

BG GROUP PLC

2004 THIRD QUARTER RESULTS

HIGHLIGHTS

Third Quarter			Results excluding exceptional items ⁽ⁱ⁾	First Nine Months		
2004 £m	2003 £m			2004 £m	2003 £m	
1,089	1,031	+6%	Turnover	2,917	2,700	+8%
393	307	+28%	Total operating profit	1,071	924	+16%
215	161	+34%	Earnings	593	500	+19%
6.1p	4.6p	+33%	Earnings per share	16.8p	14.2p	+18%

			Results including exceptional items			
215	208	+3%	Earnings	655	553	+18%
6.1p	5.9p	+3%	Earnings per share	18.6p	15.7p	+18%

- Total operating profit increased by 28% for the quarter
- Earnings⁽ⁱ⁾ up by 34% (£54 million)
- At constant US\$/UK£ exchange rates and upstream prices⁽ⁱⁱ⁾, total operating profit would have increased by 16%
- Agreed to purchase additional equity in Rosetta field, Egypt
- Agreements to increase Rosetta daily contracted sales volume
- In Egypt, agreed to increase Scarab Saffron contracted quantities and purchase 0.7 mtpa of LNG
- US Regulatory approval to expand Lake Charles to peaking capacity of 2.1 bcf
- Successful appraisal of Maria in the central North Sea
- First exploration successes in the new acquisitions in Canada and Mauritania

BG Group's Chief Executive Frank Chapman said:

"This is a good set of results. Earnings momentum continues to be driven by BG Group's distinctive high growth programme. The Group is set for another year of excellent progress."

i) and ii) 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 8) relate to BG Group's performance excluding exceptional items. For the impact and a description of exceptional items, see the consolidated profit and loss accounts (pages 10 and 11) and note 2 of the accounts (page 15). Results at constant US\$/UK£ exchange rates and upstream prices are also quoted. See Non-GAAP section (page 8) for an explanation of these measures.

GROUP RESULTS

Results excluding exceptional items	Third Quarter		
	2004 £m	2003 £m	
Turnover	1,089	1,031	+6%
Total operating profit			
Exploration and Production	295	221	+33%
Liquefied Natural Gas	38	29	+31%
Transmission and Distribution	41	38	+8%
Power Generation	23	28	-18%
Other activities	(4)	(9)	-56%
	393	307	+28%
Net interest	(17)	(23)	-26%
Tax	(150)	(114)	+32%
Earnings	215	161	+34%
Earnings per share	6.1p	4.6p	+33%
Capital investment	356	247	+44%

The Group delivered strong earnings growth of 34% to £215 million, despite the effect of the weaker US Dollar.

The Group's total operating profit increased by 28% to £393 million reflecting higher volumes, including the new high value liquid exports from the Karachaganak field in Kazakhstan, higher upstream prices and a strong performance in the LNG segment.

At constant US\$/UK£ exchange rates and upstream prices, total operating profit increased by 16%.

The net interest charge is £6 million lower due to reduced net interest on Group borrowings and higher investment income, partially offset by interest on new finance leases. The effective tax rate was unchanged at 40%.

Capital investment in the quarter was £356 million.

EXPLORATION AND PRODUCTION

	Third Quarter		
	2004	2003	
	£m	£m	
Production volumes (mmboe)	39.7	38.4	+3%
Turnover	535	438	+22%
Total operating profit	295	221	+33%
Average realised oil price per barrel	£23.65 (\$42.80)	£17.85 (\$28.92)	+32% +48%
Average realised liquids price per barrel	£16.89 (\$30.56)	£9.31 (\$15.08)	+81% +103%
Average realised gas price per produced therm	15.71p	15.29p	+3%
Lifting costs per boe	£1.22 (\$2.20)	£0.92 (\$1.49)	+33% +48%
Operating expenditure per boe	£2.21 (\$4.01)	£1.91 (\$3.10)	+16% +29%
Capital investment	238	151	+58%

*Lifting costs are defined as operating expenditure excluding royalties, tariffs and insurance.
Additional operating and financial data are given on page 20.*

Third quarter

E&P operating profit increased by £74 million (33%) to £295 million due to new higher value liquid exports from Karachaganak and higher upstream prices, partially offset by the effect of the weaker US Dollar.

At constant prices and US\$/UK£ exchange rates, E&P operating profits were up 13%.

Production volumes in the quarter were adversely impacted by a disruption at Gazprom's Orenburg processing unit in Russia which temporarily reduced the capacity of that facility to take Karachaganak production. Karachaganak and the UK were also affected by higher maintenance activities. Production has since returned to normal levels.

Turnover increased by 22% reflecting the increase in production volumes and higher upstream prices, partially offset by the weaker US Dollar.

Unit opex costs were up 30 pence per barrel of oil equivalent, principally due to the impact of the Orenburg incident, the maintenance activity referred to above and higher prices.

The exploration charge of £34 million is £18 million higher primarily due to well write-off and seismic expense reflecting increased exploration activity during the quarter.

Capital investment in the quarter of £238 million related primarily to continuing investment in Egypt, Kazakhstan and the UK.

For the UK gas year which commenced on 1 October 2004, BG's average UK contract gas price is expected to increase from around 18 pence per therm to approximately 20 pence per therm.

Third quarter business highlights

On 6 September, BG Group announced the agreement to acquire, for around \$235 million, Shell's 40% stake in the Rosetta Concession, taking BG Group to an 80% holding. On 27 September, BG Group and partners announced an increase in the Rosetta daily contracted quantity (DCQ) from 275 to 345 mmscfd, effective in the second quarter of 2005.

On 24 September, BG Group announced an increase in contracted quantities from the Scarab Saffron fields from 475 mmscfd to 700 mmscfd. BG Group, EGAS, EGPC and Petronas will toll 225 mmscfd through the SEGAS owned Damietta LNG plant from the second quarter of 2005 for five years, reducing to 150 mmscfd in year five.

The Government of the Republic of Kazakhstan (RoK) continues to assert its right to pre-empt the Kashagan sale on the same terms and conditions. Discussions continue between the pre-empting parties and the Government of the RoK.

In the UK, BG Group continues its active drilling programme. On 1 November, BG Group and partners announced an appraisal success in the formerly fallow Maria discovery in Block 16/29a in the central North Sea, with estimated recoverable reserves of approximately 35 million barrels (BG equity 36%). BG Group is operator and the discovery lies adjacent to the BG Group-operated Armada asset. First production is scheduled for late 2006 or early 2007.

In Mauritania, two exploration wells have been drilled so far this year, one of which was successful.

The Canadian drilling programme has met with early success, with a 50% success rate from the first four wells completed.

Overall, BG Group has completed 17 exploration and appraisal wells since the beginning of the year, of which ten wells were successful.

On 8 August, BG Group acquired 60% and operatorship of the Norwegian Licence PL292, effective 1 January 2004. The block lies adjacent to existing BG Group assets in the UK's central North Sea.

On 24 September, BG Group announced the award of two new exploration concessions, El Manzala and El Burg on the Nile Delta, subject to formal approval by the Egyptian People's Assembly.

On 15 September, BG Group was awarded four blocks and their operatorship in the 22nd UK licensing round. Three of the blocks are adjacent to the BG Group-operated Armada asset.

LIQUEFIED NATURAL GAS

	Third Quarter		
	2004 £m	2003 £m	
Turnover	336	362	-7%
Total operating profit			
Shipping and marketing	24	30	-20%
Atlantic LNG	19	7	+171%
Other including business development	(5)	(8)	-38%
	38	29	+31%
Capital investment	97	74	+31%

Third quarter

Total operating profit was up 31% to £38 million due to a strong performance from Atlantic LNG (ALNG), partially offset by the impact of tighter market conditions for short-term supply into Lake Charles and the impact of a weaker US Dollar.

During the third quarter, 23 cargoes (2003: 30 cargoes) were delivered into Lake Charles, and a further eight cargoes were diverted or re-marketed to take advantage of higher prices in other markets.

BG Group's share of the operating profit from ALNG increased by £12 million to £19 million. This was principally due to increased prices and volumes, particularly at ALNG Train 1.

Third quarter business highlights

On 15 September, the US Federal Energy Regulatory Commission (FERC) approved Southern Union's Phase 2 expansion of Lake Charles by 50% to 1.8 bcf/d with peaking capacity of 2.1 bcf/d. BG Group will continue to hold 100% rights to the storage and send out capacity of the terminal, after the expansion.

BG Group will purchase around 0.7 mtpa of LNG from Damietta LNG.

The Dragon LNG project is proceeding on the basis that it will obtain an exemption from the regulated third party access provisions imposed by the Second EU Gas Directive. The partners have received advanced comfort to this effect from both Ofgem and the European Commission. The importation terminal at Milford Haven is on course for operation in the fourth quarter of 2007.

TRANSMISSION AND DISTRIBUTION

	Third Quarter		
	2004	2003	
	£m	£m	
Turnover			
Comgas	107	114	-6%
MetroGAS	47	47	-
Other	24	36	-33%
	178	197	-10%
Total operating profit			
Comgas	21	20	+5%
MetroGAS	11	11	-
Other	9	7	+29%
	41	38	+8%
Capital investment	15	18	-17%

Third quarter

Turnover was broadly in line with the same period last year, after adjusting for the disposal of Phoenix Natural Gas.

In local currency, the operating profit reported by Comgas increased by 23%, underpinned by improved margins and volume growth of 10%. The volume growth came primarily from increased industrial sales volumes. Sterling reported profit rose by 5%.

MetroGAS in Argentina continues to operate in a difficult economic environment and reported operating profit of £11 million in line with last year.

Capital investment represents mainly the further development of the Comgas pipeline network.

POWER GENERATION

	Third Quarter		
	2004 £m	2003 £m	
Turnover	44	36	+22%
Total operating profit	23	28	-18%
Capital investment	-	-	-

Third quarter

Results from Premier Power were in line with 2003. The increase in turnover primarily reflects pass through of gas costs.

Sterling reported operating profit in the Philippines associate businesses was adversely affected by the weaker US Dollar and legal and administrative costs.

Business development expenditure was £1 million higher.

On 22 October, BG Group announced that discussions regarding the proposed Barca power station in Tunisia have not yet been concluded and that the project is no longer expected to contribute to the 2006 power target, which as a result has been revised down to 2.8 GW from 3.3 GW, a reduction of 500 MW.

OTHER ACTIVITIES

Other activities principally comprise New Business development expenditure and certain corporate costs.

In the quarter, other activities made a loss of £4 million compared to a loss of £9 million in 2003. The lower loss in the current quarter was due mainly to the release of a surplus provision on certain long-term gas contracts.

PRESENTATION OF NON-GAAP MEASURES AND DEFINITIONS

Presentation of Non-GAAP measures

- i) 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 Group 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 accounts, pages 10 and 11 and note 2 to the accounts, page 15.
- ii) BG Group also discloses certain information, as indicated, at constant US\$/UK£ exchange rates and upstream prices. 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
boed	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
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

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.

Cautionary note to US investors – *The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive information tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this press release, such as estimated recoverable reserves, that the SEC's guidelines strictly prohibit us from including in filings with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F, File No. 1-09337, available from us at BG Group, 100 Thames Valley Park Drive, Reading RG6 1PT. You may read and copy this information at the SEC's public reference room, located at 450 Fifth Street NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. This filing is also available at the internet website maintained by SEC at <http://www.sec.gov>.*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
THIRD QUARTER**

	Notes	2004			2003		
		Total	Excep- tional items	Busi- ness perfor- mance	Total	Excep- tional items	Busi- ness perfor- mance
		£m	£m	£m	£m	£m	£m
Turnover	3	1,089	-	1,089	1,031	-	1,031
Operating costs		(745)	-	(745)	(765)	-	(765)
Group operating profit	3	344	-	344	266	-	266
Share of operating profits less losses in joint ventures and associated undertakings		49	-	49	41	-	41
Total operating profit	3	393	-	393	307	-	307
Profit on disposal of fixed assets	2	-	-	-	79	79	-
Profit on ordinary activities	4	393	-	393	386	79	307
Net interest		(17)	-	(17)	(23)	-	(23)
Profit on ordinary activities before taxation		376	-	376	363	79	284
Tax on profit on ordinary activities		(150)	-	(150)	(146)	(32)	(114)
Profit on ordinary activities after taxation		226	-	226	217	47	170
Minority shareholders' interest		(11)	-	(11)	(9)	-	(9)
Earnings		215	-	215	208	47	161
Earnings per ordinary share ⁽ⁱ⁾	6	6.1p	-	6.1p	5.9p	1.3p	4.6p

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

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FIRST NINE MONTHS**

Notes		2004			2003		
		Total	Excep- tional items	Busi- ness perform- ance	Total	Excep- tional items	Busi- ness perform- ance
		£m	£m	£m	£m	£m	£m
Turnover	3	2,917	-	2,917	2,700	-	2,700
Operating costs		(1,992)	-	(1,992)	(1,914)	-	(1,914)
Group operating profit	3	925	-	925	786	-	786
Share of operating profits less losses in joint ventures and associated undertakings		146	-	146	138	-	138
Total operating profit	3	1,071	-	1,071	924	-	924
Profit on disposal of fixed assets	2	92	92	-	85	85	-
Profit on ordinary activities		1,163	92	1,071	1,009	85	924
Net interest	4	(50)	-	(50)	(65)	-	(65)
Profit on ordinary activities before taxation		1,113	92	1,021	944	85	859
Tax on profit on ordinary activities	5	(438)	(30)	(408)	(376)	(32)	(344)
Profit on ordinary activities after taxation		675	62	613	568	53	515
Minority shareholders' interest		(20)	-	(20)	(15)	-	(15)
Earnings		655	62	593	553	53	500
Earnings per ordinary share ⁽ⁱ⁾	6	18.6p	1.8p	16.8p	15.7p	1.5p	14.2p

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

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED
GAINS AND LOSSES – FIRST NINE MONTHS**

	2004 £m	2003 £m
Earnings	655	553
Currency translation adjustments	(30)	57
Total recognised gains and losses	625	610

CONSOLIDATED BALANCE SHEET

	As at	
	30 Sept 2004 £m	31 Dec 2003 £m
Fixed assets:		
Intangible assets	1,174	840
Tangible assets	4,468	4,020
Investments	1,066	1,038
	6,708	5,898
Current assets:		
Stocks	175	119
Debtors: amounts falling due within one year	938	749
Debtors: amounts falling due after one year	123	88
Investments	221	201
Cash at bank and in hand	129	112
	1,586	1,269
Creditors: amounts falling due within one year:		
Borrowings	(542)	(495)
Other creditors	(1,155)	(988)
	(1,697)	(1,483)
Net current liabilities	(111)	(214)
Total assets less current liabilities	6,597	5,684
Creditors: amounts falling due after more than one year:		
Borrowings	(814)	(539)
Other creditors	(147)	(154)
	(961)	(693)
Provisions for liabilities and charges	(1,120)	(1,075)
	4,516	3,916
CAPITAL AND RESERVES		
BG Group shareholders' funds	4,505	3,925
Minority shareholders' interest	11	(9)
	4,516	3,916

MOVEMENT IN BG GROUP SHAREHOLDERS' FUNDS

Third Quarter			First Nine Months	
2004 £m	2003 £m		2004 £m	2003 £m
215	208	Profit for the financial period	655	553
1	1	Issue of shares	8	2
8	-	Adjustment in respect of employee share schemes	8	-
-	-	Dividend	(61)	(56)
53	10	Currency translation adjustments	(30)	57
277	219	Net movement in BG Group shareholders' funds for the financial period	580	556
4,228	3,661	BG Group shareholders' funds at the beginning of the period	3,925	3,324
4,505	3,880	BG Group shareholders' funds as at 30 September	4,505	3,880

CONSOLIDATED CASH FLOW STATEMENT

Third Quarter			First Nine Months	
2004	2003		2004	2003
£m	£m		£m	£m
393	307	Total operating profit	1,071	924
(49)	(41)	Less: share of operating profit in joint ventures and associated undertakings	(146)	(138)
344	266	Group operating profit	925	786
116	118	Depreciation and amortisation	345	319
16	2	Unsuccessful exploration expenditure written off	23	25
(5)	(1)	Provisions	(8)	(2)
(23)	6	Working capital	(138)	(93)
448	391	Net cash flow from operating activities	1,147	1,035
5	6	Dividends from joint ventures and associated undertakings	38	41
(3)	(9)	Returns on investments and servicing of finance ⁽ⁱ⁾	(24)	(25)
(94)	(107)	Tax paid	(263)	(281)
(267)	(246)	Capital expenditure and investment ⁽ⁱⁱ⁾	(1,099)	(766)
34	73	Proceeds from sales of assets ⁽ⁱⁱⁱ⁾	314	81
(60)	(55)	Equity dividends paid	(123)	(110)
(75)	(37)	Management of liquid resources	(22)	35
(12)	16	Net cash flow before financing	(32)	10
1	1	Changes in share capital	8	2
0	1	Shares issued to minority interests	0	3
24	16	Net movement in gross borrowings	49	51
25	18	Net cash flow from financing activities	57	56
13	34	NET MOVEMENT IN CASH	25	66
113	178	Opening cash	112	141
3	(7)	Changing values of currency	(8)	(2)
129	205	CLOSING CASH	129	205

i) Includes capitalised interest for the third quarter of £2 million (2003 £6 million) and for the nine months of £8 million (2003 £17 million).

ii) Includes loans to joint ventures and associated undertakings and cash acquired of £10 million on the purchase of a subsidiary undertaking in the first nine months of 2004.

iii) Includes repayment of loans by joint ventures and associated undertakings of £34 million (2003 £3 million) for the third quarter and £139 million (2003 £9 million) for the nine months.

RECONCILIATION OF NET BORROWINGS – FIRST NINE MONTHS

	£m
Net borrowings as at 1 January 2004	(721)
Net increase in cash in the period	25
Cash outflow from the management of liquid resources	22
Cash inflow from change in gross borrowings	(49)
Inception of finance leases	(283)
Foreign exchange	-
<hr/>	
Net borrowings as at 30 September 2004	(1,006)

Net borrowings (non-recourse) attributable to MetroGAS (including Gas Argentino) and Comgas were £317 million (1 January 2004 £345 million).

The gearing ratio (net borrowings as a percentage of net borrowings plus equity) was 18.2% (1 January 2004 15.5%).

As at 30 September 2004, BG Group's share of the net borrowings in joint ventures and associated undertakings amounted to approximately £1 billion, including BG Group shareholder loans of approximately £600 million. These net borrowings which form part of BG Group's share of the net assets in joint ventures and associated undertakings are included 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 statutory accounts for the year ended 31 December 2003, which include the unqualified report of the auditors, have been filed with the Registrar of Companies. This results statement has been prepared on the basis of the accounting policies set out in those statutory accounts.

2. Exceptional items

Third Quarter			First Nine Months	
2004	2003		2004	2003
£m	£m		£m	£m
-	79	Profit on disposal of fixed assets	92	85
-	(32)	Tax impact	(30)	(32)
-	47	Impact on earnings	62	53

2004 second quarter: Disposal of investment

Profits on disposal of fixed assets during the second quarter of 2004 included the disposal of BG Group's interest in the Muturi Production Sharing Contract in Indonesia for £142 million realising a £71 million pre-tax and £43 million post-tax profit on the sale.

2004 first quarter: Disposal of investment

During the first quarter of 2004, BG Group 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.

2003 third quarter: Disposal of investment

BG Group disposed of a number of North Sea gas production assets for a profit of £79 million. The resulting tax impact was a £32 million charge, leading to a net £47 million increase in earnings. Proceeds of £72 million arose on the sale.

2003 second quarter: Disposal of investment

In the second quarter, BG Group disposed of 50% of its 100% investment in BG Brindisi LNG S.p.A, realising a £6 million pre- and post-tax profit.

3. Segmental analysis

Third Quarter		Turnover excluding share of joint ventures	First Nine Months	
2004 £m	2003 £m		2004 £m	2003 £m
535	438	Exploration and Production	1,502	1,319
336	362	Liquefied Natural Gas	802	759
178	197	Transmission and Distribution	479	506
44	36	Power Generation	143	126
3	2	Other activities	6	2
(7)	(4)	Less: intra-group sales	(15)	(12)
1,089	1,031		2,917	2,700

Third Quarter	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	295	221	-	-	295	221
Liquefied Natural Gas	19	22	19	7	38	29
Transmission and Distribution	31	28	10	10	41	38
Power Generation	3	4	20	24	23	28
Other activities	(4)	(9)	-	-	(4)	(9)
	344	266	49	41	393	307
First Nine Months						
Exploration and Production	840	708	-	-	840	708
Liquefied Natural Gas	23	25	49	35	72	60
Transmission and Distribution	62	52	31	30	93	82
Power Generation	20	21	66	73	86	94
Other activities	(20)	(20)	-	-	(20)	(20)
	925	786	146	138	1,071	924

BG Group's share of turnover and operating profit in joint ventures for the third quarter was £60 million (2003 £65 million) and £18 million (2003 £24 million) respectively; and for the nine months was £181 million (2003 £181 million) and £61 million (2003 £69 million) respectively.

4. Net interest

Third Quarter			First Nine Months	
2004	2003		2004	2003
£m	£m		£m	£m
(13)	(24)	Net interest payable	(38)	(57)
2	6	Interest capitalised	8	17
(11)	(18)		(30)	(40)
(4)	-	Finance lease interest	(8)	-
(4)	(3)	Unwinding of discount on provisions ⁽ⁱ⁾	(8)	(9)
-	(2)	Unwinding of discount on deferred income	(4)	(6)
10	10	Other net interest ⁽ⁱⁱ⁾	26	19
(9)	(13)	Net interest: Group	(24)	(36)
(5)	(7)	Joint ventures	(17)	(20)
(3)	(3)	Associated undertakings	(9)	(9)
(17)	(23)	Total net interest	(50)	(65)

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 £3 million (2003 £5 million) receivable from joint ventures and associated undertakings in the quarter, and £12 million (2003 £13 million) for the first nine months.

5. Taxation – first nine months

The taxation charge for the period before exceptional items was £408 million (2003 £344 million), representing an effective tax rate of 40% and the taxation charge including exceptional items was £438 million (2003 £376 million), representing an effective tax rate of 39%.

6. Earnings per ordinary share

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

Third Quarter				First Nine Months			
2004		2003		2004		2003	
£m	Pence per share	£m	Pence per share	£m	Pence per share	£m	Pence Per share
215	6.1	208	5.9	655	18.6	553	15.7
-	-	(47)	(1.3)	(62)	(1.8)	(53)	(1.5)
				Earnings			
				Profit on disposals			
215	6.1	161	4.6	593	16.8	500	14.2
				Earnings – excluding exceptional items			

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

Third Quarter				First Nine Months			
2004		2003		2004		2003	
£m	Pence per share	£m	Pence per share	£m	Pence per share	£m	Pence per share
215	6.1	208	5.9	655	18.6	553	15.7
11	0.3	9	0.3	20	0.6	15	0.4
150	4.2	146	4.1	438	12.4	376	10.6
17	0.5	23	0.6	50	1.4	65	1.8
116	3.3	118	3.3	345	9.7	319	9.1
				Earnings			
				Minority interest			
				Tax			
				Interest			
				Depreciation and amortisation			
509	14.4	504	14.2	1,508	42.7	1,328	37.6
				EBITDA – including exceptional items			
-	-	(79)	(2.2)	(92)	(2.6)	(85)	(2.4)
				Profit on disposals			
509	14.4	425	12.0	1,416	40.1	1,243	35.2
				EBITDA – excluding exceptional items			

Earnings per share calculations in 2004 are based on shares in issue of 3,531 million for the quarter and 3,530 million for the first nine months.

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

7. Capital investment - geographical analysis

Third Quarter			First Nine Months	
2004	2003		2004	2003
£m	£m		£m	£m
65	39	NW Europe	143	131
18	15	South America	72	48
75	72	Asia and Middle East	225	239
82	35	North America and Trinidad	606	99
116	86	Mediterranean Basin and Africa	339	226
356	247		1,385	743

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	234	166	6.6	4.7
- excluding exceptional items	192	160	5.4	4.5
Third quarter				
- including exceptional items	215	208	6.1	5.9
- excluding exceptional items	215	161	6.1	4.6
Fourth quarter				
- including exceptional items		215		6.1
- excluding exceptional items		183		5.2
Full year				
- including exceptional items		768		21.8
- excluding exceptional items		683		19.4

Supplementary information: Exploration and Production - operating and financial data

Third Quarter				First Nine Months		
2004	2003			2004	2003	
			Production volumes (mboe)			
4.8	6.1	-21%	- oil	15.6	17.7	-12%
6.4	4.3	+49%	- liquids	17.8	13.7	+30%
28.5	28.0	+2%	- gas	88.4	83.3	+6%
<u>39.7</u>	<u>38.4</u>	+3%	- total	<u>121.8</u>	<u>114.7</u>	+6%
£23.65	£17.85	+32%	Average realised oil price per barrel	£20.36	£18.14	+12%
(\$42.80)	(\$28.92)	+48%		(\$36.94)	(\$29.22)	+26%
£16.89	£9.31	+81%	Average realised liquids price per barrel	£12.92	£8.84	+46%
(\$30.56)	(\$15.08)	+103%		(\$23.45)	(\$14.23)	+65%
18.33p	15.74p	+16%	Average realised UK gas price per produced therm	18.69p	16.40p	+14%
14.17p	14.94p	-5%	Average realised International gas price per produced therm	13.68p	13.96p	-2%
15.71p	15.29p	+3%	Average realised gas price per produced therm	15.69p	15.11p	+4%
£1.22	£0.92	+33%	Lifting costs per boe	£1.05	£0.94	+12%
(\$2.20)	(\$1.49)	+48%		(\$1.91)	(\$1.52)	+26%
£2.21	£1.91	+16%	Operating expenditure per boe	£2.03	£1.89	+7%
(\$4.01)	(\$3.10)	+29%		(\$3.69)	(\$3.04)	+21%
151	114	+32%	Development expenditure (£m)	415	352	+18%
			Gross exploration expenditure (£m)			
75	30	+150%	- capitalised expenditure	170	126	+35%
18	14	+29%	- other expenditure	44	30	+47%
<u>93</u>	<u>44</u>	+111%	- gross expenditure	<u>214</u>	<u>156</u>	+37%

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) of the US Dollar would increase (or decrease) operating profit by approximately £70 million, whilst not having a significant effect on cash flow before financing activities.

Enquiries

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Financial Calendar

Announcement of 2004 fourth quarter and full year results and annual strategy presentation **15 February 2005**

Announcement of 2004 first quarter results **10 May 2005**

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