

HIGHLIGHTS

Results excluding exceptional items⁽ⁱ⁾	First Quarter		
	2004	2003	
	£m	£m	
Turnover	860	778	+11%
Total operating profit	330	318	+4%
Earnings	186	179	+4%
Earnings per share	5.3p	5.1p	+4%

Results including exceptional items	First Quarter		
	2004	2003	
	£m	£m	
Earnings	206	179	+15%
Earnings per share	5.8p	5.1p	+14%

- Total operating profit up 4% to £330 million
- At constant US\$/UK£ exchange rates and upstream prices⁽ⁱ⁾, total operating profit would have increased by 8%
- Earnings⁽ⁱ⁾ up 4% to £186 million
- Karachaganak Phase 2 export production restarted
- Satisfactory Comgas regulatory review
- Acquired El Paso Oil and Gas Canada, Inc. and interests in Trinidad and Tobago and offshore Mauritania, West Africa

BG Group's Chief Executive Frank Chapman said:

"BG has made a good start to the year in line with our expectations.

The acquisitions in Canada, Mauritania and Trinidad and Tobago secured valuable producing and exploration properties which are located in strategically important supply areas. These complement our strong organic growth strategy."

i) See Non-GAAP measures, page 8, for an explanation of results excluding exceptional items and results at constant US\$/UK£ exchange rates and upstream prices.

BUSINESS REVIEW

The results discussed in this Business Review (pages 2 to 7) relate to BG Group's performance excluding exceptional items. For the impact and a description of exceptional items, see the consolidated profit and loss account, page 9, and note 2 of the accounts, page 13. Results at constant US\$/UK£ exchange rates and upstream prices are also quoted. See Non-GAAP section on page 8, for an explanation of these measures.

GROUP RESULTS

	First Quarter		
	2004 £m	2003 £m	
Turnover	860	778	+11%
Total operating profit:			
Exploration and Production	267	264	+1%
Liquefied Natural Gas	15	10	+50%
Transmission and Distribution	20	13	+54%
Power Generation	38	37	+3%
Other activities	(10)	(6)	-67%
	330	318	+4%
Net interest	(17)	(22)	+23%
Tax	(125)	(118)	-6%
Earnings	186	179	+4%
Earnings per share	5.3p	5.1p	+4%
Capital investment	627	229	+174%

Turnover rose by 11% to £860 million largely due to increased volumes in the LNG and E&P segments offset by the impact of the weaker US Dollar. The addition of contracted gas supply imported into the Elba Island re-gasification facility was the main driver of higher volumes in the LNG segment, while additional gas production in the UK, Egypt and Kazakhstan increased volumes in E&P.

Total operating profit increased by 4% to £330 million. The increase in operating profit was less than the increase in turnover principally due an increase in LNG sales, which include net-back payments to LNG suppliers. At constant US\$/UK£ exchange rates and upstream prices, total operating profit would have increased by 8%, reflecting E&P volume growth and improved performance across all other operating segments.

The net interest charge of £17 million was £5 million lower in the quarter (see note 4), reflecting lower net interest on Group borrowings, partially offset by a lower level of capitalised interest. The effective tax rate was unchanged at 40%. Earnings increased by 4% to £186 million.

Cash inflow from operating activities increased by £17 million to £374 million, principally due to the higher operating profit. As at 31 March 2004, net borrowings were £978 million including a finance lease in respect of the new LNG vessel and the effect of the recent acquisitions in Canada and offshore Mauritania. Gearing as at 31 March 2004 was 19.3% (1 January 2004 15.5%).

Capital investment in the quarter was £627 million including £260 million for the two acquisitions completed in the quarter. Organic capital investment of £367 million was in North America and Trinidad (£117 million, including £88 million in respect of the new LNG vessel), the Mediterranean Basin and Africa (£109 million), Asia and the Middle East (£96 million), North West Europe (£28 million) and South America (£17 million). On 29 April, the first tranche of the project financing for Egyptian LNG (ELNG) Train 1 was drawn down and BG expects to receive a \$256 million reimbursement of past capital investment. It has been decided not to project finance Atlantic LNG (ALNG) Train 4, and together with post-acquisition capital investment in Canada and Mauritania, this will increase capital investment in 2004 by £150 million.

EXPLORATION AND PRODUCTION

	First Quarter		
	2004	2003	
Production volumes (mmboe)	40.9	37.2	+10%
Turnover (£m)	477	458	+4%
Total operating profit (£m)	267	264	+1%
Average realised oil price per barrel	£17.88 (\$32.56)	£20.42 (\$32.82)	-12% -1%
Average realised gas price per produced therm	15.97p	15.21p	+5%
Lifting costs per boe	£0.88 (\$1.60)	£1.00 (\$1.60)	-12% -
Operating expenditure per boe	£1.80 (\$3.28)	£1.90 (\$3.05)	-5% +8%

*Lifting costs are defined as operating expenditure excluding royalties, tariffs and insurance.
Supplementary information: Operating and financial data is given on page 17.*

Production volumes increased by 10%, mainly reflecting new production from the Scarab Saffron fields in Egypt (which commenced production at the end of the first quarter of 2003) and increased production from the Easington Catchment Area (ECA) fields in the UK North Sea and the Karachaganak field in Kazakhstan.

Turnover increased by 4% reflecting the production volume increase and higher gas prices, partially offset by an adverse US\$/UK£ exchange rate movement. The average realised gas price per produced therm was up 5% due to higher prices across the Group.

Total operating profit was broadly in line with 2003. At constant prices and US\$/UK£ exchange rates profit would have risen by 5%. This increase was less than the rise in production volumes due to a change in the product mix with lower oil volumes. In addition there was an increase in the average unit depreciation rate reflecting increased production from the higher cost ECA fields.

Unit operating expenditure was 10 pence lower due to the favourable movement in the US\$/UK£ exchange rate. At constant exchange rates, underlying unit operating expenditure was unchanged.

Capital investment of £447 million (2003 £168 million) included £260 million on the two acquisitions completed in the quarter, together with continuing expenditure at Karachaganak and the West Delta Deep Marine Concession (Egypt).

Production at the Phase 2 facilities at Karachaganak has re-started and oil entered the export pipeline on 23 April.

On 24 March, BG Group completed the purchase of El Paso Canada, Inc. from El Paso Corporation for a cash consideration of \$345.6 million. The acquisition includes producing assets and 630,000 acres of undeveloped oil and gas acreage with considerable exploration potential.

On 5 May, BG Group announced that it had been successful in its take-over of Aventura Energy Inc. Aventura is an exploration and production company with a 65% participating interest in, and operatorship of, the 111 square kilometre onshore Central Block exploration licence in south Trinidad. The total purchase price is £95 million.

On 19 April, BG Group and partners announced the finalisation of arrangements governing the development of the Atlantic and Cromarty gas and condensate fields. BG

has a 75% interest in the Atlantic field (BG-operated) and a 10% interest in the Cromarty field. The fields are located in the Outer Moray Firth, which is a core area for BG Group. BG Group's investment is expected to be around £90 million. First production is scheduled for late 2005 or early 2006 and the anticipated plateau rate is 220 mmscfd.

On 31 March, BG Group completed the purchase of Mauritania Holdings BV, which owns interests in Production Sharing Contracts (PSCs) A and B covering blocks 3, 4 and 5 offshore Mauritania, West Africa. Through this acquisition BG Group has acquired a 13.084% interest in the PSC covering area A and an 11.630% interest in the PSC covering area B for an aggregate cash consideration of \$132 million, plus up to a further \$5.1 million that is contingent on attaining certain exploration and production milestones.

BG Group announced on 4 May that it had signed an agreement to acquire 100% of the BM-S-13 licence in the Santos Basin, offshore Brazil for \$23.5 million. The licence is in a gas prone area. The acquisition is subject to the approval of the Brazilian authorities.

Two exploration and appraisal wells were completed since the year end, one of which, in Tunisia, was successful.

LIQUEFIED NATURAL GAS

	First Quarter		
	2004 £m	2003 £m	
Turnover	190	133	+43%
Total operating profit:			
Shipping and marketing	6	2	+200%
Atlantic LNG	14	14	-
Other including business development	(5)	(6)	+17%
	15	10	+50%
Capital investment	164	41	+300%

The increase in sales volumes was primarily due to the addition of contracted supplies into Elba Island from 1 January 2004. Lake Charles continues to be supplied under short-term arrangements. Improved margins and the increase in volumes saw operating profit increase by £4 million to £6 million.

BG Group's share of the operating profit from Atlantic LNG (ALNG) was in line with 2003 as the additional contribution in the quarter from Train 3 was partially offset by the impact of industrial action in Trinidad (now resolved). In previous years any adjustment for gas prices relating to the upstream suppliers of ALNG Train 1 has been recorded annually in the third quarter. This is now being accrued quarterly with an additional charge of £2 million in the quarter.

The increase in capital investment arose principally from the delivery of an LNG vessel (£88 million) and continuing expenditure on ALNG Train 4 and ELNG Trains 1 and 2 (£72 million).

On 29 April, financial close on the project financing of ELNG Train 1 was achieved. BG expects to receive a \$256 million reimbursement of past capital investment.

BG Group took delivery under long-term charter from Golar of the Methane Princess, a new 137,990 m³ LNG vessel. In addition, on 24 April, BG Group exercised options with Samsung for four LNG carriers at a cost of \$620 million, to be delivered in 2007/2008 for use in the Group's growing LNG business.

TRANSMISSION AND DISTRIBUTION

	First Quarter		
	2004 £m	2003 £m	
Turnover:			
Comgas	88	76	+16%
MetroGAS	26	21	+24%
Other	25	40	-38%
	139	137	+1%
Total operating profit/(loss):			
Comgas	10	5	+100%
MetroGAS	1	(1)	-
Other	9	9	-
	20	13	+54%
Capital investment	13	18	-28%

Volumes continued to grow strongly across the segment. If the results of Phoenix Natural Gas (which was sold in December 2003) are excluded from the 2003 figure, underlying turnover growth was 13%.

At Comgas in Brazil, volumes rose 12% mainly due to an increase in industrial customers and sales to natural gas vehicles. Operating profit of £10 million, increased by £5 million, including a £1 million benefit due to a favourable translation rate.

Whilst MetroGAS in Argentina continues to operate in a difficult economic and regulatory environment, the business reported an operating profit of £1 million (up £2 million), underpinned by higher volumes sold to power generation customers.

Capital investment in the quarter was principally made in the Comgas pipeline network. This was financed by Comgas' operating cash flows and its existing lines of credit.

On 13 April, the regulator set new tariffs for Comgas, effective 31 May, for the next five years at a satisfactory level for Comgas and BG Group. The new regulatory regime provides Comgas with the stable framework necessary to support the expansion and enhancement of Comgas' distribution network in São Paulo.

On 20 March, Gujarat Gas Company Limited in India (BG 65.12%) announced it had signed an agreement with Gujarat State Petroleum Corporation Limited to purchase up to 0.5 mmscmd of gas. This brings the total contracted gas supply to 3.2 mmscmd from multiple sources.

POWER GENERATION

	First Quarter		
	2004	2003	
	£m	£m	
Turnover	57	51	+12%
Total operating profit	38	37	+3%
Capital investment	-	1	-

Turnover and total operating profit were broadly in line with the same period last year.

LEGAL NOTICE

These results include "forward-looking information" within the meaning of Section 27A of the US Securities Act of 1933, as amended and Section 21E of the US Securities Exchange Act of 1934, as amended. Certain statements included in these results including, without limitation, those concerning (i) strategies, outlook and growth opportunities, (ii) positioning to deliver future plans and to realise potential for growth, (iii) delivery of the performance required to achieve the 2006 targets, (iv) development of new markets, (v) the development and commencement of commercial operations of new projects, (vi) liquidity and capital resources, (vii) plans for capital and investment expenditure and (viii) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements, contain certain forward-looking statements concerning operations, economic performance and financial condition. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, including oil and gas prices, (ii) success in implementing business and operating initiatives, (iii) changes in the regulatory environment and other government actions, including UK and international corporation tax rates, (iv) a major recession or significant upheaval in the major markets in which BG Group operates, (v) the failure to ensure the safe operation of assets worldwide, (vi) implementation risk, being the challenges associated with delivering capital intensive projects on time and on budget, including the need to retain and motivate staff, (vii) commodity risk, being the risk of a significant fluctuation in oil and/or gas prices from those assumed, (viii) fluctuations in exchange rates, in particular the US\$/UK£ exchange rate being significantly different to that assumed, (ix) risks encountered in the gas and oil exploration and production sector in general, (x) business risk management and (xi) the Risk Factors included in BG Group's Annual Report and Accounts 2003. BG Group undertakes no obligation to update any forward-looking statements.

No part of these results constitutes or shall be taken to constitute an invitation or inducement to invest in BG Group plc or any other entity and must not be relied upon in any way in connection with any investment decision.

PRESENTATION OF NON-GAAP MEASURES AND DEFINITIONS

Presentation of non-GAAP measures

Results excluding exceptional items ('Business Performance') are presented as management believes that exclusion of these items facilitates understanding of the underlying performance and aids comparability of results for the periods concerned. The items excluded from Business Performance are exceptional items as defined by Financial Reporting Standard 3 – i.e. items which derive from events or transactions that fall within the ordinary activities of BG but which require separate disclosure in order to present a true and fair view of the performance during a period. For a reconciliation between results including and excluding exceptional items and for further details of exceptional items, see the consolidated profit and loss account, page 9 and note 2 to the accounts, page 13.

BG also presents selected information, as indicated, at constant US\$/UK£ exchange rates and upstream prices (i.e. E&P segment), two factors which BG has identified as having a key impact on its results. The presentation of results in this manner is intended to provide additional information to explain further the underlying trends in the business.

Definitions

In these results:

bcf	billion cubic feet
bcfd	billion cubic feet per day
bcmpa	billion cubic metres per annum
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
CCGT	combined cycle gas turbine
DCQ	daily contracted quantity
DTI	Department of Trade and Industry
E&P	Exploration and Production
EPC	engineering, procurement and construction
EPIC	engineering, procurement, installation and commissioning
FEED	front end engineering design
GW	gigawatt
LNG	Liquefied Natural Gas
m	million
m³	cubic metres
mmboe	million barrels of oil equivalent
mmcfd	million cubic feet per day
mmcmd	million cubic metres per day
mmscfd	million standard cubic feet per day
mmscm	million standard cubic metres
mmscmd	million standard cubic metres per day
mtpa	million tonnes per annum
MW	megawatt
ROACE	return on average capital employed
T&D	Transmission and Distribution
PSA	production sharing agreement
UKCS	United Kingdom Continental Shelf

CONSOLIDATED PROFIT AND LOSS ACCOUNT – FIRST QUARTER

	Notes	2004			2003		
		Total £m	Excep- tional items £m	Busi- ness perfor- mance £m	Total £m	Excep- tional items £m	Busi- ness perfor- mance £m
Turnover	3	860	-	860	778	-	778
Operating costs		(577)	-	(577)	(507)	-	(507)
Group operating profit	3	283	-	283	271	-	271
Share of operating profits less losses in joint ventures and associated undertakings	3	47	-	47	47	-	47
Total operating profit	3	330	-	330	318	-	318
Profit on disposal of fixed assets	2	22	22	-	-	-	-
Profit on ordinary activities		352	22	330	318	-	318
Net interest	4	(17)	-	(17)	(22)	-	(22)
Profit on ordinary activities before taxation		335	22	313	296	-	296
Tax on profit on ordinary activities	5	(127)	(2)	(125)	(118)	-	(118)
Profit on ordinary activities after taxation		208	20	188	178	-	178
Minority shareholders' interest		(2)	-	(2)	1	-	1
Earnings		206	20	186	179	-	179
Earnings per ordinary share ⁽ⁱ⁾	6	5.8p	0.5p	5.3p	5.1p	-	5.1p

i) There is no difference between basic and diluted earnings per ordinary share.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FIRST QUARTER

	2004 £m	2003 £m
Earnings	206	179
Issue of shares	5	-
Currency translation adjustments	(49)	47
Total recognised gains and losses	162	226

CONSOLIDATED BALANCE SHEET

	As at	
	31 Mar 2004 £m	31 Dec 2003 £m
Fixed assets:		
Intangible assets	1,006	840
Tangible assets	4,215	4,020
Investments	1,124	1,038
	6,345	5,898
Current assets:		
Stocks	126	119
Debtors: amounts falling due within one year	810	749
Debtors: amounts falling due after one year	112	88
Investments	141	201
Cash at bank and in hand	119	112
	1,308	1,269
Creditors: amounts falling due within one year:		
Borrowings	(630)	(495)
Other creditors	(1,083)	(988)
	(1,713)	(1,483)
Net current liabilities	(405)	(214)
Total assets less current liabilities	5,940	5,684
Creditors: amounts falling due after more than one year:		
Borrowings	(608)	(539)
Other creditors	(146)	(154)
	(754)	(693)
Provisions for liabilities and charges	(1,101)	(1,075)
	4,085	3,916
CAPITAL AND RESERVES		
BG shareholders' funds	4,087	3,925
Minority shareholders' interest	(2)	(9)
	4,085	3,916

MOVEMENT IN BG SHAREHOLDERS' FUNDS – FIRST QUARTER

	2004 £m	2003 £m
Profit for the financial period	206	179
Issue of shares	5	-
Currency translation adjustments	(49)	47
Net increase in BG shareholders' funds for the financial period	162	226
BG shareholders' funds as at 1 January	3,925	3,324
BG shareholders' funds as at 31 March	4,087	3,550

CONSOLIDATED CASH FLOW STATEMENT – FIRST QUARTER

	2004 £m	2003 £m
Total operating profit	330	318
Less: share of operating profit in joint ventures and associated undertakings	(47)	(47)
Group operating profit	283	271
Depreciation and amortisation	117	96
Unsuccessful exploration expenditure written off	3	4
Provisions for liabilities and charges	-	1
Working capital	(29)	(15)
Net cash flow from operating activities	374	357
Dividends from joint ventures and associated undertakings	5	10
Returns on investments and servicing of finance ⁽ⁱ⁾	(4)	(2)
Tax paid	(76)	(63)
Capital expenditure and investment ^{(ii) (iii)}	(537)	(229)
Proceeds from sales of assets ^(iv)	35	3
Management of liquid resources	63	(64)
Net cash flow before financing	(140)	12
Changes in share capital	5	-
Shares issued to minority interests	-	2
Net movement in gross borrowings	148	29
Net cash flow from financing activities	153	31
NET MOVEMENT IN CASH	13	43
Opening cash	112	141
Changing values of currency	(6)	7
CLOSING CASH	119	191

i) Includes capitalised interest of £2 million (2003 £5 million).

ii) Includes loans to joint ventures and associated undertakings.

iii) Includes cash acquired of £10 million on the purchase of a subsidiary undertaking.

iv) Includes repayment of loans by joint ventures and associated undertakings.

RECONCILIATION OF NET BORROWINGS – FIRST QUARTER

	£m
Net borrowings as at 1 January 2004	(721)
Net increase in cash in the period	13
Cash inflow from the management of liquid resources	(63)
Cash inflow from change in gross borrowings	(148)
Inception of finance lease	(88)
Foreign exchange	29
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Net borrowings as at 31 March 2004	(978)
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Net borrowings attributable to MetroGAS (including Gas Argentino) and Comgas were £327 million (1 January 2004 £345 million).

The gearing ratio (net borrowings as a percentage of net borrowings plus equity) was 19.3% (1 January 2004 15.5%).

As at 31 March 2004, BG Group's share of the net borrowings in joint ventures and associated undertakings amounted to approximately £1 billion, including BG shareholder loans of approximately £680 million. These net borrowings are included in BG Groups's share of the net assets in joint ventures and associated undertakings which are consolidated in BG Group's accounts.

Notes

1. Basis of preparation

The financial information contained in this quarterly report is unaudited and does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. BG Group's audited accounts for the year ended 31 December 2003, which include the unqualified report of the auditors, have been filed with the UK Listing Authority. This results statement has been prepared on the basis of the accounting policies set out in those audited accounts.

2. Exceptional items – first quarter

	2004 £m	2003 £m
Profit on disposal of fixed assets	22	-
Impact on profit before tax	(2)	-
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Impact on earnings	20	-

During the first quarter of 2004, BG disposed of its 1.21% holding of shares in a listed company, Gas Authority of India Limited, for £32 million. Tax of £2 million arose on the profit on disposal, based on the effective rate of capital gains tax applicable in India for long-term investments.

3. Segmental analysis – first quarter

	2004 £m	2003 £m
Turnover excluding share of joint ventures		
Exploration and Production	477	458
Liquefied Natural Gas	190	133
Transmission and Distribution	139	137
Power Generation	57	51
Other activities	1	-
Less: intra-group sales	(4)	(1)
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	860	778

	Group operating profit/(loss)		Share of operating profit in joint ventures and associated undertakings		Total operating profit/(loss)	
	2004 £m	2003 £m	2004 £m	2003 £m	2004 £m	2003 £m
Exploration and Production	267	264	-	-	267	264
Liquefied Natural Gas	1	(4)	14	14	15	10
Transmission and Distribution	10	3	10	10	20	13
Power Generation	15	14	23	23	38	37
Other activities	(10)	(6)	-	-	(10)	(6)
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	283	271	47	47	330	318

BG Group's share of turnover and operating profit in joint ventures for the first quarter were £59 million (2003 £54 million) and £20 million (2003 £21 million), respectively.

4. Net interest – first quarter

	2004	2003
	£m	£m
Net interest payable on net borrowings	(13)	(18)
Interest capitalised	2	5
	(11)	(13)
Finance lease interest	(1)	-
Unwinding of discount on provisions ⁽ⁱ⁾	(2)	(3)
Unwinding of discount on deferred income	(2)	(2)
Other net interest ⁽ⁱⁱ⁾	8	5
Net interest: Group	(8)	(13)
Joint ventures	(6)	(6)
Associated undertakings	(3)	(3)
Total net interest	(17)	(22)

i) Relates to the unwinding of the discount on provisions in respect of decommissioning, included in the profit and loss account as a financial item within the net interest charge.

ii) Includes £4 million (2003 £4 million) receivable from joint ventures and associated undertakings.

5. Taxation – first quarter

The tax charge for the period before exceptional items was £125 million (2003 £118 million), representing an effective tax rate of 40% (2003 40%) and the tax charge including exceptional items was £127 million (2003 £118 million), representing an effective tax rate of 38% (2003 40%).

6. Earnings per ordinary share – first quarter

Reconciliation of earnings and earnings per share including and excluding exceptional items

	2004		2003	
	£m	pence	£m	pence
Earnings	206	5.8	179	5.1
Profit on disposals	(20)	(0.5)	-	-
Earnings – excluding exceptional items	186	5.3	179	5.1

Earnings and earnings per share before interest, tax, depreciation and amortisation – including and excluding exceptional items

	2004		2003	
	£m	pence	£m	pence
Earnings	206	5.8	179	5.1
Minority interest	2	-	(1)	-
Tax	127	3.6	118	3.3
Interest	17	0.5	22	0.6
Depreciation and amortisation	117	3.3	96	2.7
EBITDA – including exceptional items	469	13.2	414	11.7
Profit on disposals	(20)	(0.5)	-	-
EBITDA – excluding exceptional items	449	12.7	414	11.7

Earnings per share calculations in 2004 are based on shares in issue of 3,528 million.

There is no difference between the figures presented above and diluted earnings per share.

7. Capital investment by region – first quarter

	2004	2003
	£m	£m
North West Europe	28	38
South America	17	13
Asia and Middle East	96	83
North America and Trinidad	306	28
Mediterranean Basin and Africa	180	67
	627	229

8. Quarterly information: earnings and earnings per share

	2004	2003	2004	2003
	£m	£m	pence	pence
First quarter				
- including exceptional items	206	179	5.8	5.1
- excluding exceptional items	186	179	5.3	5.1
Second quarter				
- including exceptional items		166		4.7
- excluding exceptional items		160		4.5
Third quarter				
- including exceptional items		208		5.9
- excluding exceptional items		161		4.6
Fourth quarter				
- including exceptional items		215		6.1
- excluding exceptional items		183		5.2
Full year				
- basic	206	768	5.8	21.8
- excluding exceptional items	186	683	5.3	19.4

Supplementary information: Operating and financial data

	First Quarter		
	2004	2003	
Production volumes (mmboe)			
- oil	5.5	6.1	-10%
- liquids	5.7	4.8	+19%
- gas	29.7	26.3	+13%
- total	40.9	37.2	+10%
Average realised oil price per barrel	£17.88 (\$32.56)	£20.42 (\$32.82)	-12% -1%
Average realised liquids price per barrel	£8.93 (\$16.27)	£9.74 (\$15.66)	-8% +4%
Average realised UK gas price per produced therm	19.68p	17.35p	+13%
Average realised International gas price per produced therm	12.99p	12.84p	+1%
Average realised gas price per produced therm	15.97p	15.21p	+5%
Lifting costs per boe ⁽ⁱ⁾	£0.88 (\$1.60)	£1.00 (\$1.60)	-12% -
Operating expenditure per boe	£1.80 (\$3.28)	£1.90 (\$3.05)	-5% +8%
Development expenditure (£m)	139	116	+20%
Gross exploration expenditure (£m)			
- capitalised expenditure	45	48	-6%
- other expenditure	13	12	+8%
- gross expenditure	58	60	-3%

i) Lifting costs are defined as operating expenditure excluding royalties, tariffs and insurance.

BG Group's exposure to the oil price varies according to a number of factors including the mix of production and sales. Management estimates that, other factors being constant, a \$1.00 rise (or fall) in the Brent price would increase (or decrease) operating profit in 2004 by approximately £30 million to £40 million.

BG Group's exposure to the US\$/UK£ exchange rate varies according to a number of factors including the timing of US Dollar revenues and costs including capital expenditure. Management estimates that in 2004, other factors being constant, a 10 cent strengthening (or weakening) in the US Dollar would increase (or decrease) operating profit by approximately £45 million to £55 million, whilst not having a significant effect on cash flow before financing activities.

Enquiries

Enquiries relating to BG Group's results, business and financial position should be made to:

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RG6 1PT

Tel: 0118 929 3025
e-mail: invrel@bg-group.com

General enquiries about shareholder matters should be made to:

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Tel: 0870 600 3951

Financial Calendar

Payment of 2003 final dividend:

Shareholders	28 May 2004
American depositary receipt holders	7 June 2004
Announcement of 2004 second quarter and half year results	27 July 2004
Announcement of 2004 third quarter results	11 November 2004

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