



Interim Report March 31, 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

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

The first quarter 2004 began much like the last quarter of 2003 ended: with a continuously rising stock market which grew almost euphoric again toward the end of February. It was only with the terrorist attacks in Madrid that the mood changed again. Consequently, March was once more rather a month for pessimists. At any rate, the economic data speaks a clear language which may eventually have an effect on employment figures after all. However, we should not grow too euphoric in this respect. A possible imminent upswing may not (perhaps never again) go hand in hand with the creation of new jobs in the «old world» as was the case in past recoveries.

With regard to interest rates, almost the exact opposite happened during the first quarter from what virtually every «guru» predicted at the beginning of the year: interest rates declined. This is another classic example of the phenomenon that precisely what everybody says has already been discounted in the prices and may just as well turn into its exact opposite.

A GOOD START INTO THE NEW YEAR FOR OZ

For the first quarter 2004 we can report commission income from investment consulting, corporate finance and asset management of approximately 7 million francs (+ 25% compared to the year-earlier period) and income from securities of 4 million francs (previous year: minus 4 million). The issuing and options business also developed well with a total of 13 new options. The fact that we were also able, in particular, to issue instruments on the shares of rather small capitalized companies like Feintool, Berna Biotech, Micronas and Actelion is proof of the optimistic mood on the stock market and of our own competence in this line of business as well. At the same time, we were able to expand our corporate finance consulting activities. In this field, apart from own capital optimizations, corporate financing by means of convertibles has become increasingly important. In asset management, we completed the restructuring of our range of products and services in January. Since the beginning of February, we have been offering these new products and services on the market.

The result of all these activities was a pleasing consolidated profit of 7 million francs for the first quarter 2004. This compares to the previous year when we were just able to write a «black zero». Shareholders' equity now stands at 187 million francs after a dividend payment of 6 million francs (1.50 per share) and a stock buyback of 16.9 million francs at the end of February. At the general meeting of February 18, a resolution was passed to cancel the 198,870 previously repurchased bearer shares.

We look to the coming months with a certain degree of optimism. After all, the above-mentioned economic data points in the right direction. But the risks are also evident: Apart from terrorism and the risk of a too rapid rise in interest rates, the growing U.S. imbalances are worth mentioning because their correction will keep the markets occupied for some time to come.

Pfäffikon, April 7, 2004

For the Board of Directors



Erwin W. Heri, Chairman



Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2003 CHF	March 31, 2004 CHF
CURRENT ASSETS			
Due from banks		202,768,186	214,458,241
Due from clients		34,071,441	34,301,241
Trading securities		161,998,306	185,654,871
Accrued and deferred items		911,238	105,904
Total current assets		399,749,171	434,520,257
<hr/>			
TOTAL ASSETS		399,749,171	434,520,257

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2003 CHF	March 31, 2004 CHF
LIABILITIES			
<i>Current</i>			
Due to banks		12,559,982	30,294,960
Due to clients		131,534,659	156,196,283
Due from trading		42,418,266	54,825,142
Accrued and deferred items		7,347,666	6,080,257
Total current liabilities		193,860,573	247,396,642
Total liabilities		193,860,573	247,396,642
SHAREHOLDERS' EQUITY			
Share capital	1	4,198,870	4,000,000
Own shares		- 4,650,000	- 7,200,000
Reserves		206,339,728	190,323,615
Total shareholders' equity		205,888,598	187,123,615
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		399,749,171	434,520,257

Income Statement

	Notes	Jan. 1 - March 31 2003 CHF	Jan. 1 - March 31 2004 CHF
INCOME			
Income from securities		- 3,888,732	4,128,934
Dividend income		206,169	300,332
Interest income		113,978	21,707
Commission income		5,487,282	6,912,309
Total income		1,918,697	11,363,282
EXPENSES			
Administrative expenses		1,030,832	1,424,975
Personnel expense		752,788	936,902
Financial expense		39,561	200,467
Commission expense		216,721	851,850
Loss / profit before tax		- 121,205	7,949,088
Taxes		243,749	- 986,726
PROFIT JANUARY 1 - MARCH 31		122,544	6,962,362
Profit per share	4	0.03	1.77

Cash Flow Statement

	Notes	Jan. 1 – March 31 2003 CHF	Jan. 1 – March 31 2004 CHF
Profit		122,544	6,962,362
(Increase) decrease in accrued and deferred items (asset side)		- 1,990,558	805,334
(Decrease) increase in accrued and deferred items (liability side)		- 165,583	- 1,267,409
(Increase) decrease in amounts due from banks		- 16,864,000	- 22,955,000
(Increase) decrease in trading securities		10,887,060	- 11,249,689
(Decrease) increase in amounts due to clients		13,547,774	24,661,624
(Increase) decrease in amounts due from clients		- 4,340,820	- 229,800
Net cash flow provided by operating activities		1,196,417	- 3,272,578
Repayment of shareholders' equity		0	- 16,854,233
Change in own shares	2	5,096,921	- 2,873,112
Dividends		- 6,298,305	- 6,000,000
Net cash flow used by financing activities		- 1,201,384	- 25,727,345
(Decrease) increase «Banks at Sight»		- 4,967	- 28,999,923
«Banks at Sight» on January 1		79,216,321	116,963,204
«Banks at Sight» on March 31		79,211,354	87,963,281
«Banks at Sight» consists of amounts due from minus amounts due to:			
Amounts due from banks at sight		83,112,236	118,258,241
Amounts due to banks at sight		- 3,900,882	- 30,294,960
Total «Banks at Sight»		79,211,354	87,963,281
Dividends received (excluding financial investments)		206,169	330,332
Interest received		113,978	21,707
Interest paid		39,561	200,467
Taxes paid		- 137,728	2,966,278

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 - March 31, 2004			6,962,362		6,962,362
Change in own shares		- 323,112		- 2,550,000	- 2,873,112
Position at March 31, 2004	4,000,000	- 7,274,068	197,597,683	- 7,200,000	187,123,615

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: 15

Notes

	Dec. 31, 2003 CHF	March 31, 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	47
2. OWN SHARES		
Number of bearer shares	61,460	84,578 ³⁾
Reserve for own shares	4,650,000	7,200,000

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, 823,374 shares were bought at CHF 85.66 each and 601,386 shares were sold at CHF 85.42 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.

	Dec. 31, 2003	March 31, 2004
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%	4.05%
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)	15.24%	13.21%
OZ Holding, Freienbach	-	5.05%

	Jan. 1 – March 31 2003 CHF	Jan. 1 – March 31 2004 CHF
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4. PROFIT PER SHARE

Profit per share: group profit divided by the number of outstanding bearer shares		
Profit	122,544	6,962,362
Outstanding bearer shares (weighted)	4,198,870	4,016,573
minus own shares	19	84,578
Outstanding bearer shares (weighted) for calculation	4,198,851	3,931,995
Profit per share	0.03	1.77

There are no instruments outstanding that would dilute profit per share.

	Dec. 31, 2003 CHF	March 31, 2004 CHF
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5. PLEDGED ASSETS

Securities pledged as collateral under covered warrant agreements	15,652,500	2,500,000
Due from banks	70,485,580	22,953,911

6. POST-BALANCE-SHEET EVENTS

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

Outstanding Options (as at March 31, 2004)

Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
CFTOZ	4,000,000	CFT	66.65	04-21-2004	1/10	47
BBISS	6,000,000	BBIN	12.43	06-16-2004	1/2	35
JELPI-PUT	3,000,000	JEL	1,200	06-16-2004	1/100	45
JELPP-PUT	3,000,000	JEL	950	06-16-2004	1/100	45
SAUPU-PUT	5,000,000	SAUN	52.50	06-16-2004	1/10	28
BALUZ-PUT	10,000,000	BALN	50	06-18-2004	1/10	53
JELMO	4,320,000	JEL	900	06-18-2004	1/100	65
RIEPU-PUT	5,000,000	RIEN	260	06-18-2004	1/50	32
ROLER	15,000,000	ROLE	1.30	06-18-2004	1/1	21
BOSS	3,000,000	BOS	42.50	09-15-2004	1/5	35
FINPU-PUT	6,250,000	FI-N	200	09-15-2004	1/50	50
PHOPU-PUT	7,500,000	PHBN	20	09-15-2004	1/5	46
SAKKO	4,000,000	SAKN	125	09-15-2004	1/20	23
BALSA	10,000,000	BALN	57.50	09-17-2004	1/10	53
ATLOZ-PUT	4,000,000	ATLN	140	12-15-2004	1/20	27
BBIPU-PUT	5,000,000	BBIN	12.50	12-15-2004	1/2	29
CHRUP-PUT	4,000,000	CHRN	65	12-15-2004	1/10	25
ENRIP-PUT	2,500,000	ENR	110	12-15-2004	1/10	35
JELMI	10,000,000	JEL	1,300	12-15-2004	1/200	75
LOGOZ-PUT	5,000,000	LOGN	57.50	12-15-2004	1/10	29
MASER	4,000,000	MASN	70	12-15-2004	1/10	24
RESPU-PUT	5,000,000	RESN	77.50	12-15-2004	1/10	40
SAUPT-PUT	5,000,000	SAUN	57.50	12-15-2004	1/10	28
INROL	2,500,000	INRN	110	12-17-2004	1/10	35
UHRPU-PUT	8,000,000	UHR	165	12-17-2004	1/20	66
UNAPU-PUT	6,000,000	UNAX	185	12-17-2004	1/20	51
ENRAP-PUT	2,500,000	ENR	120	03-16-2005	1/10	35
RESTL	3,000,000	RESN	115	03-16-2005	1/10	24
VALUE	10,000,000	VALN	350	05-18-2005	1/50	63
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	9
GALLO	6,000,000	GALN	200	08-17-2005	1/20	57
FTOPP-PUT	100,000	FTON	250	06-15-2006	1/50	1
BALEG	2,938,460	BALN	170	06-20-2007	1/10	16

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to March 31, 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 12.1%. Taking all the payouts into consideration – dividends, par value reductions and stock buybacks – the annual performance was 14.5%. Over the same period the Swiss Performance Index (SPI) reached an overall performance of 10.9% p.a.

OZI closing price on December 31, 2003	84.00
OZI closing price on March 31, 2004	84.50
Year's high on March 5, 2004	92.90
Year's low on January 9, 2004	84.00
Dividend paid per share for the 2003 fiscal year	1.50
Dividend yield (closing price on March 31, 2004)	1.78%
Reuters symbol	OZZH.S

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OZ Market Information

Market Making Reuters: OZBANKERS
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