



Interim Report June 30, 2003



Contents

4	BOARD OF DIRECTORS AND STAFF
5	REPORT OF THE BOARD OF DIRECTORS OF OZ HOLDING
7	CONSOLIDATED FINANCIAL STATEMENTS
8	BALANCE SHEET
10	INCOME STATEMENT SECOND QUARTER
11	INCOME STATEMENT ACCUMULATED
12	CASH FLOW STATEMENT
13	STATEMENT OF CHANGES IN EQUITY
14	NOTES
17	OUTSTANDING OPTIONS
18	OZ BEARER SHARE
19	ADDRESSES

Board of Directors and Staff

BOARD OF DIRECTORS OZ HOLDING

Erwin W. Heri (Chairman)

Daniel S. Aegerter

Elfried Hasler

Stefan Holzer

Peter Rüegg

MANAGEMENT OZ BANKERS AG

Markus Eberle

Peter Rüegg

Andreas Walther

STAFF OZ BANKERS AG

Beat Arnold

Ulrich Bender

Christian Börcsök

Denise Camele

René Dubacher

Karl-Heinz Hoch

Andreas Jenny

Marcel Jordi

Béatrice Leutwiler

Reto Peczinka

Daniel Reptsis

Marco Tinnirello

Report of the Board of Directors of OZ Holding

DEAR SHAREHOLDERS

During the past few weeks, the dreary environment that characterized the financial markets in the first quarter of the year has almost given way to a certain euphoria. While all around end-of-the-world scenarios were pictured till March, the world is now being painted in brighter colors again. Has this made it any better? Hardly. But, on the other hand, it (the world) was probably never quite as bad as it was made everywhere in the winter months.

The friendlier mood has, of course, also impacted OZ Group's figures. As a result we were able to book a consolidated profit of 9.9 million francs for the first six months of the year after just about breaking even in the same period last year. Despite a dividend payment of just over 6 million francs, shareholders' equity increased by approximately 10 million to 195 million francs by midyear. This equals equity per share of about 46 francs.

Our income is known to derive from two main sources: the securities business on the one side and the commissions business on the other. The first source generated a profit of 3.1 million francs in the first half of the year (previous year's period: 16.1 million loss). The second source resulted in a commission income of 9.8 million francs (19.1 million). These figures do not quite meet our expectations yet as they still remain below our budget – a budget that was and is (rightly) very aggressive.

Expenses remained virtually unchanged compared to the previous year's period. Personnel expense increased slightly while, on the other hand, financial and commission expenses decreased.

We are fairly confident with regard to the second half of 2003. While the markets will hardly remain as euphoric as they were during the second quarter, we believe that a somewhat more optimistic assessment of the global trends could slowly stabilize the risks for the financial markets.

Pfäffikon, July 9, 2003

For the Board of Directors

A handwritten signature in black ink, appearing to read 'Erwin W. Heri', written in a cursive style.

Erwin W. Heri, Chairman



Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2002 CHF	June 30, 2003 CHF
<hr/>			
CURRENT ASSETS			
Due from banks		138,013,296	159,179,744
Due from clients		7,069,713	17,714,682
Trading securities		156,391,023	142,292,632
Accrued and deferred items		486,663	1,304,731
Total current assets		301,960,695	320,491,789
<hr/>			
TOTAL ASSETS		301,960,695	320,491,789

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2002 CHF	June 30, 2003 CHF
LIABILITIES			
<i>Current</i>			
Due to banks		10,179,975	6,507,609
Due to clients		76,145,583	93,903,811
Due from trading		29,048,554	23,831,906
Accrued and deferred items		742,086	1,517,614
Total current liabilities		116,116,198	125,760,940
Total liabilities		116,116,198	125,760,940
SHAREHOLDERS' EQUITY			
Share capital	1	4,198,870	4,198,870
Own shares		- 9,050,000	- 1,000,000
Reserves		190,695,627	191,531,979
Total shareholders' equity		185,844,497	194,730,849
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		301,960,695	320,491,789

Income Statement Second Quarter

	Notes	April 1 - June 30 2002 CHF	April 1 - June 30 2003 CHF
INCOME			
Income from securities		- 3,521,917	6,976,301
Income from financial investments		- 12,948,281	0
Dividend income		989,684	1,714,007
Interest income		445,275	10,239
Commission income		9,021,251	4,359,886
Total income		- 6,013,988	13,060,433
EXPENSES			
Administrative expenses		751,823	1,178,531
Personnel expense		653,643	1,014,891
Financial expense		206,443	16,996
Commission expense		690,092	230,174
Loss / profit before tax		- 8,315,989	10,619,841
Taxes		- 760,616	811,297
LOSS / PROFIT APRIL 1 - JUNE 30		- 7,555,373	9,808,544
Loss / profit per share	4	- 1.82	2.34

Income Statement Accumulated

	Notes	Jan. 1 - June 30 2002 CHF	Jan. 1 - June 30 2003 CHF
INCOME			
Income from securities		- 1,194,465	3,087,569
Income from financial investments		- 14,891,019	0
Dividend income		1,657,137	1,920,176
Interest income		755,757	124,217
Commission income		19,130,179	9,847,168
Total income		5,457,589	14,979,130
EXPENSES			
Administrative expenses		2,153,012	2,209,363
Personnel expense		1,178,081	1,767,679
Financial expense		419,430	56,557
Commission expense		1,358,591	446,895
Profit before tax		348,475	10,498,636
Taxes		283,222	567,548
PROFIT JANUARY 1 - JUNE 30		65,253	9,931,088
Profit per share	4	0.02	2.37

Cash Flow Statement

	Notes	Jan. 1 - June 30 2002 CHF	Jan. 1 - June 30 2003 CHF
Profit		65,253	9,931,088
(Decrease) increase in valuation adjustments and provisions		- 1,181,041	0
(Increase) decrease in accrued and deferred items (asset side)		3,349,851	- 818,068
(Decrease) increase in accrued and deferred items (liability side)		- 2,582,093	775,528
(Increase) decrease in amounts due from banks		27,568,700	19,629,000
(Increase) decrease in trading securities		64,487,352	8,881,743
(Decrease) increase in amounts due to clients		- 7,922,159	17,758,228
(Increase) decrease in amounts due from clients		- 7,898,277	- 10,644,969
(Increase) decrease in valuation of financial investments		14,891,018	0
Net cash flow provided by operating activities		90,778,604	45,512,550
Sales of financial assets		153,849	0
Net cash flow provided by investing activities		153,849	0
Change in own shares	2	- 10,461,015	5,253,569
Dividends		- 12,596,610	- 6,298,305
Net cash flow used by financing activities		- 23,057,625	- 1,044,736
(Decrease) increase «Banks at Sight»		67,874,828	44,467,814
«Banks at Sight» on January 1		- 24,742,842	79,216,321
«Banks at Sight» on June 30		43,131,986	123,684,135
«Banks at Sight» consists of amounts due from minus amounts due to:			
Amounts due from banks at sight		83,936,112	130,191,744
Amounts due to banks at sight		40,804,126	6,507,609
Total «Banks at Sight»		43,131,986	123,684,135
Dividends received (excluding financial investments)		1,432,422	1,920,176
Interest received		755,757	124,217
Interest paid		419,430	56,557
Taxes paid		1,039,399	203,131

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, 2002	4,198,870	879,387	226,479,692	- 620,000	230,937,949
Dividend payment			- 12,596,610		- 12,596,610
Annual loss			- 19,439,787		- 19,439,787
Change in own shares		- 4,627,055		- 8,430,000	- 13,057,055
Position at Dec. 31, 2002	4,198,870	- 3,747,668	194,443,295	- 9,050,000	185,844,497
Dividend payment			- 6,298,305		- 6,298,305
Profit Jan. 1 - June 30, 2003			9,931,088		9,931,088
Change in own shares		- 2,796,431		8,050,000	5,253,569
Position at June 30, 2003	4,198,870	- 6,544,099	198,076,078	- 1,000,000	194,730,849

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 Financial Reporting Standards (IFRS).

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, 2002 CHF	June 30, 2003 CHF
1. SHARE CAPITAL		
Number of bearer shares	4,198,870	4,198,870
Share capital ¹⁾	4,198,870	4,198,870
Par value per share	1	1
Shareholders' equity per share ²⁾	44	46
2. OWN SHARES		
Number of bearer shares	107,255	14,160 ³⁾
Reserve for own shares	9,050,000	1,000,000

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

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

3) During the reporting period, 314,962 shares were bought at CHF 62.87 each and 408,057 shares were sold at CHF 60.84 each (average prices).

	Dec. 31, 2002	June 30, 2003
3. SHAREHOLDER STRUCTURE		
Shareholders holding more than 5% of the share capital		
Liechtensteinische Landesbank Aktiengesellschaft, Vaduz	5.24%	5.24%
Zürcher Kantonalbank, Zurich	5.36%	5.36%
Bâloise Holding, Basel	5.48%	5.48%
Pension fund of the Siemens companies in Switzerland, Zurich (including further pension institutions of Siemens in Switzerland)	15.07%	15.07%
OZ directors and staff (shares and stock options)	23.34%	19.61%
	Jan. 1 - June 30 2002 CHF	Jan. 1 - June 30 2003 CHF
4. PROFIT PER SHARE		
Profit per share: group profit divided by the number of outstanding bearer shares.		
Profit	65,253	9,931,088
Outstanding bearer shares (weighted)	4,198,870	4,198,870
minus own shares	74,756	14,160
Outstanding bearer shares (weighted) for calculation	4,124,114	4,184,710
Profit per share	0.02	2.37
There are no instruments outstanding that would dilute profit per share.		
	Dec. 31, 2002 CHF	June 30, 2003 CHF
5. PLEDGED ASSETS		
Securities pledged as collateral under covered warrant agreements	32,545,500	10,667,900
Due from banks	49,182,462	29,145,880
6. POST-BALANCE-SHEET EVENTS		
There are no post-balance-sheet events to report.		

Outstanding Options (as at June 30, 2003)

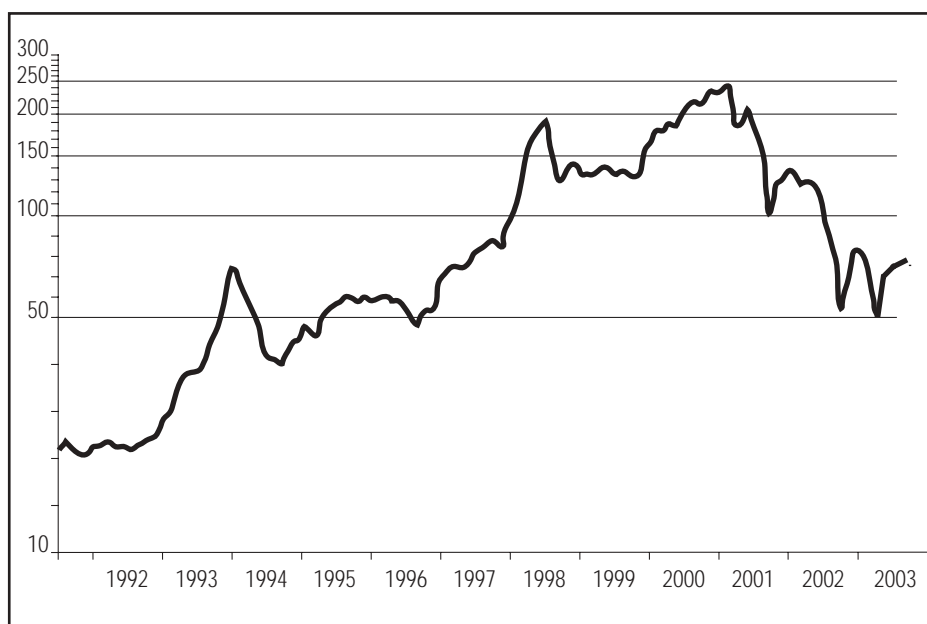
Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
BUCKS	1,000,000	BUC	300	09-17-2003	1/10	14
JELLO	5,910,000	JEL	1,450	09-17-2003	1/200	27
PHOPI-PUT	7,250,000	PHBN	25	09-17-2003	1/5	25
DMSPP-PUT	3,275,000	DMSN	625	12-17-2003	1/100	29
GEBIG	3,750,000	GEBN	425	12-17-2003	1/50	31
GEBZ-PUT	3,750,000	GEBN	400	12-17-2003	1/50	31
GEBPP-PUT	3,750,000	GEBN	370	12-17-2003	1/50	31
JELOZ-PUT	3,600,000	JEL	825	12-17-2003	1/100	32
JELPU-PUT	3,000,000	JEL	900	12-17-2003	1/100	27
RESQU	3,000,000	RESN	90	12-17-2003	1/10	24
RIEPA-PUT	5,000,000	RIEN	350	12-17-2003	1/50	24
ALLEE	2,000,000	ALLN	77.50	12-18-2003	1/10	18
DMSUN	4,100,000	DMSN	650	12-19-2003	1/100	36
PHOBI	4,000,000	PHBN	16	12-19-2003	1/2	35
SELES *	1,163,800	SELN	400	12-30-2003	1/20	31
LLBOZ	1,900,000	LLB	1,000	01-21-2004	1/20	46
ALLOT	2,000,000	ALLN	82.5	03-17-2004	1/5	35
ALLPO-PUT	2,000,000	ALLN	80	03-17-2004	1/5	35
BBIPO-PUT	2,455,000	BBIN	10	03-17-2004	1/1	31
CFTOZ	4,000,000	CFI	70	04-21-2004	1/10	32
JELMO	4,320,000	JEL	900	06-18-2004	1/100	39
INROL	2,500,000	INRN	110	12-17-2004	1/10	25
RESTL	3,000,000	RESN	115	03-16-2005	1/10	24
VALUE	10,000,000	VALN	350	05-18-2005	1/50	55
BALIX	10,588,103	BALN	197.10	06-15-2005	1/50	9
BALUP	1,607,309	BALN	167.80	06-15-2005	1/10	7
BALEG	2,938,460	BALN	170	06-20-2007	1/10	13

* Issued by OZ Holding

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to June 30, 2003, in CHF



Source: Datastream

Since it was first listed on August 26, 1991, the OZ bearer share has achieved an average performance of 10.5%. For comparison: Over the same period Swiss bank shares rose 11.1% on average while the Swiss Market Index gained 9.0%.

OZI closing price on Dec. 31, 2002	81.50
OZI closing price on June 30, 2003	65.05
Year's high on January 3, 2003	81.95
Year's low on April 4, 2003	52.35
Dividend paid per share for the 2002 fiscal year	1.50
Dividend yield (closing price on June 30, 2003)	2,3%
Reuters symbol	OZZH.S

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OZ Market Information

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Telekurs: 85,OZWTS1 - 6
Bloomberg: OZ0Z

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