



Interim Report June 30, 2004



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Board of Directors and Staff

BOARD OF DIRECTORS OZ HOLDING

Erwin W. Heri (Chairman)

Elfried Hasler

Stefan Holzer

Peter Rüegg

MANAGEMENT OZ BANKERS AG

Markus Eberle

Peter Rüegg

Andreas Walther

STAFF OZ BANKERS AG

Beat Arnold

Ulrich Bender

Denise Camele

Alexander Heeb

Karl-Heinz Hoch

Andreas Jenny

Marcel Jordi

Béatrice Leutwiler

Reto Peczinka

Daniel Reptsis

Daniel Stemmlé

Marco Tinnirello

Christian Waldispühl

Report of the Board of Directors of OZ Holding

DEAR SHAREHOLDERS

While the first months of the year were characterized by almost unrestrained euphoria, the world's stock markets turned rather sluggish in the second quarter – and this tediousness keeps dragging into summer. In this all but easy environment OZ Group generated a total income of close to 20 million francs and a profit of 11.6 million in the first half of the year. At the end of June the Group's shareholders' equity again reached a high 190 million francs despite distributions to the shareholders totaling 22.9 million in the first quarter. Detailed figures prove that the change of strategy we introduced a little more than a year ago is beginning to bear fruit. Consequently, earnings from investment advisory services, corporate finance and asset management are the main pillars on the income side, contributing approximately 12 million francs; just over 4 million now stem from trading.

OZ ON COURSE

According to plan, corporate finance and asset management activities are gaining in importance. Consequently, OZ was involved in a number of capital market transactions for Swiss small and mid caps over the past months. For example, OZ acted as co-manager in the offering of Feintool's convertible bond issue, as sub-underwriter in Swisslog's capital transaction, as co-lead-manager in Swissmetal's capital restructuring and, in various functions, in the takeover and placement of the Orell Füssli shares in the Kardex/Tuxedo merger.

In asset management, OZ obtained a mandate for the management of an overlay strategy on a large Swiss stock portfolio due to our know-how in derivatives on Swiss stocks.

The issuing business was equally successful with 24 new options. In addition, we structured a certificate on a Swiss small and mid cap basket for a third party («Swiss Micro Cap Basket») for the first time.

EQUITY ADJUSTMENT

At our annual general meeting we had stated that we would consider further capital repayments if it becomes evident that our change of strategy is working and, as a result, additional equity is set free. As the explanations above show, we are on course. Consequently we bought back 500,000 OZ bearer shares from a number of institutional investors below market value in July. As a result, OZ Holding now holds 12.5% of the company's votes and capital. OZ Holding's board of directors will propose to the ordinary annual general meeting of February 23, 2005, to reduce the company's share capital by cancelling the 500,000 repurchased shares. If the annual general meeting agrees, OZ Holding will again distribute approximately 40 million francs to its owners in this transaction and reduce the number of outstanding bearer shares to 3.5 million.

At midyear, the Group's equity before reserves for own shares stands at almost 200 million francs. Adjusted for the stock buyback, equity currently stands at around 160 million francs – a solid capital basis for the further development of the commissions activities. OZ plans to keep to its past dividend distribution policy and continue paying out dividends.

We are quite optimistic about the future. Economic data show a moderate upswing which will eventually also improve the companies' earnings situation. All the while we do not expect a particularly euphoric development which might trigger inflation fears and put too much upward pressure on long-term interest rates.

Pfäffikon, July 5, 2004

For the Board of Directors



Erwin W. Heri, Chairman



Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2003 CHF	June 30, 2004 CHF
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CURRENT ASSETS			
Due from banks		202,768,186	205,996,195
Due from clients		34,071,441	48,413,186
Trading securities		161,998,306	205,446,975
Accrued and deferred items		911,238	1,888,635
Total current assets		399,749,171	461,744,991
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TOTAL ASSETS		399,749,171	461,744,991

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2003 CHF	June 30, 2004 CHF
LIABILITIES			
<i>Current</i>			
Due to banks		12,559,982	58,020,695
Due to clients		131,534,659	138,866,640
Due from trading		42,418,266	72,499,246
Accrued and deferred items		7,347,666	2,352,784
Total current liabilities		193,860,573	271,739,365
Total liabilities		193,860,573	271,739,365
SHAREHOLDERS' EQUITY			
Share capital	1	4,198,870	4,000,000
Own shares		- 4,650,000	- 8,620,000
Reserves		206,339,728	194,625,626
Total shareholders' equity		205,888,598	190,005,626
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		399,749,171	461,744,991

Income Statement Second Quarter

	Notes	April 1 - June 30 2003 CHF	April 1 - June 30 2004 CHF
INCOME			
Income from securities		6,976,301	95,434
Dividend income		1,714,007	3,050,638
Interest income		10,239	4,186
Commission income		4,359,886	4,977,993
Total income		13,060,433	8,128,251
EXPENSES			
Administrative expenses		1,178,531	1,178,185
Personnel expense		1,014,891	1,001,947
Financial expense		16,996	110,916
Commission expense		230,174	831,243
Profit before tax		10,619,841	5,005,960
Taxes		811,297	390,259
PROFIT APRIL 1 - JUNE 30		9,808,544	4,615,701
Profit per share	4	2.34	1.19

Income Statement Accumulated

	Notes	Jan. 1 - June 30 2003 CHF	Jan. 1 - June 30 2004 CHF
INCOME			
Income from securities		3,087,569	4,224,368
Dividend income		1,920,176	3,350,970
Interest income		124,217	25,893
Commission income		9,847,168	11,890,302
Total income		14,979,130	19,491,533
EXPENSES			
Administrative expenses		2,209,363	2,603,160
Personnel expense		1,767,679	1,938,849
Financial expense		56,557	311,383
Commission expense		446,895	1,683,093
Profit before tax		10,498,636	12,955,048
Taxes		567,548	1,376,958
PROFIT JANUARY 1 - JUNE 30		9,931,088	11,578,090
Profit per share	4	2.37	2.96

Cash Flow Statement

	Notes	Jan. 1 - June 30 2003 CHF	Jan. 1 - June 30 2004 CHF
Profit		9,931,088	11,578,090
(Increase) decrease in accrued and deferred items (asset side)		- 818,068	- 977,397
(Decrease) increase in accrued and deferred items (liability side)		775,528	- 4,994,882
(Increase) decrease in amounts due from banks		19,629,000	- 7,755,000
(Increase) decrease in trading securities		8,881,743	- 13,367,689
(Decrease) increase in amounts due to clients		17,758,228	7,331,981
(Increase) decrease in amounts due from clients		- 10,644,969	- 14,341,745
Net cash flow provided by operating activities		45,512,550	- 22,526,642
Repayment of shareholders' equity		0	- 16,854,233
Change in own shares	2	5,253,569	- 4,606,829
Dividends		- 6,298,305	- 6,000,000
Net cash flow used by financing activities		- 1,044,736	-27,461,062
(Decrease) increase «Banks at Sight»		44,467,814	-49,987,704
«Banks at Sight» on January 1		79,216,321	116,963,204
«Banks at Sight» on June 30		123,684,135	66,975,500
«Banks at Sight» consists of amounts due from minus amounts due to:			
Amounts due from banks at sight		130,191,744	124,996,195
Amounts due to banks at sight		6,507,609	58,020,695
<i>Total «Banks at Sight»</i>		<i>123,684,135</i>	<i>66,975,500</i>
Dividends received (excluding financial investments)		1,920,176	3,350,970
Interest received		124,217	25,893
Interest paid		56,557	311,383
Taxes paid		203,131	7,531,978

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, 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 Dec. 31, 2003	4,198,870	- 6,950,956	213,290,684	- 4,650,000	205,888,598
Dividend payment			- 6,000,000		- 6,000,000
Repayment of shareholders' equity - 198,870			- 16,655,363		- 16,854,233
Profit Jan. 1 - June 30, 2004			11,578,090		11,578,090
Change in own shares		- 636,829		- 3,970,000	- 4,606,829
Position at June 30, 2004	4,000,000	- 7,587,785	202,213,411	- 8,620,000	190,005,626

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, Switzerland:

OZ Bankers AG, Freienbach SZ, Switzerland

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

Percentage held: 100.0%

Number of employees: 16

Notes

	Dec. 31, 2003 CHF	June 30, 2004 CHF
1. SHARE CAPITAL		
Number of bearer shares	4,198,870	4,000,000 ⁴⁾
Share capital ¹⁾	4,198,870	4,000,000 ⁴⁾
Par value per share	1	1
Shareholders' equity per share ²⁾	49	48
2. OWN SHARES		
Number of bearer shares	61,460	101,453 ³⁾
Reserve for own shares	4,650,000	8,620,000

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, 858,247 shares were bought at CHF 85.54 each and 818,254 shares were sold at CHF 85.22 each (average prices).

4) Based on the resolution passed by the general meeting on February 18, 2004, the share capital was reduced by CHF 198,870 by canceling 198,870 shares.

3. SHAREHOLDER STRUCTURE

Shareholders holding more than 5% of the share capital

Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

Zürcher Kantonalbank, Zurich

Shareholders holding more than 10% of the share capital

Pension fund of the Siemens companies in Switzerland, Zurich
(including further pension institutions of Siemens in Switzerland)

OZ directors and staff (shares and stock options)

	Jan. 1 - June 30 2003 CHF	Jan. 1 - June 30 2004 CHF
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4. PROFIT PER SHARE

Profit	9,931,088	11,578,090
Outstanding bearer shares (weighted)	4,198,870	4,016,573
minus own shares	14,160	101,453
Outstanding bearer shares (weighted) for calculation	4,184,710	3,915,120
Profit per shares	2.37	2.96

There are no instruments outstanding that would dilute profit per share. Profit per share: group profit divided by the number of outstanding bearer shares.

	Dec. 31, 2003 CHF	June 30, 2004 CHF
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5. PLEDGED ASSETS

Securities pledged as collateral under covered warrant agreements	15,652,500	2,000,000
Due from banks	70,485,580	40,943,625

6. POST-BALANCE-SHEET EVENTS

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

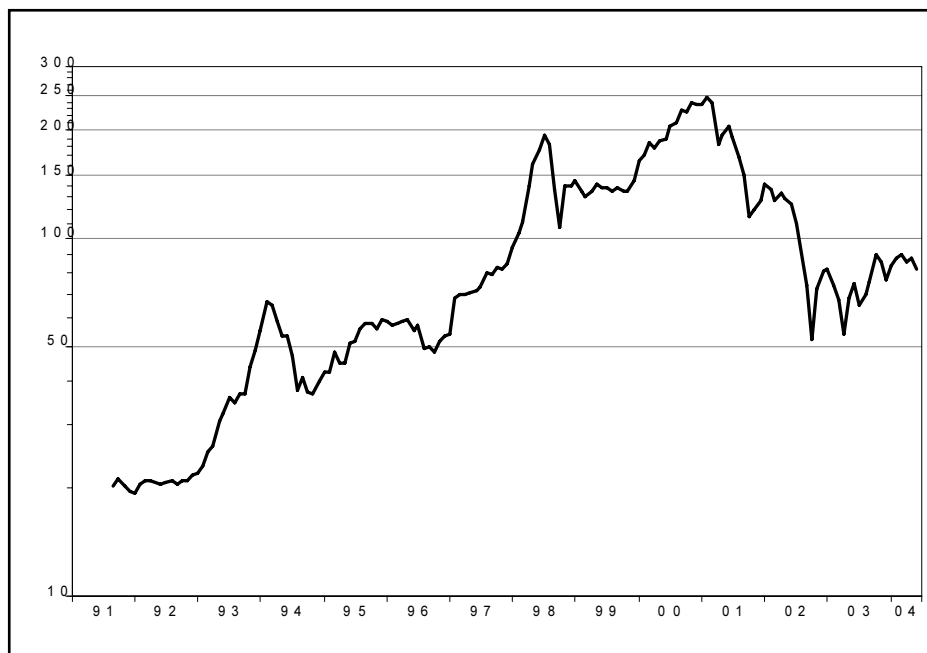
Outstanding Options (as at June 30, 2004)

Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
OFNOZ	1,629,953	OFN	99.50	07-16-2004	3/20	35
ROLER	14,950,000	ROL	1.30	08-18-2004	1/1	19
BOSS	2,750,000	BOS	42.50	09-15-2004	1/5	41
FINPU-PUT	5,550,000	FI-N	200	09-15-2004	1/50	32
PHOPU-PUT	6,350,000	PHBN	20	09-15-2004	1/5	50
SAKKO	3,180,000	SAKN	125	09-15-2004	1/20	19
BALSA	8,600,000	BALN	57.50	09-17-2004	1/10	47
ATLOZ-PUT	4,000,000	ATLN	140	12-15-2004	1/20	29
BBIPU-PUT	5,000,000	BBIN	12.50	12-15-2004	1/2	26
CHRUP-PUT	4,000,000	CHRN	65	12-15-2004	1/10	26
ENRIP-PUT	2,120,000	ENR	110	12-15-2004	1/10	29
JELMI	12,590,000	JEL	1,300	12-15-2004	1/200	107
LOGOZ-PUT	5,000,000	LOGN	57.50	12-15-2004	1/10	29
MASER	3,750,000	MASN	70	12-15-2004	1/10	21
RESPU-PUT	4,800,000	PSPN	42.4313	12-15-2004	2/11	40
SAUPT-PUT	4,750,000	SAUN	57.50	12-15-2004	1/10	30
TECPU-PUT	5,000,000	TECN	50	12-15-2004	1/10	27
BALPI-PUT	9,700,000	BALN	50	12-17-2004	1/10	53
INROL	1,967,200	INRN	110	12-17-2004	1/10	29
UHRPU-PUT	7,500,000	UHR	165	12-17-2004	1/20	61
UNAPU-PUT	6,000,000	UNAX	185	12-17-2004	1/20	42
FINOZ-PUT	1,870,000	FI-N	260	02-16-2005	1/20	27
GEBIG	4,000,000	GEBN	825	03-16-2005	1/100	33
ENRAP-PUT	2,080,000	ENR	120	03-16-2005	1/10	29
JELLY	3,400,000	JEL	1,500	03-16-2005	1/200	29
RESTL	3,000,000	PSPN	62.9625	03-16-2005	2/11	25
RIEPT-PUT	5,000,000	RIEN	325	03-16-2005	1/50	33
ROLIO	40,000,000	ROL	1.35	03-16-2005	1/2	25
SLOGI	45,000,000	SLOG	1.20	03-16-2005	1/2	29
SLHOZ-PUT	7,000,000	SLHN	165	03-18-2005	1/20	61
VALUE	10,000,000	VALN	350	05-18-2005	1/50	58
BALIX	10,588,103	BALN	197.10	06-15-2005	1/50	12
BALUP	1,607,309	BALN	167.80	06-15-2005	1/10	9
JELLO	4,000,000	JEL	1,750	06-15-2005	1/200	34
PSPOZ	6,000,000	PSPN	45	06-15-2005	1/10	27
GALLO	6,000,000	GALN	200	08-17-2005	1/20	57
FTOPP-PUT	5,000,000	FTON	250	06-15-2006	1/50	25
BALEG	2,938,460	BALN	170	06-20-2007	1/10	16

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to June 30, 2004, in CHF



Source: Datastream

Since it was first listed on August 26, 1991, the OZ bearer share has achieved an average annual performance of 11.5%. Taking all the payouts into consideration – dividends, par value reductions and stock buybacks – the annual performance was 13.8%. Over the same period the Swiss Performance Index (SPI) reached an overall performance of 10.8% p.a.

OZI closing price on December 31, 2003	84.00
OZI closing price on June 30, 2004	80.95
Year's high on March 5, 2004	92.90
Year's low on June 29, 2004	80.20
Dividend paid per share for the 2003 fiscal year	1.50
Dividend yield (closing price on June 30, 2004)	1.9%
Reuters symbol	OZZH.S

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OZ Market Information

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Bloomberg: OZ0Z

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