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Under Embargo until 07.00h, 23 July 2002

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Results for the Six Months to 30 June 2002

"We have had another strong half year for customer growth with 362,000 net new customers acquired taking our total to over 2.3 million. This impressive result reflects the success of our recent refresh of the Egg brand, with the Q2 TV advertising campaign outperforming our expectations and helping to deliver 205,000 net new customers for the quarter. Even after this strategic investment in brand and marketing spend, our UK business delivered growing profits in Q2 and we remain confident that this trend will continue as we move into the second half of the year."

Paul Gratton, CEO, Egg plc

Financial Highlights:

- UK profit before tax of £8.7 million (H1 2001: £61.7 million loss)
- Operating income up 103% to £154.4 million (H1 2001: £76.2 million)
- Loss per share 0.1p (H1 2001: 5.8p)
- Total assets increased to £9.7 billion (H1 2001: £7.9 billion) with credit card balances reaching £2.1 billion (H1 2001: £1.5 billion)
- Savings balances grew by £1.6 billion (H1 2001: outflow of £0.7 billion)
- Investment in international expansion £7.5 million (H1 2001: £1.7 million)

Business Highlights:

- 205,000 net new customers in Q2 2002 (Q2 2001: 146,000) taking the total above 2.3 million
- Egg Card now has 5% market share of UK card balances
- Zebank deal completed May 2002, remain on track to launch Egg in France later this year

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Chief Executive Paul Gratton said:

“This has been an impressive performance for the first half of 2002. We have grown the customer base strongly with 362,000 net new customers acquired during the period. The Egg brand identity and website were updated and refreshed in April to position us well for international development. We are delighted with the success of this initial roll-out in our home UK market. In particular, the new TV advertising campaign has provided real momentum to our customer acquisition campaigns during the second quarter.

”Our core UK business continues to deliver profits. Operating income has increased to £154.4 million for the half year, up 103% on the comparative period in 2001. Costs remain well under control with annualised operating costs per customer falling to £58 during Q2 2002, as compared to £79 in Q2 2001. This reflects our ability to both implement cost efficiencies and absorb volume growth.

“Whilst we continue to monitor credit performance closely, we are happy with the credit quality of our card portfolio and our proposition continues to attract upmarket customers.

”We announced in May this year that we have now completed our acquisition of Zebank after receiving the necessary approvals and licences from the Banque de France. I am pleased to report that we remain on track to launch Egg in France during the latter part of 2002.”

Overview of Results

Summary profit and loss account by quarter (Unaudited)

	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001
	£m	£m	£m	£m	£m
Net interest income	**56.2**	55.3	47.4	38.5	31.7
Other operating income	**24.5**	18.4	15.0	12.3	8.1
Operating income	**80.7**	73.7	62.4	50.8	39.8
Operational and administrative expenses	**(32.1)**	(31.8)	(30.8)	(32.5)	(32.5)
Brand and marketing costs	**(12.9)**	(7.8)	(8.2)	(6.6)	(6.0)
Development costs	**(4.2)**	(5.7)	(2.8)	(3.1)	(3.8)
Depreciation and amortisation	**(4.7)**	(4.9)	(5.2)	(4.6)	(4.7)
Provisions for bad and doubtful debts	**(20.6)**	(18.6)	(15.5)	(19.5)	(16.4)
UK operating profit/(loss)	**6.2**	4.9	(0.1)	(15.5)	(23.6)
Restructuring costs	**-**	-	(2.7)	-	-
Share of associates/JV losses	**(1.6)**	(0.8)	(1.4)	(1.0)	(0.9)
UK profit/(loss) before tax	**4.6**	4.1	(4.2)	(16.5)	(24.5)
International	**(5.8)**	(1.7)	(1.8)	(1.9)	(1.0)
Group profit/(loss) before tax	**(1.2)**	2.4	(6.0)	(18.4)	(25.5)

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Revenues

Net interest income continued to grow in Q2 2002, compared to previous quarters, although the pace of growth slowed reflecting a slight reduction in overall margins (Q2 2002: 2.58% versus Q1 2002: 2.67%). This was due to two factors. Firstly we have seen strong customer acquisition figures for Egg Card, which means a higher proportion of the customer base are on incentive offers than in Q1. The benefit of this campaign will begin to flow through the profit and loss account in Q4 2002 when the introductory offers expire. In addition, the benefit of the recent repricing on Egg Card to 13.9% APR will impact positively on margins in the second half of 2002. Secondly we have been diversifying our funding strategy and successfully raised over £2 billion in new retail deposit funds in the quarter using a 6-month incentive rate. This has a short-term impact on margins but we believe that in the medium to long-term it should prove a cheaper alternative to wholesale funds.

Other operating income increased strongly to £24.5 million in Q2 from £18.4 million in Q1 2002 due to a combination of factors. Approximately £2 million of the increase was earned from unsecured lending products, with higher volumes of personal loan sales, which led to higher commissions on associated insurance sales. The strong growth in the credit card book has also led to higher transactional fee revenue. In addition, we earned £2.5 million incremental profit on disposal of investment securities within our treasury portfolio.

Costs

Operational and administrative costs remain tightly managed and at £32.1 million for the quarter (Q1 2002: £31.8 million) reflect lower unit operating costs being achieved through productivity enhancements and the fixed administration overheads being held flat. Our annualised operating cost per customer at £58 has reduced by 8% since Q1 2002 and 27% from Q2 2001.

Brand and marketing costs at £12.9 million in Q2 2002 increased significantly on previous quarters (Q1 2002: £7.8 million) due principally to the recent TV advertising campaign and the cost of the Egg brand refresh campaign which positions us to grow internationally. We still anticipate full year costs in the region of £35 million.

UK development costs decreased to £4.2 million after higher Q1 spend (£5.7 million) and now reflects our expected quarterly investment levels.

Depreciation and amortisation has remained in line with previous quarters at £4.7 million.

Bad Debt Provisions

Credit quality remains strong. The arrears rate in the unsecured portfolio (defined as impaired balances as a percentage of total balances) is 2.8% at 30 June 2002 (31 December 2001: 2.4%), reflecting the stage of maturity of our credit card book. Underlying delinquency levels continue to trend downwards.

The quarterly charge for Q2 2002 grew to £20.6 million (Q1 2002: £18.6 million) reflecting the continued retail asset growth this quarter.

Share of Associate/JV Losses

Within this line there has been an extra charge of £0.8m relating to additional goodwill write–off on IfOnline. This is an accounting adjustment reflecting a small dilution in our shareholding from 39.6% to 36.7%.

International

Year to date we have invested £2.0 million in research and development mainly on building international functionality into our investments platforms. The remaining £5.5 million relates to Egg France including operating losses of Zebank for the month of June following completion of the acquisition.

We expect costs of the international division to grow significantly in the second half as we gear up for launch in France later in the year. We remain on track to deliver our targets for the French business within the £100 million (€160 million) we set as the profit and loss investment for the first three years in France.

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Business Performance

Summary New Business Figures by Quarter

	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001
Net New Egg Customers ('000)	**205**	157	147	83	146
Net New Customers by product ('000)					
- Deposits	**57**	2	-	-	(2)
- Credit Card	**182**	157	154	90	144
- Personal loans	**8**	5	6	6	9
- Mortgages	**2**	1	1	1	-
- Egg Invest	**5**	13	2	3	10
- Egg Insure	**12**	9	4	5	5
Products	**£m**	£m	£m	£m	£m
- Credit Card Balance Growth	**207**	145	184	27	306
- Egg Personal Loan Drawdowns	**150**	116	95	106	109
- Egg Mortgage Drawdowns	**118**	110	117	83	73
- Egg Deposit Flows	**1,947**	(345)	(91)	(267)	(308)

<u>Customers</u>

The Egg customer base grew by a further 205,000 during the second quarter, giving a period end total of over 2.3 million. This represents a strong performance and is principally due to the impact of the new advertising campaign, which we launched in April to coincide with the changes to the Egg brand identity.

Revenue per customer also grew in Q2 to an annualised £146 (Q2 2001: £96) reflecting the fact that the customer base is more mature and generating higher profitability.

Banking

The credit card business attracted 182,000 net new customers during the quarter with card balances standing at £2.1 billion at period end. At end June we have over 1.7 million card customers and Egg Card itself accounts for over 5% market share of card balances in the UK.

Given the individual success of Egg Card and the Boots Advantage Card, Egg and Boots have mutually agreed to discontinue the co-branded Advantage loyalty credit card with effect from the end of October. The 104,000 existing customers will be offered a separate Egg branded credit card and a Boots Advantage loyalty card.

Personal loan customers at 30 June 2002 were 116,000 with disbursements for the quarter up 29% on Q1 2001 at £150 million. Our focus remains on cross-selling loans to the credit card base, offering a holistic approach to unsecured lending. We have streamlined the application processes and now offer pre-approved loans to card customers. This has also resulted in significantly reduced marketing costs at £6 per loan in the first half (H1 2001: £51).

Egg Mortgage completions in the quarter at £118 million maintained the higher levels achieved since the Egg Saver Mortgage launched in the middle of last year.

Within Egg Savings the recently launched bonus internet account and the fixed rate bond offering have both had excellent uptake. The savings customer base increased by 57,000 in the quarter to 685,000. In addition the net cash outflow of

£345 million in Q1 resulting from pricing changes on the offline book has been more than offset by over £2 billion of new funds deposited in Q2. The overall cost of savings rose from 3.45% for the 3 months to March 2002 to 3.55% for the 6 months to June.

Investments

Egg Invest gained another 5,000 customers this quarter. With the stock markets remaining volatile and trending downwards over the last quarter, we have witnessed an impact on customer confidence, which in turn has affected sales. Total funds invested by customers during the ISA season (1 January to 5 April 2002) were down 24% on last year at £38 million (2001: £50 million). We believe this to be a relatively sound performance within a disappointing market with volumes across the whole market down 32% according to IMA statistics.

Insurance

Egg Insure added a further 12,000 customers during this quarter and now has a customer base of 44,000. Travel insurance is proving the most popular product within the supermarket.

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Financial Review

This section analyses Group results for the six months ended 30 June 2002 compared to the same period last year, as set out in the consolidated profit and loss account.

Group profit before tax was £1.2 million compared to a loss of £63.4 million for H1 2001.

Net interest income increased by 86% to £111.3 million for the period reflecting an increase in net interest margin to 2.58% (30 June 2001: 1.57%). This has largely resulted from changes to product pricing on Egg Card and savings products, which has led to additional margin on both products. In addition, on average a much smaller percentage of the Egg Card customer base is on incentive offers in H1 2002 compared to H1 2001.

Other operating income increased by £26.7 million to £43.1 million primarily reflecting fees and commissions earned from the larger credit card book and the reduction in cashback on the credit card. Commissions earned from selling creditor insurance at point of sale on personal loans also increased, with higher volumes of new loans sold and the benefit of profit share emerging on the older book of business.

Operational and administrative expenses increased by just £2.2 million to £67.6 million despite the average number of customers increasing by 35%. This reflects operational efficiencies and tight management of overheads that have allowed Egg to absorb its strong business growth, without any significant increase in costs

Brand and marketing costs have remained stable at £20.8 million (30 June 2001: £21.1 million). However the mix has changed significantly. This year saw a significantly scaled back ISA campaign compared to 2001 with the £5 million saving being directed into the brand refresh exercise, including a major TV advertising campaign in Q2 2002.

Development costs increased to £13.1 million at group level (30 June 2001: £7.6 million), with £9.9 million incurred in respect of the UK business and £3.2 million spent developing international capability.

Depreciation and amortisation at £10.0 million is in line with the previous year (30 June 2001: £9.8 million).

The charge for bad and doubtful debts at £39.2 million (30 June 2001: £33.0 million) reflects the continuing growth in credit card balances and the resulting change in mix of the retail asset book, with a much higher proportion of unsecured lending. Underlying credit quality remains strong.

The tax charge was £2.1 million (30 June 2001: tax credit of £16.5 million). This reflects the fact that the share of associate losses (on which no tax relief is available) is a much higher proportion of the first half 2002 profits than the corresponding 2001 first half losses, and the fact that no tax relief has been reflected for losses incurred in France.

Loss attributable to ordinary shareholders after tax was £0.9 million compared to a loss of £46.9 million for the period to 30 June 2001.

Loss per share was 0.1p compared to a loss per share of 5.8p (as restated) for the first half last year.

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Total assets increased to £9.7 billion as at 30 June 2002 (30 June 2001: £7.9 billion). Within this, loans and advances to customers grew by £0.5 billion mainly due to the continued success of the credit card business. In addition debt securities grew by £0.9 billion due to the investment of the strong inflow of savings balances in the second quarter of 2002, which created additional liquidity.

Total liabilities increased to £9.2 billion as at 30 June 2002 (30 June 2001: £7.4 billion). Customer deposits have increased by £1.3 billion to £7.7 billion due to the strong inflow of funds in the second quarter of 2002 following the launch of the new bonus savings account and the fixed rate bond. This has more than offset the outflows of deposits from the telephone based accounts seen in the latter half of 2001 and first quarter of 2002 as Egg widened margins and encouraged customers to use online services. Wholesale funding increased by £0.5 billion to £1.1 billion as at 30 June 2002.

Capital adequacy ratios at 30 June 2002 were 10.4% (tier 1) and 13.3% (total) (30 June 2001: 12.8% (tier1) and 15.2% (total)). This reflects the additional £75 million of tier 2 subordinated debt raised in June 2002. In addition Egg has maintained its capital efficiency initiatives with credit derivatives in place on £1.1 billion of asset-backed securities within our treasury investment portfolio and £0.9 billion of mortgages.

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New Business Figures

	30 Jun 2002	30 Jun 2001	31 Dec 2001
Total Customers [1] [2]	**2,312,417**	1,720,881	1,950,624
Customers by product [1]			
- Credit Card [4]	**1,707,883**	1,125,982	1,368,642
- Savings [3]	**685,129**	625,471	625,720
- Personal loans [3]	**115,632**	91,566	102,727
- Mortgages [3]	**27,697**	22,496	24,827
- Egg Invest [3]	**54,507**	31,796	36,659
- Egg Insure [3]	**44,282**	15,534	23,665
Product balances [1]	**£m**	£m	£m
- Credit Cards	**2,121**	1,565	1,769
- Egg Savings	**7,258**	6,014	5,656
- Egg Personal Loans	**659**	527	586
- Egg Mortgages	**1,117**	913	1,002
- Prudential Savings	**255**	342	289
- Prudential Mortgages	**1,271**	1,554	1,425
- Prudential Personal Loans	**7**	15	11

Notes:

(1) Cumulative as at the date indicated.

(2) If a customer holds more than one Egg product they are treated as a single customer for the purposes of this line item.

(3) Joint holders are treated as two or more customers.

(4) Includes second cardholders and individuals whose applications have been accepted in principle and who have been allocated a credit limit but for whom the application process has not yet been completed.

Independent review report by KPMG Audit Plc to Egg plc

Introduction

We have been instructed by the company to review the financial information set out on pages 16 to 24 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Egg plc management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2002.

KPMG Audit Plc
Chartered Accountants
22 July 2002
London

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Consolidated profit and loss account (Unaudited)

	Half year to 30 June 2002	Half year to 30 June 2001	Year to 31 December 2001
	£m	£m	£m
		As restated	(Audited)
Interest receivable	**285.9**	307.0	604.7
Interest payable	**(174.6)**	(247.2)	(459.0)
Net interest income	**111.3**	59.8	145.7
Other operating income	**43.1**	16.4	43.7
Operating income	**154.4**	76.2	189.4
Administrative expenses			
- operational and administrative expenses	**(67.6)**	(65.4)	(132.0)
- brand and marketing costs	**(20.8)**	(21.1)	(35.8)
- development costs	**(13.1)**	(7.6)	(16.7)
Depreciation and amortisation	**(10.0)**	(9.8)	(19.6)
Provisions for bad and doubtful debts	**(39.2)**	(33.0)	(68.0)
Operating profit/(loss)	**3.7**	(60.7)	(82.7)
Share of operating loss of joint ventures	**(0.2)**	(0.1)	(0.1)
Share of Associates losses	**(2.3)**	(2.6)	(5.0)
Profit/(loss) on ordinary activities before tax	**1.2**	(63.4)	(87.8)
Tax (charge)/credit on profit/(loss) on ordinary activities	**(2.1)**	16.5	25.7
Retained loss for the financial period	**(0.9)**	(46.9)	(62.1)
Basic and diluted loss per share (pence per share)	**(0.1p)**	(5.8p)	(7.6p)

The operating loss for Zebank for the period since acquisition was £2.9 million. The analysis is not shown on a line-by-line basis as it does not have a material impact.

All of the Group’s losses arose from continuing operations.

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The results for the period to 30 June 2001 have been restated for the prior year adjustment in respect of the implementation of Financial Reporting Standard 19 'Deferred Taxation.' The Group has no other recognised gains or losses apart from those reflected in the above profit and loss account.

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Consolidated balance sheet (Unaudited)

	30 June 2002 £m	30 June 2001 £m As restated	31 December 2001 £m (Audited)
Assets			
Cash and balances at central banks	**12.6**	7.9	9.1
Loans and advances to banks	**367.5**	38.1	67.2
Loans and advances to customers	**5,070.3**	4,516.6	4,712.4
Debt securities	**3,945.5**	3,083.4	3,060.9
Shares in joint ventures	**0.7**	0.9	0.9
Investment in associated undertakings	**8.7**	10.5	9.7
Intangible fixed assets	**7.9**	-	-
Tangible fixed assets	**61.6**	57.4	54.5
Own shares	**2.2**	2.2	2.2
Deferred tax	**15.8**	13.6	14.8
Other assets	**87.6**	75.4	77.4
Prepayments and accrued income	**82.7**	83.8	74.5
Total assets	**9,663.1**	7,889.8	8,083.6
Liabilities			
Deposits by banks	**8.2**	1.2	4.8
Securities sold under agreements to repurchase	**-**	50.8	384.2
Customer accounts	**7,667.4**	6,356.1	5,944.5
Debt securities issued	**1,101.9**	600.3	915.0
Other liabilities	**108.5**	149.3	108.5
Accruals and deferred income	**96.8**	118.8	127.1
Subordinated liabilities			
- Dated loan capital	**201.7**	123.6	123.6
Total liabilities	**9,184.5**	7,400.1	7,607.7

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	30 June 2002 £m	30 June 2001 £m As restated	31 December 2001 £m (Audited)
Shareholders' funds			
Called up share capital	**410.1**	409.5	409.6
Share premium account	**107.2**	106.0	106.2
Capital reserve	**359.7**	359.7	359.7
Profit and loss account	**(398.4)**	(385.5)	(399.6)
Shareholders' funds (all attributable to equity interests)	**478.6**	489.7	475.9
Total liabilities and shareholders' funds	**9,663.1**	7,889.8	8,083.6

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Consolidated Cash Flow (Unaudited)

	Half year to 30 June 2002	Half year to 30 June 2001	Year to 31 December 2001
	£m	£m	£m
		As restated	(Audited)
Net cash inflow/(outflow) from operating activities	**777.0**	(750.9)	(763.4)
Return on investments and servicing of finance	**(4.3)**	(0.1)	(4.4)
Taxation:			
Group relief received	**10.6**	13.8	31.5
Capital expenditure and financial investment:			
Purchase of tangible fixed assets	**(8.1)**	(5.0)	(11.3)
Purchase of investments	**(2,154.3)**	(728.5)	(2,411.4)
Sale of investments	**1,388.7**	1,351.5	3,039.5
Net cash (outflow)/inflow from capital expenditure and investment	**(773.7)**	618.0	616.8
Acquisition and disposals			
- Purchase of subsidiary	**(28.4)**	-	-
- Purchase of associated undertaking	**(1.1)**	-	(1.7)
- Purchase of joint venture undertaking	**-**	(1.0)	(1.0)
Net cash outflow from acquisitions and disposals	**(29.5)**	(1.0)	(2.7)
Financing:			
Issue of dated loan capital	**78.1**	123.6	123.6
Issue of share capital	**1.5**	-	0.2
Net cash inflow from financing	**79.6**	123.6	123.8
Increase in net cash	**59.7**	3.4	1.6

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Reconciliation of profit/(loss) before tax to net operating cash flows

(Unaudited)

	Half year to 30 June 2002	Half year to 30 June 2001	Year to 31 December 2001
	£m	£m	£m
		As restated	(Audited)
Operating profit/(loss)	**3.7**	(60.7)	(82.7)
(Increase)/decrease in accrued income and prepayments	**(6.1)**	35.9	45.2
Decrease in accruals and deferred income	**(34.9)**	(53.3)	(45.0)
Provision for bad and doubtful debts	**24.3**	14.9	38.3
Profit on sale of financial investment	**(2.5)**	(0.3)	(0.9)
Depreciation and amortisation	**23.5**	15.0	30.2
Interest on subordinated liabilities	**4.3**	0.1	4.4
Net cash inflow/(outflow) from trading activities	**12.3**	(48.4)	(10.5)
Net increase in loans and advances to banks and customers	**(602.8)**	(644.2)	(844.7)
Net increase/(decrease) in deposits by banks and customer accounts	**1,569.5**	(725.3)	(1,184.1)
Net (decrease)/increase in securities sold under agreements to repurchase	**(384.2)**	50.8	384.2
Net increase in debt securities in issue	**186.9**	600.3	915.0
Net decrease/(increase) in other assets	**2.6**	(29.1)	(27.5)
Net increase in other liabilities	**5.0**	21.1	0.9
Net (decrease)/increase in items in the course of collection	**(12.8)**	23.9	3.3
Other non-cash movements	**0.5**	-	-
Net cash inflow/(outflow) from operating activities	**777.0**	(750.9)	(763.4)

Reconciliation of movement in shareholders' funds (Unaudited)

	Half year to 30 June 2002	Half year to 30 June 2001	Year to 31 December 2001
	£m	£m	£m
		As restated	(Audited)
Retained loss for the financial period	**(0.9)**	(46.9)	(62.1)
Exchange translation adjustment	**0.5**	-	-
Increase in share capital	**0.5**	-	0.1
Share premium	**1.1**	-	0.1
Other movements – awards under incentive schemes	**1.5**	1.1	2.3
Net increase/(decrease) in shareholders' funds	**2.7**	(45.8)	(59.6)
Opening shareholders' funds	**475.9**	535.5	535.5
Closing shareholders' funds	**478.6**	489.7	475.9

Notes on financial information

a) The financial information has been prepared on the basis of the accounting policies set out on pages 57 to 59 of the Egg plc Annual Report and Accounts for the year ended 31 December 2001 and are unchanged for the period to 30 June 2002.

b) The amortisation of goodwill arising on the original acquisition of the associate company, IfOnline Group Limited, for the period ended 30 June 2002 has been included in the 'Share of Associate losses' line. The comparatives have been restated accordingly.

c) The results for the six-month periods ended 30 June 2002 and 30 June 2001 are unaudited. The comparatives for the full year to 31 December 2001 have been audited. The comparative figures for the financial year ended 31 December 2001 are not the company's full statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985

d) Group operating profit/(loss) is stated after charging provisions for bad and doubtful debts of £39.2 million (30 June 2001 - £33.0 million). The balance sheet provisions for bad and doubtful debts and movements thereon were:

	General	Specific	**Total**
	£m	£m	**£m**
Balance at 1 January 2002	27.4	53.4	**80.8**
Amounts written off	-	(15.1)	**(15.1)**
New and additional provisions	4.1	35.1	**39.2**
Net charge against profit and loss	4.1	35.1	**39.2**
Other movements	-	2.3	**2.3**
Balance at 30 June 2002	31.5	75.7	**107.2**
Balance at 30 June 2001	31.5	25.8	**57.3**

Provisions at 30 June 2002 were 2.1% of advances to customers (30 June 2001: 1.3%). Please note that the formulated provision has now been included within the specific provision to reflect the increasing amount of empirical evidence available on which the provision is based. Please note that the other movements amount of £2.3m relates to the opening bad debt provision balance for our newly acquired French subsidiary (Zebank)

e) The taxation credit assumes a UK corporation tax rate of 30% (2001: 30%) and comprises:

	Half year to 30 June 2002	Half year to 30 June 2001 As restated
	£m	£m
Corporation tax (payable)/Group relief receivable	**(2.1)**	16.5

f) Basic loss per share of 0.1p (30 June 2001: 5.8p as restated) is calculated by dividing the consolidated loss after tax for the financial period of £0.9 million (30 June 2001: £46.9 million loss after tax as restated) by the weighted average of 813.8 million (30 June 2002: 812.6 million) ordinary shares in issue during the period. Fully diluted loss per share of 0.1p (30 June 2001: 5.8p as restated) is calculated by dividing the profit after tax for the financial period of £0.9 million (30 June 2001: £46.9 million loss after tax as restated) by the weighted average of 815.8 million (30 June 2001: 813.5 million) ordinary shares and options in issue during the period.

g) Egg's share of the gross assets and liabilities in respect of joint venture undertakings are as follows:

	30 June 2002	30 June 2001
	£million	£million
Gross assets	**3.4**	2.6
Gross liabilities	**(2.7)**	(1.7)
Shares in joint ventures	**0.7**	0.9

h) The interim financial statements have been reviewed by the Group's auditors, KPMG Audit Plc, and their report is set out on pages 14 and 15.

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Average Balance Sheet

(£m, except percentages)

	Half year ended 30 June 2002		Half year ended 30 June 2001		Year ended 31 December 2001	
	Avg. Balance	**Avg. Rate %**	Avg. Balance	Avg. Rate %	Avg. Balance	Avg. Rate %
Assets						
Wholesale assets	**3,666**	**4.92**	3,377	6.13	3,225	5.90
Mortgages	**2,405**	**5.08**	2,457	6.64	2,448	6.26
Personal loans	**624**	**9.60**	499	9.90	538	9.73
Credit cards	**1,930**	**8.45**	1,271	6.30	1,443	7.38
Total average interest-earning assets	**8,625**	**6.10**	7,604	6.57	7,654	6.56
Fixed assets	**53**		60		58	
Other assets	**77**		227		159	
Total assets	**8,755**		7,891		7,871	
Liabilities						
Customer accounts	**6,126**	**3.55**	6,745	5.32	6,413	4.89
Wholesale liabilities and subordinated debt	**1,817**	**4.76**	294	4.08	629	5.03
Total average interest-bearing liabilities	**7,943**	**3.76**	7,039	5.27	7,042	4.86
Other liabilities	**335**		343		371	
Total liabilities	**8,278**		7,382		7,413	
Shareholders' funds	**477**		509		458	
Total liabilities and shareholders funds	**8,755**		7,891		7,871	

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Average Yields

	Half year ended 30 June 2002 Average rate %	Half year ended 30 June 2001 Average rate %	Year ended 31 December 2001 Average rate %
Interest income as a percentage of average interest-earning assets	**6.10**	6.57	6.56
Interest expense as a percentage of average interest-bearing liabilities	**3.76**	5.27	4.86
Interest spread	**2.34**	1.30	1.70
Net interest margin	**2.58**	1.57	1.90

ends

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Notes to Editors:

1. Egg plc is Europe's leading e-commerce financial services company, providing banking, insurance, investments, mortgages and a shopping portal through its Internet site and other distribution channels.

2. Egg plc floated on 12 June 2000 raising proceeds of approximately £150 million and is listed on the London Stock Exchange. Prudential plc continues to hold 79% of the share capital.