



Interim Report June 30, 2001



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Board of Directors and Staff

BOARD OF DIRECTORS

Bernhard E. Flotron (Chairman)

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Erwin Vogt

MANAGEMENT OZ BANKERS AG

Markus Eberle

Peter Rüegg

Andreas Walther

STAFF OZ BANKERS AG

Beat Arnold

Sandra Caforio

Denise Camele

Patrick Grob

Reto Peczinka

Daniel Reptsis

Marco Tinnirello

Thomas Wenger

Report of the Board of Directors of OZ Holding

DEAR SHAREHOLDERS

OZ Group reports a consolidated loss of 17.4 million francs for the first half of the year 2001 (previous year's period: 131.9 million profit), equaling a loss of 41.31 francs per share (265.02 profit). On June 30, 2001, shareholders' equity amounted to 231 million francs after dividend payments of 13 million and stock buybacks of 38 million during the first quarter of 2001. On December 31, 2000, shareholders' equity had amounted to 306 million francs. On the basis of 419,887 shares now outstanding, equity per share was 549 francs on June 30, 2001 (December 31, 2000: 709).

The losses in the first half of 2001 were mainly due to the negative stock market trend in the first quarter. Investment of own funds and market making resulted in a loss of 44.8 million francs in the first six months. The decrease in the value of the OM participation alone accounted for a loss of 27.6 million. The exceptional profit of 120.0 million francs in the first half of the year 2000 had, to a considerable degree, resulted from the very positive development of the OM participation during that period.

Commission income reached 26.7 million francs during the first half of 2001 (previous year's period: 26.2 million). OZ was thus able to meet its budget in a difficult period. With 40 new options, our issuing activity was again successful. Financial income improved by more than 1 million to 5.1 million francs compared to the first half of 2000.

Administrative expenses increased by close to 0.5 million to 2.6 million francs in the first half of 2001. Both personnel and financial expenses were slightly higher than in the first half of 2000. Commissions paid rose by close to 0.2 million to 2.1 million francs, while tax expenses fell to minus 1.9 million francs due to the release of accrued taxes on the OM participation.

Despite a difficult environment, OZ Group reached a profit of 1 million francs in the second quarter 2001.

The stock split that was approved by the general meeting will be carried out on July 16, 2001. Each bearer share with a par value of 10 francs will be split into 10 bearer shares with a par value of 1 franc each. The share capital will therefore remain unchanged at 4,198,870 francs, divided after the split into 4,198,870 bearer shares with a par value of 1 franc each.

Pfäffikon, July 13, 2001

For the Board of Directors



Bernhard E. Flotron, Chairman

Current Topic: Put Option Programs

Increase Shareholder Value

Stock buybacks have also become common in Switzerland. Larger and older companies in particular often have too much equity; they are therefore «overinsured» and, as a result, generate too little return on equity. By buying back shares they return part of their capital to the shareholders who can then dispose of the money as they like. The fact that so many companies are now buying back stock partly results from improved operational and, above all, financial results; but it also reflects a changing attitude toward shareholders: They are no longer considered a minor nuisance but are finally taken seriously by the companies they invest in.

If a company decides to buy back part of its own stock, there are a number of different approaches. The most common one among Swiss companies in the past was opening a Second Trading Line. As an alternative, however, issuing put options is becoming increasingly popular – a method that is likely to grow in importance, most of all because it treats all shareholder categories equally.

Market heavyweights like Novartis, UBS, CS Group and ABB, but smaller companies as well, have recently opened Second Trading Lines. However, there are a number of problems associated with Second Trading Lines, the main one being the fact that they treat private and institutional investors unequally: With regard to taxes, capital reductions through the cancellation of a company's own shares is considered a partial liquidation. Unlike institutional investors, private investors would have to pay tax on that part of the price they would receive for their stocks that exceeds the stocks' nominal value. For all practical purposes, therefore, private investors are excluded from Second Trading Line programs.

Consequently the only stock buyback program that treats all investor categories equally is one that is based on put options: Each investor receives a number of put options for his shares. Private investors can sell their options on the market and realize a tax-free capital gain. Institutional investors, on the other hand, can buy the options on the market and sell them with the shares to the company. By introducing the market to the put option program – there are bid and offer prices for both the shares and the put options – transparency is guaranteed for everybody involved – an important fact in today's market environment.

Put option programs are sometimes criticized for a «hidden» distribution of profits: The premium for the options must be deducted from the surplus equity, which means that fewer shares can be cancelled than through a Second Trading Line. Critics claim that this is not an equity payback but an additional profit distribution. This strict distinction between payback and distribution may have some relevance from a tax law point of view but not under financial aspects. A company that has too much equity at year-end must return the surplus capital to its shareholders – whether in the form of dividend payments, par value reductions or stock buybacks doesn't really matter. The investor can re-invest the money he gets back as he likes in any case. The premium's only disadvantage is the withholding tax it entails for the seller.

Shareholder value – in the sense of efficient and risk-adjusted capital deployment – is essential for shareholders, not the number of shares that are actually cancelled in a specific transaction. The criticism that issuing put options prevents the buyback of a sufficient number of shares is therefore misdirected, missing the main goal. Consequently, stock buybacks in general and stock buybacks through put option programs in particular are likely to become even more popular in Switzerland in the future.



Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2000 CHF	June 30, 2001 CHF
CURRENT ASSETS			
Due from banks		109,257,147	124,040,706
Due from clients		53,247	1,407,605
Trading securities		451,198,434	352,526,666
Accrued and deferred items		1,149,306	20,383,554
Total current assets		561,658,134	498,358,531
FIXED ASSETS			
Financial investments	1	65,876,949	36,305,976
Total fixed assets		65,876,949	36,305,976
TOTAL ASSETS		627,535,083	534,664,507

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2000 CHF	June 30, 2001 CHF
LIABILITIES			
<i>Current</i>			
Due to banks		81,898,756	56,265,742
Due to clients		104,660,145	136,121,463
Due from trading		104,263,669	92,552,294
Accrued and deferred items		26,492,362	17,533,797
Total current liabilities		317,314,932	302,473,296
<i>Long-term</i>			
Deferred taxes		3,963,083	1,480,509
Total long-term liabilities		3,963,083	1,480,509
Total liabilities		321,278,015	303,953,805
SHAREHOLDERS' EQUITY			
Share capital	2	4,321,470	4,198,870
Reserves		301,935,598	226,511,832
Total shareholders' equity		306,257,068	230,710,702
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		627,535,083	534,664,507

Income Statement Second Quarter

	Notes	April 1–June 30 2000 CHF	April 1–June 30 2001 CHF
INCOME			
Income from securities	5	8,988,989	- 10,043,397
Financial income		2,114,609	2,559,026
Commission income		10,340,657	10,895,644
Total income		21,444,255	3,411,273
EXPENSES			
Administrative expenses		1,017,822	1,160,943
Personnel expense		411,678	419,750
Financial expense		560,667	574,370
Commission expense		850,241	798,703
Profit before tax		18,603,847	457,507
Taxes		1,269,623	- 590,763
PROFIT APRIL 1 - JUNE 30		17,334,224	1,048,270
Profit per share	6	38.61	2.77

Income Statement Accumulated

	Notes	Jan. 1 - June 30 2000 CHF	Jan. 1 - June 30 2001 CHF
INCOME			
Income from securities	5	119,980,340	- 44,753,282
Financial income		4,059,749	5,095,947
Commission income		26,215,700	26,713,159
Total income		150,255,789	- 12,944,176
EXPENSES			
Administrative expenses		2,146,768	2,634,182
Personnel expense		775,346	870,990
Financial expense		612,996	736,703
Commission expense		1,894,574	2,064,107
Profit / loss before tax		144,826,105	- 19,250,158
Taxes		12,884,511	- 1,875,559
PROFIT / LOSS JANUARY 1 - JUNE 30		131,941,594	- 17,374,599
Profit / loss per share	6	265.02	- 41.31

Cash Flow Statement

	Notes	Jan. 1–June 30 2000 CHF	Jan. 1–June 30 2001 CHF
Profit		131,941,594	- 17,374,599
(Decrease) increase in valuation adjustments and provisions		5,428,664	- 2,482,574
(Increase) decrease in accrued and deferred items (asset side)		- 14,785	- 19,234,248
(Decrease) increase in accrued and deferred items (liability side)		3,233,875	- 8,958,565
(Increase) decrease in amounts due from banks		- 109,002,979	- 14,250,000
(Increase) decrease in trading securities		- 45,550,450	86,960,393
(Decrease) increase in amounts due to clients		15,278,996	31,461,318
(Increase) decrease in amounts due from clients		- 1,512,830	- 1,354,358
Net cash flow provided / used by operating activities		- 197,915	54,767,367
(Payments) receipts for financial investments	1	- 53,254,075	29,570,973
Net cash flow used / provided by investment activities		- 53,254,075	29,570,973
Repayment of shareholders' equity		- 37,491,300	- 38,006,000
Change in own shares		- 1,670,031	- 7,201,357
Dividends		- 13,500,000	- 12,964,410
Net cash flow used by financing activities		- 52,661,331	- 58,171,767
(Decrease) increase in «Banks at Sight»		- 106,113,321	26,166,573
«Banks at Sight» on January 1		91,442,838	- 7,141,609
«Banks at Sight» on June 30		- 14,670,483	19,024,964

«Banks at Sight» consists of amounts due from banks less amounts due to banks.

Statement of Changes in Equity

	Share capital	Capital reserves	Consolidated reserves	Own shares	Total shareholders' equity
	CHF	CHF	CHF	CHF	CHF
Position at Jan. 1, 2000	4,500,000	2,074,898	235,349,994	- 815,451	241,109,441
Dividend payment			- 13,500,000		- 13,500,000
Capital repayment	- 178,530		- 37,312,770		- 37,491,300
Annual profit			112,301,749		112,301,749
Change in own shares		3,031,727		805,451	3,837,178
Position at Dec. 31, 2000	4,321,470	5,106,625	296,838,973	- 10,000	306,257,068
Dividend payment			- 12,964,410		- 12,964,410
Capital repayment	- 122,600		- 37,883,400		- 38,006,000
Profit Jan. 1 - June 30, 2001			- 17,374,599		- 17,374,599
Change in own shares		- 4,171,357		- 3,030,000	-7,201,357
Position at June 30, 2001	4,198,870	935,268	228,616,564	-3,040,000	230,710,702

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 as well as investment consulting, asset management and issuing warrants.

BASIC ACCOUNTING PRINCIPLES

The consolidated 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 Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC). Financial investments are prepared according to the standard for the recognition and measurement of financial investments (IAS 39). IAS 39 was applied ahead of time, starting January 1, 1999.

CONSOLIDATED COMPANIES

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

OZ Bankers AG, Freienbach SZ

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

Percentage held: 100.0%

Notes

	Dec. 31, 2000 CHF	June 30, 2001 CHF
1. FIXED ASSETS		
Financial investments (OM AB)		
Market value	65,876,949	36,305,976
At cost	19,252,442	18,888,220
Percentage held	1.94%	1.87%
Property and equipment		
Since holdings of property and equipment are negligible, no details are given.		
2. SHARE CAPITAL		
Number of bearer shares issued	432,147	419,887 ²⁾
Share capital ¹⁾	4,321,470	4,198,870 ²⁾
Par value per share	10	10
Shareholders' equity per share ³⁾	709	549
3. OWN SHARES		
Number of bearer shares	4	1,290 ⁴⁾
Reserve for own shares	10,000	3,040,000
Shares repurchased for capital reduction	0	0

1) Own shares held in the nostro account were not offset against share capital.

2) Based on the resolution passed by the general meeting on February 21, 2001 the share capital was reduced by CHF 122,600 by canceling 12,260 shares.

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

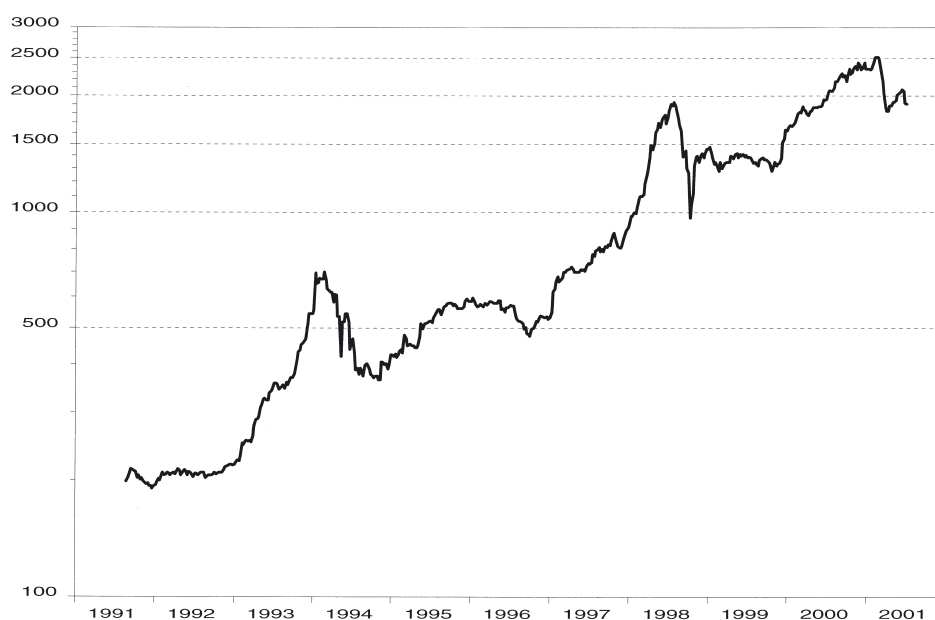
4) During the reporting period, 50,391 shares were repurchased at a price of CHF 2,354.09 and 49,105 shares were sold at CHF 2,342.66 each (average prices).

	Dec. 31, 2000	June 30, 2001
4. SHAREHOLDER STRUCTURE		
Shareholders holding more than 5% of the share capital		
Liechtensteinische Landesbank Aktiengesellschaft, Vaduz	5.09%	5.09%
Zürcher Kantonalbank, Zurich	5.21%	5.21%
Bâloise Holding, Basel	5.32%	5.32%
Pension fund of the Siemens companies in Switzerland, Zurich (including further pension institutions of Siemens in Switzerland)	14.64%	14.64%
OZ directors and staff (shares and stock options)	28.53%	27.73%
	Jan. 1–June 30 2000 CHF	Jan. 1–June 30 2001 CHF
5. INCOME FROM SECURITIES		
Income from securities	17,694,672	- 17,113,198
Income from financial investments	102,285,668	- 27,640,084
Total income from securities	119,980,340	- 44,753,282
6. PROFIT PER SHARE		
Profit per share: group profit divided by the number of outstanding bearer shares.		
Profit / loss	131,941,595	- 17,374,599
Outstanding bearer shares (weighted)	435,123	421,930
minus own shares	578	1,290
Outstanding bearer shares for calculation	434,545	420,640
Profit / loss per share	303.63	- 41.31
There are no instruments outstanding that would dilute profit per share.		
	Dec. 31, 2000 CHF	June 30, 2001 CHF
7. PLEDGED ASSETS		
Securities pledged as collateral under covered warrant agreements	0	0
Due from banks	26,722,149	0
8. POST-BALANCE-SHEET EVENTS		
There are no post-balance-sheet events to report.		

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to June 30, 2001, in CHF



Source: Datastream

Since it was first listed on August 26, 1991, the OZ bearer share has achieved an average performance of 25.8%. For comparison: Over the same period Swiss bank shares rose 16.9% on average while the Swiss Market Index gained 15.7%.

OZI closing price on Dec. 31, 2000	2,350
OZI closing price on June 30, 2001	1,910
Year's high on February 8, 2001	2,525
Year's low on April 4, 2001	1,790
Dividend paid per share for the 2000 fiscal year	30
Dividend yield (closing price on June 30, 2001)	1.57%
Reuters symbol	OZZH.S

Outstanding Options (as at June 30, 2001)

Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
GEBIG	4,562,500	GEBN	525	07-18-2001	1/50	37
CSGAP	10,750,000	CSGN	360	07-20-2001	1/50	64
NESIA	10,000,000	NESN	360	07-20-2001	1/50	76
RIFF	3,645,000	CFR	4,700	07-20-2001	1/500	34
RIFPT-PUT	4,000,000	CFR	4,250	07-20-2001	1/500	37
SEOUL	4,125,000	SEO	2,000	07-20-2001	1/250	29
SRNPT-PUT	5,000,000	SRN	300	07-20-2001	1/50	11
UNADU	360,000	UNAX	500	07-20-2001	1/50	2
VALIU	1,500,000	VALN	375	07-20-2001	1/100	5
VALOZ	4,500,000	VALN	450	07-20-2001	1/100	14
FEHIT	775,000	FEHN	554	08-15-2001	1/10	39
FEHOT	6,125,000	FEHN	704	08-15-2001	1/50	61
ABBPU-PUT	6,000,000	ABBN	50	08-17-2001	1/5	33
BUCKS	375,000	BUC	1,500	08-17-2001	1/50	12
CLNPU-PUT	1,800,000	CLN	50	09-21-2001	1/2	39
SMEPU-PUT	5,000,000	SMEN	450	10-19-2001	1/50	12
CLNOZ-PUT	2,000,000	CLN	55	11-16-2001	1/2	43
RUKPT-PUT	2,000,000	RUKN	3,200	11-16-2001	1/100	72
GURU	3,950,000	GUR	1,468	11-21-2001	1/200	25
HERDE	3,260,000	HER	200	11-21-2001	1/20	37
CFTOZ	1,800,000	CFT	260	12-14-2001	1/10	43
JELOZ-PUT	2,900,000	JEL	2,450	12-14-2001	1/100	65
GIGOZ	5,000,000	GIGN	160	12-18-2001	1/20	7
BOBUL	2,700,000	BOB	2,286	12-19-2001	1/200	32
BUCHE	1,000,000	BUC	1,600	12-19-2001	1/50	31
EICHE	2,500,000	EIN	1,851	12-19-2001	1/100	23
SAKIR	580,000	SAKN	2,200	12-19-2001	1/100	11
VALKO	850,000	VALN	500	12-19-2001	1/10	27
VALOP *	2,670,220	VALN	385	12-19-2001	1/10	85
BIOOZ-PUT	2,500,000	BIO	150	12-21-2001	1/10	34
RANOZ-PUT	5,000,000	RAN	1,295	12-21-2001	1/100	58
RANPU-PUT	7,000,000	RAN	1,096	12-21-2001	1/100	81
RIEPU-PUT	4,500,000	RIEN	475	12-21-2001	1/100	19

Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
ROGOZ	10,000,000	ROG	175	12-21-2001	1/20	65
ROSA	7,500,000	RO	150	12-21-2001	1/10	110
ASKIU *	258,000	ASKN	1,600	01-16-2002	1/20	9
ZEHKE	1,500,000	ZEH	1,200	01-16-2002	1/50	30
HEPSI	2,500,000	HEPN	1,700	02-20-2002	1/100	39
ADEPU-PUT	10,000,000	ADEN	100	03-15-2002	1/10	85
KUDOZ-PUT	6,000,000	KUD	160	03-15-2002	1/20	45
NESIU	3,000,000	NESN	390	03-15-2002	1/20	57
NOVIU	7,500,000	NOVN	70	03-15-2002	1/5	98
RIFLE	15,000,000	CFR	4,800	03-15-2002	1/1000	69
RUKIU	6,250,000	RUKN	3,600	03-15-2002	1/250	90
SEOMI	5,000,000	SEO	1,600	03-15-2002	1/200	45
SULPU-PUT	5,000,000	SUN	1,000	03-15-2002	1/100	29
UNALM	3,100,000	UNAX	325	03-15-2002	1/20	39
UNAPU-PUT	4,300,000	UNAX	250	03-15-2002	1/20	54
ZURIU	20,000,000	ZURN	625	03-15-2002	1/100	123
CZHIC	3,000,000	CZH	1,500	03-20-2002	1/100	45
SAUPT-PUT	2,500,000	SAUN	600	03-20-2002	1/50	29
ALLES	4,000,000	ALLN	90	06-19-2002	1/10	35
BALAZ *	1,600,000	BALN	712	06-19-2002	1/100	28
FEHNO	5,000,000	FEHN	550	06-19-2002	1/50	50
LOGOZ-PUT	6,000,000	LOGN	480	06-19-2002	1/100	35
CSGIU	25,000,000	CSGN	330	06-21-2002	1/50	148
RIEPA-PUT	5,000,000	RIEN	410	06-21-2002	1/50	42
SRNOZ-PUT	10,000,000	SRN	130	06-21-2002	1/20	54
UBSIU	10,000,000	UBSN	270	06-21-2002	1/20	129
UMSO	2,500,000	UMS	125	06-21-2002	1/10	30
SYSOZ-PUT	5,000,000	SYST	1,000	07-19-2002	1/100	55
BUCHT	1,000,000	BUC	1,650	08-21-2002	1/50	31
FTOOL	5,000,000	FTON	650	10-16-2002	1/100	30
GEBGO	5,000,000	GEBN	500	12-18-2002	1/50	41
SAKIG	4,000,000	SAKN	1,800	12-18-2002	1/200	38
SELES *	1,480,400	SELN	400	12-30-2003	1/20	43
LLBOZ	1,900,000	LLB	1,000	01-21-2004	1/20	76
BALIX	15,000,000	BALN	1,987	06-15-2005	1/500	53
BALUP	2,300,000	BALN	1,687	06-15-2005	1/100	41

* issued by OZ Holding

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OZ Market Information

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