions		0	0

Income Statement

	Notes	Jan. 1 – Dec. 31 2003 CHF	Jan. 1 – Dec. 31 2004 CHF
INCOME AND EXPENSES			
<i>Income from interest business</i>			
Interest and discount income		250,044	317,719
Interest and dividend income from trading portfolio		1,483,156	2,433,826
Interest expense		- 422,359	- 291,775
<i>Subtotal net interest income</i>		<i>1,310,841</i>	<i>2,459,770</i>
<i>Income from commission and fee business</i>			
Securities and investment commissions		23,468,442	20,710,319
Commission expense		- 2,114,423	- 2,631,499
<i>Subtotal net commission and fee income</i>		<i>21,354,019</i>	<i>18,078,820</i>
<i>Income from trading</i>	5.2	<i>15,974,458</i>	<i>1,817,240</i>
<i>Administrative expenses</i>			
Personnel expense	5.3	- 4,863,167	- 4,627,884
Property, equipment and administrative expenses	5.4	- 3,476,232	- 4,057,011
<i>Subtotal administrative expenses</i>		<i>- 8,339,399</i>	<i>- 8,684,895</i>
Gross profit		30,299,919	13,670,935
Depreciation on fixed assets		- 142,214	- 318,000
Interim result		30,157,705	13,352,935
Extraordinary expense		- 2,925,622	- 447,396
Taxes		- 3,187,772	- 1,998,846
ANNUAL PROFIT		24,044,311	10,906,693

Notes

1. COMMENT ON ACTIVITIES AND PERSONNEL NUMBERS

OZ Bankers AG, Freienbach SZ, is a wholly owned subsidiary of OZ Holding, Freienbach SZ.

As a broker, OZ Bankers AG specializes in the Swiss equity market, specifically the market for options. Services include trading in Swiss securities, investment consulting, asset management, corporate finance as well as issuing warrants.

As at December 31, 2004, OZ Bankers AG had 18 employees (December 31, 2003: 15).

Risk management: market, credit and interest rate variation risk

Since OZ Bankers AG is not engaged in the credit and interest-related business to any significant degree, neither credit risk nor interest rate variation risk are relevant. The market risk policy is continuously reviewed by the board of directors with regard to its appropriateness. This forms the basis for risk management. The valuation of trading positions on the own account and the monitoring of market risk are carried out on a continuous basis. The board of directors is regularly informed about the assets and liabilities, the financial, liquidity and income situation as well as the concurrent risks.

The technical support of the emergency center has been outsourced. This outsourcing was arranged in detail according to the regulations of the Federal Banking Commission.

2. PRINCIPLES OF ACCOUNTING AND VALUATION

2.1 General

Bookkeeping, accounting and valuation are in accordance with the regulations of the Swiss Code of Obligations and the Federal Law on Banks and Savings Banks. The format of the financial statements complies with the provisions of the banking law.

No cash flow statement was prepared as OZ Bankers AG is not involved in the lending business to any material extent.

2.2 Booking Transactions

All transactions are recorded in the company's books on the date of the transaction and valued from that date for the income statement. As OZ Bankers AG engages primarily in spot stock market transactions, it records these transactions as receivables or liabilities in the balance sheet at the time of execution. Borrowed securities are recorded in the balance sheet providing that OZ Bankers AG acts as a counterparty.

Transactions in foreign currencies are translated at the daily rate at the time of the transaction. Profits and losses resulting from transactions in foreign currencies are taken through the income statement.

2.3 Liquid Assets, Receivables and Liabilities

Due From and Due To Banks and Clients

Items are recorded at their nominal value less any individual valuation adjustments required. The bank abstains from booking additional general valuation adjustments.

2.4 Trading Securities

Securities held for trading on the balance sheet date – equities and book-entry securities on equities – are valued at «fair value» which corresponds either to the market value («mark to market») or to a value determined by means of a valuation model («mark to model»). Profit on valuation is posted in the income statement under the heading «Income from trading».

2.5 Derivative Instruments

Derivative instruments are composed of futures and options on listed securities held for trading. Positive or negative replacement values are shown under the balance sheet headings «Other assets» or «Other liabilities». Trading securities are valued at «fair value» on the balance sheet date which corresponds either to the market value («mark to market») or to a value determined by means of a valuation model («mark to model»). Profit on valuation is booked as «Income from trading».

2.6 Financial Investments

If applicable, the item «Financial investments» contains the securities held as long-term investments. Valuation is done at the lower of cost or market on the balance sheet date.

2.7 Property and Equipment

Property and equipment is fully written off in the year of acquisition.

2.8 Taxes

In principle, provision is made for annual tax on current profit. Taxes due are either paid or provisioned.

2.9 Foreign Currencies

Any assets and liabilities in foreign currencies are translated at the rates applying on the balance sheet date.

2.10 Pension Schemes

OZ Bankers AG has split off the social welfare obligations for the portion to be obligatorily insured as well as the corresponding assets in a legally independent collective foundation of an insurance company. For the portion exceeding that which must be obligatorily insured, OZ Bankers AG has established a legally independent personnel social welfare foundation. In both cases contribution oriented plans are involved which are funded by contributions of the employees and employer. The corresponding expenses are posted as personnel expense. Beneficiary participants are the employees of OZ Bankers AG. Other than the contributions included in the personnel expenses the Bank has no further obligations. As per balance-sheet date, there were no employer contribution reserves (previous year: none).

2.11 Interest and Dividend Income From Trading Portfolios

Interest and dividend income from trading portfolios is shown as part of «Net interest income». The option of offsetting refinancing expense and showing the net result under «Income from trading» was not used, as these holdings are essentially financed through own funds.

2.12 Changes From the Previous Year

As in the previous year, the bank has no undisclosed reserves.

	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
3. INFORMATION ON THE BALANCE SHEET		
3.1 Summary of Collateral		
Due from clients without collateral	34,071,441	47,309,211
Total amount due from clients	34,071,441	47,309,211
Impaired loans	0	0
3.2 Securities Trading Portfolio		
Debt securities	66,950	2,277,375
thereof listed	66,950	2,277,375
thereof not listed	0	0
Equity securities and book-entry securities on equities	131,717,998	125,658,000
Total trading securities	131,784,948	127,935,375
thereof equity securities of OZ Holding	5,162,640	4,212,100
thereof central bank securities	66,950	2,277,375

3.3 Derivative Instruments (trading securities)

Replacement values (maturity)	< 3 Months		3–12 Months		1–5 Years		Total	
	positive	negative	positive	negative	positive	negative	positive	negative
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
<i>Equities / Indexes</i>								
Options (OTC)	21,275	770,315	2,932,778	5,184,952	223,463	9,293,506	3,177,516	15,248,773
Options (exchange traded)	90,280	1,113,953	145,768	1,516,576	138,561	634,492	374,609	3,265,021
Total Dec. 31, 2004	111,555	1,884,268	3,078,546	6,701,528	362,024	9,927,998	3,552,125	18,513,794
Total Dec. 31, 2003	545,534	4,618,689	1,580,033	23,333,463	24,050	179,621	2,149,617	28,131,773

All derivative instruments are valued at «fair value».

There are no netting agreements.

Contract volume

Equities / Indexes

Options (OTC)	134,470,875
Options (exchange traded)	58,498,507
Total Dec. 31, 2004	192,969,382
Total Dec. 31, 2003	182,302,444

	Book Value	Year under Review		Book Value
	Jan. 1, 2004	Investments	Depreciation	Dec. 31, 2004
	CHF	CHF	CHF	CHF
3.4 Fixed Assets				
Other fixed assets	0	318,000	- 318,000	0
Total fixed assets	0	318,000	- 318,000	0

The fire insurance values of the other fixed assets amount to CHF 790,000 (2003: CHF 790,000).

	Dec. 31, 2003	Dec. 31, 2004
	CHF	CHF
3.5 Other Assets and Other Liabilities		
Positive replacement value of derivative instruments	2,149,617	3,552,125
Other assets	144,659	745,071
Total other assets	2,294,276	4,297,196
Negative replacement value of derivative instruments	28,131,773	18,513,794
Other liabilities	413,756	418,769
Total other liabilities	28,545,529	18,932,563

3.6 Collateral Liabilities Entered Into Pledged or Assigned Shares		
Pledged assets (excluding lending transactions with securities)		
Book value of pledged assets (excluding lending transactions with securities)	58,624,907	270,871
Actual liabilities	745,554	270,871
Lending transactions with securities		
Amounts due from cash deposits related to securities borrowing	11,814,340	61,000,000
Own securities lent in securities lending agreements	15,438,224	6,715,709
Securities borrowed in securities borrowing agreements with the right for sale or pledging	32,152,564	65,569,534
thereof sold securities	16,714,340	55,857,574

	2003	2004
	CHF	CHF
3.7 Accrued Taxes		
Position at January 1	265,321	6,185,616
Utilized in accordance with designated purpose	137,728	- 7,468,000
Newly formed and charged to income statement	3,259,994	2,007,042
Released and credited to income statement	- 403,049	- 8,196
Back taxes charged to income statement (extraordinary expense)	2,925,622	447,396
Position at December 31	6,185,616	1,163,858

	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
3.8 Share Capital		
Number of registered shares	20,000	20,000
Par value	1,000	1,000
Total share capital	20,000,000	20,000,000

100% of the share capital is held by OZ Holding, Freienbach SZ. There are no restrictions on voting or dividend entitlements. For details on the shareholder structure of OZ Holding see page 27.

	Share Capital CHF	Reserves CHF	Retained Earnings CHF	Total Shareholders' Equity CHF
3.9 Shareholders' Equity				
Position at January 1, 2004	20,000,000	113,000,000	19,904,187	152,904,187
Allocation to general legal reserve		1,700,000	- 1,700,000	0
Dividend			- 18,000,000	- 18,000,000
Annual profit			10,906,693	10,906,693
Position at Dec. 31, 2004	20,000,000	114,700,000	11,110,880	145,810,880

3.10 Maturity Structure of Current Assets and Borrowed Funds

	At Sight	Callable	Within 3 Months	After 3 Months Up to 12 Months	After 12 Months Up to 5 Years	Total
<i>Current assets</i>						
Cash	53,036,681	0	0	0	0	53,036,681
Due from banks	2,354,006	0	151,500,000	0	0	153,854,006
Due from clients	0	43,510,699	3,798,512	0	0	47,309,211
Securities trading portfolio	127,935,375	0	0	0	0	127,935,375
Total current assets	183,326,062	43,510,699	155,298,512	0	0	382,135,273
Total current assets previous year	261,308,134	34,071,441	73,245,000	0	0	368,624,575
<i>Borrowed funds</i>						
Due to banks	6,518,977	46,351,192	0	0	0	52,870,169
Due to clients	79,521,939	9,499,521	40,500,000	15,014,498	22,581,719	167,117,677
Total borrowed funds	86,040,916	55,850,713	40,500,000	15,014,498	22,581,719	219,987,846
Total borrowed funds previous year	149,297,141	0	33,364,272	0	0	182,661,413

	Dec. 31, 2003 CHF	Dec. 31, 2004 CHF
3.11 Transactions with Related Parties		
Liabilities to eligible shareholders	28,785,724	3,116,680

With the exception of the above-mentioned liabilities, there were no claims on or liabilities to related parties as at December 31, 2004 (including members of the governing bodies).

OZ Bankers AG performs the function of asset manager for OZ Holding. Transactions – such as securities operations, money transfer and so on – are performed for both OZ Holding and related parties at the same conditions that apply for third parties.

3.12 Analysis of Domestic and Foreign Assets and Liabilities

Of the balance-sheet total of CHF 386,460,147, only assets in the amount of CHF 262,036 were abroad (2003: CHF 951,414 out of a balance-sheet total of CHF 370,918,851).

On the liability side the amount of foreign liabilities was CHF 330,070 (2003: CHF 862,696).

3.13 Analysis of Balance Sheet by Currencies

Of the balance-sheet total of CHF 386,460,147, CHF 1,772,809 were invested in foreign currencies (2003: CHF 100,283 out of a balance-sheet total of CHF 370,918,851).

On the liability side the amount of foreign currencies was CHF 51,542 (2003: CHF 126,965).

3.14 Liabilities to Pension Schemes

As per balance-sheet date, there were no liabilities due to pension schemes (previous year: CHF 448,809).

4. INFORMATION ON OFF-BALANCE-SHEET BUSINESS

4.1 Contingent Liabilities

None.

4.2 Open Derivatives Contracts

The derivative instruments are listed on chart 3.3 on page 49.

	Dec. 31, 2003	Dec. 31, 2004
	CHF	CHF
4.3 Assets Under Management		
Assets in OZ-managed funds	166,694,644	216,470,263
Assets with management mandate	181,359,479	314,215,807
<i>Subtotal (incl. double counts)</i>	<i>348,054,123</i>	<i>530,686,070</i>
Other client assets	729,174,109	655,386,580
Total client assets (including double counts)	1,077,228,232	1,186,072,650
Thereof double counts	167,232,272	204,087,722
Net new money outflow		23,410,948 ¹⁾

1) Due to the Bank's business activities (in particular the writing of call options) significant changes in net new money may occur.

5. INFORMATION ON THE INCOME STATEMENT

5.1 Refinancing Income Figuring Under Interest and Discount Income

This option was not used.

5.2 Income from Trading

Income from trading results exclusively from trading in equities and options, OZ Bankers AG's specialty.

	Jan. 1 – Dec. 31	Jan. 1 – Dec. 31
	2003	2004
	CHF	CHF
5.3 Analysis of Personnel Expense		
Salaries	4,223,254	3,945,581
Social benefits	572,485	604,480
Other personnel expense	67,428	77,823
Total personnel expense	4,863,167	4,627,884
Number of employees at December 31	15	18
5.4 Analysis of Property, Equipment and Other Administrative Expenses		
Premises	282,537	328,615
IT, machinery, furnishings and other equipment	2,352,160	2,640,068
Other administrative expenses	841,535	1,088,328
Total property, equipment and other administrative expenses	3,476,232	4,057,011

5.5 Extraordinary Expense

The item extraordinary expense consists of back taxes for the years 1998 to 2002.

6. MISCELLANEOUS

Since February 1, 1999, OZ Bankers AG issues all options in place of OZ Holding.

The outstanding options and certificates are listed on pages 56/57.

Proposal of the Board of Directors to the Annual General Meeting

	2003 CHF	2004 CHF
APPROPRIATION OF RETAINED EARNINGS		
Profit carried forward from previous year	- 4,140,124	204,187
Annual profit	24,044,311	10,906,693
Retained earnings	19,904,187	11,110,880
Drawing on other reserves	0	9,000,000
Subtotal	19,904,187	20,110,880
Allocation to general legal reserve	- 1,700,000	- 1,720,000
Dividend	- 18,000,000	- 18,200,000
BALANCE TO BE CARRIED FORWARD	204,187	190,880

Auditors' Report



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To the general meeting of
OZ Bankers Ltd, Freienbach

Berne, January 12, 2005

Report of the statutory auditors

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 42 to 54) of OZ Bankers Ltd for the year ended December 31, 2004.


These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.


Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd


Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)


Rolf Scheuner
Swiss Certified Accountant

Outstanding Options (as at Dec. 31, 2004)

Symbol	Number	Underlying	Strike Price (CHF)	Maturity Date	Ratio	Capitalization of Underlyings (Million CHF)
FINOZ-PUT	1,870,000	FI/N	260	02-16-2005	1/20	28
ENRAP-PUT	2,080,000	ENR	120	03-16-2005	1/10	29
GEBIG	3,000,000	GEBN	825	03-16-2005	1/100	25
JELLY	3,400,000	JEL	1,500	03-16-2005	1/200	28
MASOZ-PUT	6,000,000	MASN	47.50	03-16-2005	1/10	34
RESTL	3,000,000	PSPN	62.96	03-16-2005	2/11	27
RIEPT-PUT	3,875,000	RIEN	325	03-16-2005	1/50	26
ROLIO	39,900,000	ROL	1.35	03-16-2005	1/2	27
SLOGI	45,000,000	SLOG	1.20	03-16-2005	1/2	23
SLHOZ-PUT	6,700,000	SLHN	165	03-18-2005	1/20	55
VALUE	10,000,000	VALN	350	05-18-2005	1/50	56
BALIX	10,588,103	BALN	197.10	06-15-2005	1/50	11
BALUP	1,607,309	BALN	167.80	06-15-2005	1/10	8
CHROG-PUT	9,800,000	CHRN	7.50	06-15-2005	1/2	50
FINPU-PUT	5,000,000	FI/N	300	06-15-2005	1/50	30
GEBOT	4,000,000	GEBN	900	06-15-2005	1/100	33
HEPOZ	20,000,000	HEPN	160	06-15-2005	1/100	34
JELLO	4,000,000	JEL	1,750	06-15-2005	1/200	33
MASIV	5,000,000	MASN	60	06-15-2005	1/10	28
MOVER	25,000,000	MOV	320	06-15-2005	1/250	34
PHOPT-PUT	7,500,000	PHBN	37.50	06-15-2005	1/10	28
PSPOZ	3,500,000	PSPN	45	06-15-2005	1/10	17
UMSUP	20,000,000	UMS	12.50	06-15-2005	1/10	24
YPSOZ	8,000,000	YPSN	75	06-15-2005	1/20	39
FTOPP-PUT	5,000,000	FTON	250	06-15-2005	1/50	25

Outstanding Options (as at Dec. 31, 2004)

Continued from page 56

Symbol	Number	Underlying	Strike Price (CHF)	Maturity Date	Ratio	Capitalization of Underlyings (Million CHF)
GALLO	5,920,000	GALN	200	08-17-2005	1/20	62
BBITE	30,000,000	BBIN	10.50	09-14-2005	1/10	30
UHRPT-PUT	7,900,000	UHR	165	09-14-2005	1/20	66
SAKIR	3,980,000	SAKN	125	09-21-2005	1/20	24
BBISS	27,800,000	BBIN	9	12-14-2005	1/10	28
CHREM	15,000,000	CHRN	8.50	12-14-2005	1/5	31
EMMIL	6,250,000	EMMN	115	12-14-2005	1/25	29
FTOOL	10,000,000	FTON	250	12-14-2005	1/100	25
GEBPU-PUT	3,000,000	GEBN	900	12-14-2005	1/100	25
INDIO	5,000,000	INDN	260	12-14-2005	1/50	28
INRUN	10,000,000	INRN	160	12-14-2005	1/50	30
JELPU-PUT	2,000,000	JEL	1,450	12-14-2005	1/100	33
KARIO	10,000,000	KAR	35	12-14-2005	1/10	34
OFNOZ	10,000,000	OFN	137.50	12-14-2005	1/50	27
BALEG	2,938,460	BALN	170	06-20-2007	1/10	15

Outstanding Certificates (as at Dec. 31, 2004)

Symbol	Number	Underlying	Maturity Date
SMCOZ	300,000	Basket	09-28-2005
REBOZ	300,000	Basket	08-30-2007
DIVOZ	300,000	Basket	09-19-2007

Consolidated Key Ratios

	2000	2001 ⁵⁾	2002	2003	2004
Figures per Share					
Par value (CHF)	10	1	1	1	1
Shareholders' equity (CHF) ¹⁾	709	55	44	49	40 ²⁾
Profit per share (CHF)	259.87	- 4.65	- 4.63	5.99	5.04
Profit per share (weighted, CHF) ³⁾	258.09	- 4.63	- 4.75	6.08	5.82
Dividend per share (CHF)	30	3	1.50	1.50	2.50
Quoted Prices					
Year's high (CHF)	2,450	252.50	145.50	94.75	92.90
Year's low (CHF)	1,640	100	45.75	52.35	61.40
Year-end quotation (CHF)	2,350	142	81.50	84.00	73.00
Number of bearer shares	432,147	4,198,870	4,198,870	4,198,870	4,000,000
Capitalization Dec. 31 (million CHF)	1,016	596	342	353	292
Return ¹⁾					
Return on equity ⁴⁾	42,0%	N/A	N/A	13,0%	11,2%
Financing					
Self-financing ratio ¹⁾	48%	46%	62%	52%	40%
Changes in Equity					
Stock buybacks (CHF)	37,491,300	38,006,000	0	0	16,854,233
Number of shares bought back	17,853	122,600	0	0	198,870

1) Prior to appropriation of profit and after capital repayment.

2) Equity per share: Adjusted for the stock buyback of 500,000 shares, equity per share amounts to CHF 45.7.

3) Earnings per share (weighted): group profit divided by the number of outstanding bearer shares.

4) Basis for shareholders' equity: average equity on January 1 after appropriation of profit and of equity on December 31 prior to appropriation of profit.

5) Split OZ bearer share 1:10 on July 16, 2001.

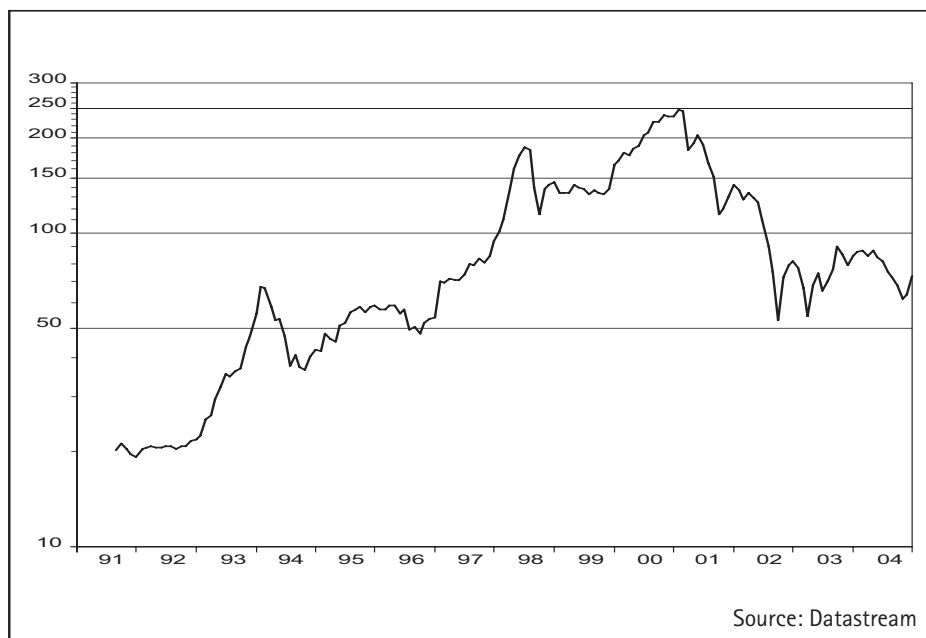
Summary of Consolidated Figures

	2000 CHF	2001 CHF	2002 CHF	2003 CHF	2004 CHF
BALANCE SHEET					
Assets					
Current assets	561,658,134	468,996,254	301,960,695	399,749,171	398,370,188
Fixed assets	65,876,949	30,494,226	0	0	0
Total assets	627,535,083	499,490,480	301,960,695	399,749,171	398,370,188
Liabilities and Shareholders' Equity					
Liabilities	321,278,015	268,552,531	116,116,198	193,860,573	238,076,029
Shareholders' equity	306,257,068	230,937,949	185,844,497	205,888,598	160,294,159
Total liabilities and shareholders' equity	627,535,083	499,490,480	301,960,695	399,749,171	398,370,188
INCOME STATEMENT					
Income					
Income from securities	74,111,633	- 66,657,072	- 44,981,827	16,836,939	10,365,894
Financial income	7,722,294	6,882,978	2,782,724	2,201,241	4,155,050
Commission income	55,266,171	47,483,270	32,044,515	23,410,960	20,662,956
Total income	137,100,098	- 12,290,824	- 10,154,588	42,449,410	35,183,900
Expenses					
Administrative expenses	4,262,624	4,440,859	4,170,301	4,029,950	4,896,762
Personnel expense	1,902,661	2,527,888	3,521,090	5,160,517	4,941,667
Financial expense	1,014,254	1,055,513	532,084	52,295	98,998
Commission expense	3,953,349	3,895,710	1,967,160	2,114,423	2,631,499
Taxes	13,665,461	- 4,699,323	- 905,436	5,946,261	2,467,100
Total expenses	24,798,349	7,220,647	9,285,199	17,303,446	15,036,026
Annual profit / loss	112,301,749	- 19,511,471	- 19,439,787	25,145,694	20,147,874

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to December 31, 2004, in CHF



Since it was first listed on August 26, 1991, the OZ bearer share has achieved an average annual performance of 10.2%. Taking all the payouts into consideration – dividends, par value reductions and stock buybacks – the annual performance was 12.4%. Over the same period the Swiss Performance Index (SPI) reached an overall performance of 10.5% p.a.

OZI closing price on Dec. 31, 2003	84.00
OZI closing price on Dec. 31, 2004	73.00
Year's high on March 5, 2004	92.90
Year's low on October 27, 2004	61.40
Dividend paid per share for the 2003 fiscal year	1.50
Dividend proposed for the 2004 fiscal year	2.50
Dividend yield (closing price on Dec. 31, 2004)	3.42%
Reuters symbol	OZIS

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OZ Market Information

Market Making Reuters: OZBANKERS
Telekurs: 85,OZWTS1 - 6
Bloomberg: OZOZ

Auditors

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Annual General Meeting

February 23, 2005
Seedamm Plaza, Pfäffikon SZ

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Only the German version is legally binding.