

BG GROUP PLC
2007 SECOND QUARTER
AND HALF YEAR RESULTS



- Total operating profit⁽ⁱ⁾ for the quarter was £747 million
- At constant US\$/UK£ exchange rates and upstream prices, total operating profit increased 14%
- Planned maintenance and disposals resulted in E&P volumes down 3%
- Damage to CATS pipeline will impact UK production in the third quarter
- Strong volume growth (up 61%), drove LNG total operating profit growth of 159%
- Major advance in growth programme with agreement on Karachaganak Phase III gas sales

BG Group's Chief Executive, Frank Chapman said:

"In a quarter with a high level of scheduled maintenance, operating performance remained strong, with underlying operating profit up 14% and excellent results in LNG. We continue to advance our future growth programme, with progress on Karachaganak Phase III and with drilling in Brazil."

Second Quarter				Half Year		
2007 £m	2006 £m		Business Performance ⁽ⁱ⁾	2007 £m	2006 £m	
747	752	-1%	Total operating profit including share of pre-tax operating results from joint ventures and associates	1 570	1 710	-8%
409	325	+26%	Earnings for the period	857	888	-3%
12.0p	9.3p	+29%	Earnings per share	25.2p	25.3p	-
Total results for the period (including disposals, re-measurements and impairments)						
730	773	-6%	Operating profit before share of results from joint ventures and associates	1 464	1 685	-13%
793	829	-4%	Total operating profit including share of pre-tax operating results from joint ventures and associates	1 582	1 811	-13%
471	418	+13%	Earnings for the period	903	996	-9%
13.9p	12.0p	+16%	Earnings per share	26.5p	28.4p	-7%
3.60p	3.00p	+20%	Interim dividend per share	3.60p	3.00p	+20%

i) 'Business Performance' excludes disposals, certain re-measurements and impairments as exclusion of these items provides a clear and consistent presentation of the underlying operating performance of the Group's ongoing business. For further explanation of Business Performance and the presentation of results from joint ventures and associates, see Presentation of Non-GAAP measures, page 10 and Results Presentation, page 2. Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

RESULTS PRESENTATION

The presentation of BG Group's results under IFRS separately identifies the effect of:

- The re-measurement of certain financial instruments.
- Profits and losses on the disposal and impairment of non-current assets and businesses.

These items are excluded from Business Performance in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing businesses.

Under IFRS the results of joint ventures and associates are presented net of finance costs and tax (see pages 12 and 13). Given the relevance of these businesses within BG Group, the results of joint ventures and associates are presented both before interest and tax, and after tax. The pre-interest and tax result is disclosed in Business Performance discussed on pages 3 to 9. The table below sets out the amounts related to joint ventures and associates, certain re-measurements under IAS 39 and profits on disposal and impairment of non-current assets and businesses.

Second Quarter	Business Performance		Disposals, re-measurements and impairments ⁽ⁱ⁾		Total Result	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Operating profit before disposal of non-current assets	684	696	27	85	711	781
Profits and losses on disposal of non-current assets and impairments	-	-	19	(8)	19	(8)
Operating profit before share of results from joint ventures and associates	684	696	46	77	730	773
Pre-tax share of operating results of joint ventures and associates	63	56	-	-	63	56
Total operating profit	747	752	46	77	793	829
Net finance costs						
Finance income	34	21	-	4	34	25
Finance costs	(25)	(17)	(2)	(5)	(27)	(22)
Share of joint ventures and associates	(15)	(18)	-	-	(15)	(18)
	(6)	(14)	(2)	(1)	(8)	(15)
Taxation						
Taxation	(307)	(392)	18	17	(289)	(375)
Share of joint ventures and associates	(10)	(9)	-	-	(10)	(9)
	(317)	(401)	18	17	(299)	(384)
Profit for the period	424	337	62	93	486	430
Profit attributable to:						
Shareholders (earnings)	409	325	62	93	471	418
Minority interest	15	12	-	-	15	12
	424	337	62	93	486	430

i) Re-measurements excluded from Business Performance

The IAS 39 re-measurements reflect movements in external market prices and exchange rates. Financial Instruments include certain long-term UK gas contracts which are classified as derivatives under IAS 39 due to the nature of the contract terms and are therefore required to be marked-to-market. This treatment has no impact on the ongoing cashflows of the business and these unrealised mark-to-market movements are best presented separately from underlying business performance. For an explanation of Non-GAAP measures see page 10.

BUSINESS REVIEW

The results discussed in this Business Review (pages 3 to 9) relate to BG Group's performance excluding disposals, re-measurements and impairments. For the impact and a description of these items, see the consolidated income statements (pages 12 and 13) and note 2 of the accounts (page 20). Results at constant US\$/UK£ exchange rates and upstream prices are also quoted. See Presentation of Non-GAAP measures (page 10) for an explanation of these metrics.

GROUP

Second Quarter		Business Performance		Half Year		
2007	2006			2007	2006	
£m	£m			£m	£m	
2 162	1 754	+23%	Revenue and other operating income	4 142	3 726	+11%
			Total operating profit including share of pre-tax results from joint ventures and associates			
565	647	-13%	Exploration and Production	1 191	1 373	-13%
88	34	+159%	Liquefied Natural Gas	209	172	+22%
70	57	+23%	Transmission and Distribution	120	122	-2%
31	23	+35%	Power Generation	69	62	+11%
(7)	(9)	-22%	Other activities	(19)	(19)	-
747	752	-1%		1 570	1 710	-8%
(6)	(14)	-57%	Net finance costs	(15)	(13)	+15%
(317)	(325)	-2%	Taxation for the period	(673)	(747)	-10%
409	401	+2%	Earnings before prior period taxation	857	926	-7%
-	(76)	-	Prior period taxation	-	(38)	-
409	325	+26%	Earnings for the period after prior period taxation	857	888	-3%
12.0p	9.3p	+29%	Earnings per share	25.2p	25.3p	-
496	401	+24%	Capital investment	1 365	787	+73%

Second quarter

Revenue and other operating income increased by 23% to £2 162 million, reflecting a 61% increase in LNG managed volumes and the impact of recent power acquisitions, partially offset by lower prices and the weaker US\$/UK£ exchange rate.

Total operating profit of £747 million was broadly in line with the prior year, despite a weaker US\$/UK£ exchange rate and lower UK gas prices. The impact of strong volume growth in the LNG segment was offset by an increased exploration charge and lower E&P production volumes. At constant US\$/UK£ exchange rates and upstream prices, underlying total operating profit would have increased by 14%.

Cash flow remained strong with cash generated by operations of £829 million and proceeds from asset disposals of £381 million.

Capital investment in the quarter of £496 million included the acquisition of Masspower (£74 million) in the USA, and continuing investment in Europe and Central Asia (£152 million), Mediterranean Basin and Africa (£143 million), North America and the Caribbean (£52 million), South America (£42 million) and Asia Pacific (£33 million).

At 30 June 2007, the Group had returned £219 million to shareholders as part of the share repurchase programme announced on 8 February 2007. Net funds were £213 million.

Half year

Revenue and other operating income increased by 11% reflecting a 44% increase in LNG managed volumes and the impact of recent power acquisitions, partially offset by lower prices and the weaker US\$/UK£ exchange rate.

Total operating profit of £1 570 million reflected a 44% increase in LNG managed volumes offset by an increased exploration charge, lower prices and a weaker US\$/UK£ exchange rate. At constant US\$/UK£ exchange rates and upstream prices, underlying total operating profit would have increased by 8%.

The Group's effective tax rate (including BG Group's share of joint ventures and associates tax) was 43.3% for the half year.

Cash generated by operations increased by 5% to £1 915 million and proceeds from disposals were £461 million.

Capital investment of £1 365 million included power plant acquisitions of £505 million and investment in Europe and Central Asia (£332 million), Mediterranean Basin and Africa (£236 million), North America and the Caribbean (£162 million), Asia Pacific (£69 million) and South America (£61 million).

The Board has declared an interim dividend of 3.6p per share, payable on 14 September to shareholders on the register at 10 August.

EXPLORATION AND PRODUCTION

Second Quarter		Business Performance			Half Year	
2007	2006			2007	2006	
£m	£m			£m	£m	
53.7	55.6	-3%	Production volumes (mmboe)	111.9	111.4	-
942	984	-4%	Revenue and other operating income	1 969	2 057	-4%
565	647	-13%	Total operating profit	1 191	1 373	-13%
369	229	+61%	Capital investment	728	500	+46%

Additional operating and financial data is given on page 30.

Second quarter

E&P total operating profit of £565 million reflected lower UK gas prices, an increased exploration charge, lower production volumes and a weaker US\$/UK£ exchange rate. At constant US\$/UK£ exchange rates and upstream prices, underlying total operating profit would have increased by 3%.

Production volumes were 3% lower, principally due to annual maintenance in the UK and Egypt and the impact of asset disposals, partially offset by new production from Buzzard and Atlantic/Cromarty in the UK and Dolphin Deep in Trinidad and Tobago.

The exploration charge of £72 million is £17 million higher than 2006, reflecting the increased exploration activities across the Group.

Unit operating expenditure was up 67 pence to £2.74 per boe, reflecting maintenance activity in the quarter and the effect of industry cost inflation.

The Group's average realised international gas price was 15.1 pence (2006 17.1 pence) per produced therm. The average realised price per produced therm in the UK was 23.9 pence (2006 26.2 pence), reflecting a reduction in spot market prices.

Capital investment of £369 million included expenditure in Tunisia (£90 million), the UK (£89 million), Egypt (£49 million), Trinidad and Tobago (£34 million), Kazakhstan (£32 million) and India (£25 million).

Half year

E&P total operating profit of £1 191 million reflected lower prices and a weaker US\$/UK£ exchange rate. At constant US\$/UK£ exchange rates and upstream prices, underlying total operating profit would have increased by 4%. Production volumes were in line with the prior year as the impact of maintenance and asset disposals have been offset by Buzzard and Atlantic/Cromarty in the UK and Dolphin Deep in Trinidad and Tobago.

The Group's average realised international gas price was 15.8 pence (2006 17.7 pence) per produced therm. In the UK, the average realised price per produced therm was 31.5 pence (2006 33.0 pence).

The exploration charge has increased £29 million to £128 million principally due to increased exploration activity.

Capital investment of £728 million included expenditure in the UK (£230 million), Tunisia (£153 million), Egypt (£77 million), India (£56 million), Trinidad and Tobago (£55 million) and Kazakhstan (£51 million).

Second quarter business highlights

On 1 June, BG Group and partners agreed the terms of the Phase III Karachaganak Gas Sales Agreement, Kazakhstan with KazRosGaz, a joint venture between Gazprom and KazMunaiGaz. The agreement, which is subject to final approvals, sets out the commercial terms governing the sale of gas over a 15 year period, expected to commence during the fourth quarter 2007. Volumes under the agreement will double to 16 bcma following completion of the Karachaganak Phase III expansion, which is expected onstream in 2012. This agreement is a significant milestone in the continued development of the Karachaganak field; it represents the commercialisation of more than 7 tcf of gas and will also facilitate sales of up to 16.5 mtpa of liquids.

During the quarter, BG Group and partners signed major contracts for a total of US\$459 million for the Poinsettia field project, part of the planned phased development of the North Coast Marine Area in Trinidad and Tobago. The project comprises a new drilling and production platform in 160 metres of water, the drilling of four wells from the platform, a 20" gas export line and a single sub-sea well tie-back. Construction of the platform is expected to be completed in the fourth quarter 2008 and the drilling campaign will commence immediately thereafter.

On 1 July, the Central Area Transmission System (CATS) gas pipeline was safely suspended following damage caused by the anchor of a third party vessel. A more detailed inspection of the pipeline is underway to determine the scope of necessary repairs.

In the year to date, seven exploration and appraisal wells have been completed of which three were successful and one is under evaluation. A further eight wells are currently operating. In Brazil, the Tupi Sul appraisal well and Carioca exploration well are currently drilling.

LIQUEFIED NATURAL GAS

Second Quarter		Business Performance			Half Year	
2007	2006			2007	2006	
£m	£m			£m	£m	
910	548	+66%	Revenue and other operating income	1 607	1 201	+34%
			Total operating profit			
73	29	+152%	Shipping and marketing	188	155	+21%
32	24	+33%	Liquefaction	57	54	+6%
(17)	(19)	-11%	Business development and other costs	(36)	(37)	-3%
88	34	+159%		209	172	+22%
21	139	-85%	Capital investment	81	227	-64%

Supplementary operating and financial data are given on page 30.

Second quarter

LNG total operating profit increased by £54 million to £88 million reflecting higher volumes and prices, partially offset by the weaker US\$/UK£ exchange rate.

In shipping and marketing, total operating profit increased by £44 million to £73 million, primarily due to a 61% increase in volumes and the higher Henry Hub price, partially offset by the weaker US\$/UK£ exchange rate. Softer market conditions in Europe and Asia placed a higher premium on access to the US market. This enabled BG Group to secure an additional 27 spot cargoes for delivery into the US, more than offsetting reduced diversion opportunities.

BG Group's share of operating profit from liquefaction activities of £32 million was up 33% as Atlantic LNG Train 4 entered its commercial phase.

Half year

LNG total operating profit increased by £37 million to £209 million reflecting a 44% increase in managed volumes, partially offset by the weaker US\$/UK£ exchange rate. BG Group's share of operating profit from liquefaction activities increased by 6% to £57 million.

Capital investment includes £49 million relating to LNG vessels and £21 million relating to regasification development projects.

Second quarter business highlights

On 1 May, the Cypress pipeline went into service on schedule, giving BG Group direct access from the Elba Island regasification terminal to the supply-constrained Florida market. The pipeline extension expands Elba Island's downstream take-away capacity by approximately 1.6 mtpa (220 000 mmbtud), increasing downstream capacity by more than 30%. Cypress has the potential to supply approximately 8% of Florida's current demand for natural gas.

On 4 June, BG Group announced it had signed an agreement to build and supply Chile's first LNG import terminal – GNL Quintero (BG Group 40%). The 2.5 mtpa terminal will have the capacity to meet up to approximately 40% of the country's current demand for natural gas and is targeted to commence early operations in the second quarter 2009, with full operations targeted for second quarter 2010. BG Group also executed a 21 year LNG sale and purchase agreement to supply Chile with 1.7 mtpa of LNG through the terminal, to be supplied from its global LNG portfolio.

In June, the first LNG cargo under BG Group's 3.4 mtpa supply contract from Equatorial Guinea LNG was delivered to the Group's capacity at the Lake Charles import terminal, Louisiana, USA.

TRANSMISSION AND DISTRIBUTION

Second Quarter		Business Performance		Half Year		
2007 £m	2006 £m			2007 £m	2006 £m	
			Revenue and other operating income			
197	191	+3%	Comgas	371	359	+3%
37	33	+12%	Other	83	68	+22%
234	224	+4%		454	427	+6%
			Total operating profit			
58	48	+21%	Comgas	98	98	-
12	9	+33%	Other	22	24	-8%
70	57	+23%		120	122	-2%
29	28	-	Capital investment	45	53	-15%

Second quarter

T&D total operating profit for the quarter increased by £13 million to £70 million.

At Comgas, in Brazil, total operating profit increased by £10 million to £58 million, reflecting a 4% increase in volumes and movements in the regulatory current account, partially offset by higher costs. Operating profit in the quarter includes £10 million to be passed back to customers in future periods. At the end of the quarter, the total to be passed back to customers in future periods was £19 million.

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

Half year

T&D total operating profit decreased by £2 million to £120 million. At Comgas, operating profit was in line with 2006 at £98 million, reflecting a 6% increase in volumes and movements in the regulatory current account, offset by the adverse exchange rate and higher costs.

Second quarter business highlights

In June, BG Group sold its 25% equity stake in Interconnector (UK) Limited to Caisse de dépôt et placement du Québec, Canada for £165 million resulting in a post-tax gain of £33 million. BG Group retains its capacity in both forward export and reverse import direction.

POWER GENERATION

Second Quarter		Business Performance			Half Year	
2007	2006			2007	2006	
£m	£m			£m	£m	
142	50	+184%	Revenue and other operating income	238	142	+68%
31	23	+35%	Total operating profit	69	62	+11%
76	2	-	Capital investment	509	3	-

Second quarter and half year

The increase in revenue and total operating profit in the quarter is principally due to the contribution from recently acquired assets in the USA and Italy.

Total operating profit for the half year also includes a one-off contribution from the settlement of a contractual dispute at Premier Power, and lower profits at Seabank where one-off insurance proceeds arose in 2006.

Capital investment in the quarter primarily relates to the acquisition of the Masspower power plant in the USA. In the half year, it also includes the acquisitions of the Lake Road power plant in the USA and the remaining equity (66.3%) of Serene S.p.A. in Italy.

Presentation of Non-GAAP measures

Business Performance

'Business Performance' excludes disposals, certain re-measurements and impairments (see below) as exclusion of these items provides a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

BG Group uses commodity instruments to manage price exposures associated with its marketing and optimisation activity in the UK and US. This activity enables the Group to take advantage of commodity price movements. It is considered more appropriate to include both unrealised and realised gains and losses arising from the mark-to-market of derivatives associated with this activity in 'Business Performance'.

Disposals, certain re-measurements and impairments

BG Group's commercial arrangements for marketing gas include the use of long-term gas sales contracts. Whilst the activity surrounding these contracts involves the physical delivery of gas, certain UK gas sales contracts are classified as derivatives under the rules of IAS 39 and are required to be measured at fair value at the balance sheet date. Unrealised gains and losses on these contracts reflect the comparison between current market gas prices and the actual prices to be realised under the gas sales contract.

BG Group also uses commodity instruments to manage certain price exposures in respect of optimising the timing of its gas sales associated with contracted UK storage and pipeline capacity. These instruments are also required to be measured at fair value at the balance sheet date under IAS 39. However, IAS 39 does not allow the matching of these fair values to the economically hedged value of the related gas in storage (taking account of gas prices based on the forward curve or expected delivery destination and the associated storage and capacity costs).

BG Group also uses financial instruments, including derivatives, to manage foreign exchange and interest rate exposure. These instruments are required to be recognised at fair value or amortised cost on the balance sheet in accordance with IAS 39. Most of these instruments have been designated either as hedges of foreign exchange movements associated with the Group's net investments in foreign operations, or as hedges of interest rate risk. Where these instruments cannot be designated as hedges under IAS 39, unrealised movements in fair value are recorded in the income statement.

Unrealised gains and losses in respect of long-term gas sales contracts and derivatives associated with gas in UK storage and pipeline facilities and interest rate and foreign exchange exposure in respect of financial instruments which cannot be designated as hedges under IAS 39 are disclosed separately as 'disposals, re-measurements and impairments'. Realised gains and losses relating to these instruments are included in Business Performance. This presentation best reflects the underlying performance of the business since it distinguishes between the temporary timing differences associated with re-measurements under IAS 39 rules and actual realised gains and losses.

BG Group has also separately identified profits and losses associated with the disposal of non-current assets, closures and impairments, as they are items which require separate disclosure in order to provide a clearer understanding of the results for the period.

For a reconciliation between the overall results and Business Performance and details of disposals, re-measurements and impairments, see the consolidated income statement, page 12 and note 2 to the interim accounts, page 20.

Joint ventures and associates

Under IFRS the results from jointly controlled entities (joint ventures) and associates, accounted for under the equity method, are required to be presented net of finance costs and tax on the face of the income statement. Given the relevance of these businesses within BG Group, the results of joint ventures and associates are presented before interest and tax, and after tax. This approach provides additional information on the source of BG Group's operating profits. For a reconciliation between operating profit and earnings including and excluding the results of joint ventures and associates, see note 3 to the accounts, page 20.

Exchange rates and prices

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.

Net borrowings/funds

BG Group provides a reconciliation of net borrowings/funds and an analysis of the amounts included within net borrowings/funds as this is an important liquidity measure for the Group.

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 BG Group's growth programme, (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 2006. 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.

**CONSOLIDATED INCOME STATEMENT
SECOND QUARTER**

	Notes	2007			2006		
		Busi- ness Perfor- mance ⁽ⁱ⁾ £m	Disposals, re- measure- ments and impairments (Note 2) ⁽ⁱ⁾ £m	Total Result £m	Busi- ness Perfor- mance ⁽ⁱ⁾ £m	Disposals, re- measure- ments and impairments (Note 2) ⁽ⁱ⁾ £m	Total Result £m
Group revenue		2 155	-	2 155	1 753	-	1 753
Other operating income	2	7	27	34	1	85	86
Group revenue and other operating income	3	2 162	27	2 189	1 754	85	1 839
Operating costs		(1 478)	-	(1 478)	(1 058)	-	(1 058)
Profits and losses on disposal of non-current assets and impairments	2	-	19	19	-	(8)	(8)
Operating profit⁽ⁱⁱ⁾	3	684	46	730	696	77	773
Finance income	2, 4	34	-	34	21	4	25
Finance costs	2, 4	(25)	(2)	(27)	(17)	(5)	(22)
Share of post-tax results from joint ventures and associates	3	38	-	38	29	-	29
Profit before tax		731	44	775	729	76	805
Taxation	2, 5	(307)	18	(289)	(392)	17	(375)
Profit for the period		424	62	486	337	93	430
Attributable to:							
BG Group shareholders (earnings)		409	62	471	325	93	418
Minority interest		15	-	15	12	-	12
		424	62	486	337	93	430
Earnings per share – basic	6	12.0p	1.9p	13.9p	9.3p	2.7p	12.0p
Earnings per share – diluted	6	11.9p	1.9p	13.8p	9.2p	2.7p	11.9p
Total operating profit including share of pre-tax operating results from joint ventures and associates⁽ⁱⁱⁱ⁾	3	747	46	793	752	77	829

i) See Presentation of Non-GAAP measures, page 10, for an explanation of results excluding disposals, re-measurements and impairments and presentation of the results of joint ventures and associates.

ii) Operating profit is before share of results from joint ventures and associates.

iii) This measurement is shown by BG Group as it is used as a means of measuring the underlying performance of the business.

**CONSOLIDATED INCOME STATEMENT
HALF YEAR**

	Notes	2007			2006		
		Busi-ness Perfor- mance ⁽ⁱ⁾ £m	Disposals, re-measure- ments and impairments (Note 2) ⁽ⁱ⁾ £m	Total Result £m	Busi-ness Perfor- mance ⁽ⁱ⁾ £m	Disposals, re- measure- ments and impairments (Note 2) ⁽ⁱ⁾ £m	Total Result £m
Group revenue		4 098	-	4 098	3 684	-	3 684
Other operating income	2	44	(6)	38	42	109	151
Group revenue and other operating income	3	4 142	(6)	4 136	3 726	109	3 835
Operating costs		(2 690)	-	(2 690)	(2 142)	-	(2 142)
Profits and losses on disposal of non-current assets and impairments	2	-	18	18	-	(8)	(8)
Operating profit⁽ⁱⁱ⁾	3	1 452	12	1 464	1 584	101	1 685
Finance income	2, 4	67	5	72	57	7	64
Finance costs	2, 4	(55)	(6)	(61)	(36)	(8)	(44)
Share of post-tax results from joint ventures and associates	3	82	-	82	67	-	67
Profit before tax		1 546	11	1 557	1 672	100	1 772
Taxation	2, 5	(664)	35	(629)	(760)	7	(753)
Profit for the period		882	46	928	912	107	1 019
Attributable to:							
BG Group shareholders (earnings)		857	46	903	888	108	996
Minority interest		25	-	25	24	(1)	23
		882	46	928	912	107	1 019
Earnings per share – basic	6	25.2p	1.3p	26.5p	25.3p	3.1p	28.4p
Earnings per share – diluted	6	25.0p	1.3p	26.3p	25.1p	3.1p	28.2p
Total operating profit including share of pre-tax operating results from joint ventures and associates⁽ⁱⁱⁱ⁾	3	1 570	12	1 582	1 710	101	1 811

i) See Presentation of Non-GAAP measures, page 10 for an explanation of results excluding disposals, re-measurements and impairments and presentation of the results of joint ventures and associates.

ii) Operating profit is before share of results from joint ventures and associates.

iii) This measurement is shown by BG Group as it is used as a means of measuring the underlying performance of the business.

**CONSOLIDATED BALANCE SHEET
HALF YEAR**

	As at		
	30 Jun 2007 £m	31 Dec 2006⁽ⁱ⁾ £m	30 Jun 2006 £m
Assets			
Non-current assets			
Goodwill	356	328	337
Other intangible assets	678	694	812
Property, plant and equipment	6 764	5 960	5 850
Investments	1 079	1 086	1 090
Deferred tax assets	79	74	102
Trade and other receivables	47	49	47
Commodity contracts and other derivative financial instruments	340	273	111
	9 343	8 464	8 349
Current assets			
Inventories	273	247	197
Trade and other receivables	1 831	1 854	1 588
Commodity contracts and other derivative financial instruments	309	575	29
Cash and cash equivalents	1 971	1 463	1 567
	4 384	4 139	3 381
Assets classified as held for sale	-	85	-
Total assets	13 727	12 688	11 730
Liabilities			
Current liabilities			
Borrowings	(311)	(103)	(57)
Trade and other payables	(1 617)	(1 618)	(1 255)
Current tax liabilities	(593)	(357)	(533)
Commodity contracts and other derivative financial instruments	(481)	(741)	(539)
	(3 002)	(2 819)	(2 384)
Non-current liabilities			
Borrowings	(1 530)	(1 559)	(1 579)
Trade and other payables	(21)	(21)	(21)
Commodity contracts and other derivative financial instruments	(189)	(90)	(2)
Deferred income tax liabilities	(1 188)	(1 146)	(835)
Retirement benefit obligations	(151)	(167)	(166)
Provisions for other liabilities and charges	(568)	(387)	(375)
	(3 647)	(3 370)	(2 978)
Liabilities associated with assets classified as held for sale	-	(34)	-
Total liabilities	(6 649)	(6 223)	(5 362)
Net assets	7 078	6 465	6 368
Attributable to:			
BG Group equity shareholders	6 958	6 363	6 266
Minority interest	120	102	102
Total equity	7 078	6 465	6 368

i) Restated as a result of post balance sheet events as detailed in the 2006 Annual Report and Accounts.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

Second Quarter			Half Year	
2007	2006		2007	2006
£m	£m		£m	£m
486	430	Profit for the period	928	1 019
11	23	Hedge adjustments net of tax	24	45
(34)	(211)	Currency translation adjustments	(8)	(240)
(23)	(188)	Net gains/(losses) recognised directly in equity	16	(195)
463	242	Total recognised income for the period	944	824
		Attributable to:		
20	5	Minority interests	31	20
443	237	Shareholders	913	804
463	242		944	824

CONSOLIDATED CASH FLOW STATEMENT

Second Quarter			Half Year	
2007	2006		2007	2006
£m	£m		£m	£m
Cash flows from operating activities				
775	805	Profit before tax	1 557	1 772
(38)	(29)	Share of post-tax results from joint ventures and associates	(82)	(67)
166	149	Depreciation of property, plant and equipment and amortisation of intangible assets	334	298
(27)	(92)	Fair value movements in commodity contracts	45	(133)
(19)	8	Profits and losses on disposal of non-current assets and impairments	(18)	8
16	18	Unsuccessful exploration expenditure written off	26	29
(3)	3	(Decrease)/increase in provisions	(23)	7
(34)	(25)	Finance income	(72)	(64)
27	22	Finance costs	61	44
7	5	Share-based payments	14	11
(41)	(25)	(Increase)/decrease in working capital	73	(79)
829	839	Cash generated by operations	1 915	1 826
(190)	(198)	Income taxes paid	(374)	(483)
639	641	Net cash inflow from operating activities	1 541	1 343
Cash flows from investing activities				
13	82	Dividends received from joint ventures and associates	37	93
381	1	Proceeds from disposal of subsidiary undertakings and investments	461	5
(406)	(250)	Purchase of property, plant and equipment and intangible assets	(780)	(599)
8	12	Loans from/(to) joint ventures and associates	(7)	(4)
(77)	-	Business combinations and investments	(483)	(2)
(81)	(155)	Net cash outflow from investing activities	(772)	(507)
Cash flows from financing activities				
(7)	(6)	Net interest received/(paid) ⁽ⁱ⁾	(9)	2
(141)	(143)	Dividends paid	(141)	(143)
(13)	(17)	Dividends paid to minority	(13)	(17)
155	42	Net proceeds from issue of new borrowings	292	58
(179)	(33)	Repayment of borrowings	(195)	(81)
8	2	Issue of shares	15	8
-	1	Issue of shares to minority shareholder	-	1
(115)	(446)	Purchase of own shares	(211)	(593)
(292)	(600)	Net cash outflow from financing activities	(262)	(765)
266	(114)	Net increase/(decrease) in cash and cash equivalents	507	71
1 705	1 697	Cash and cash equivalents at beginning of period	1 463	1 516
-	(16)	Effect of foreign exchange rate changes	1	(20)
1 971	1 567	Cash and cash equivalents at end of period⁽ⁱⁱ⁾	1 971	1 567

i) Includes capitalised interest for the second quarter of £9 million (2006 £17 million), and for the half year of £20 million (2006 £31 million).

ii) Cash and cash equivalents comprise cash and short-term liquid investments that are readily convertible to cash.

RECONCILIATION OF NET BORROWINGS/FUNDS⁽ⁱ⁾ – HALF YEAR

	£m
Net borrowings as at 31 December 2006 ^{(i) (ii)}	(103)
Net increase in cash and cash equivalents	507
Cash inflow from changes in gross borrowings	(97)
Inception of finance leases	(53)
Effect of acquisitions	(40)
Foreign exchange and other re-measurements	(1)
Net funds as at 30 June 2007^{(i) (ii)}	213

Net borrowings attributable to Comgas were £285 million (31 December 2006 £242 million).

As at 30 June 2007, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately £0.9 billion, including BG Group shareholder loans of approximately £0.6 billion. These net borrowings are included in BG Group's share of the net assets in joint ventures and associates which are consolidated in BG Group's accounts.

i) Net borrowings/funds are defined on page 32

ii) Net borrowings/funds comprise:

	As at	
	30 Jun	31 Dec
	2007	2006
	£m	£m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	1 971	1 463
Overdrafts, loans and finance leases	(311)	(103)
Derivative financial instruments ⁽ⁱⁱⁱ⁾	49	-
	1 709	1 360
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases	(1 530)	(1 559)
Derivative financial instruments ⁽ⁱⁱⁱ⁾	34	96
	(1 496)	(1 463)
Net funds/(borrowings)	213	(103)

iii) These items are included within commodity contracts and other derivative financial instrument balances on the balance sheet.

RECONCILIATION OF NET BORROWINGS – HALF YEAR (Continued)

LIQUIDITY AND CAPITAL RESOURCES

All information below is as at 30 June 2007.

The Group's principal borrowing entities are: BG Energy Holdings Limited (BGEH), including wholly-owned subsidiary undertakings, the majority of whose borrowings are guaranteed by BG Energy Holdings Limited (collectively BGEH), Comgas and Gujarat Gas, both of which conduct their borrowing activities on a stand-alone basis.

BGEH had aggregate committed multicurrency revolving borrowing facilities of \$1.04 billion, of which \$520 million expires in 2007 and \$520 million expires in 2009. In addition, BGEH had a note purchase facility of \$65 million expiring in October 2007. There are no restrictions on the application of funds under these facilities, which were undrawn.

BGEH had a \$1.0 billion US Commercial Paper Programme, which was unutilised, and a \$1.0 billion Eurocommercial Paper Programme, of which \$970.1 million was unutilised. BGEH also had a \$2.0 billion Euro Medium Term Note Programme, of which \$1.477 billion was unutilised.

In addition, BGEH had the following uncommitted borrowing facilities – multicurrency facilities of £580 million, overdraft facilities of £60 million and credit facilities of \$40 million, all of which were unutilised.

Comgas had committed borrowing facilities of Brazilian Reals (BRL) 1,948.6 million, of which BRL 605.0 million was unutilised, and uncommitted borrowing facilities of BRL 577.6 million, all of which were unutilised.

Independent review report to BG Group plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated interim balance sheet as at 30 June 2007 and the related consolidated interim statements of income, cash flows and recognised income and expense for the six months then ended and related notes. 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 Listing Rules of the Financial Services Authority 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 any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 2007.

PricewaterhouseCoopers LLP
Chartered Accountants
London
27 July 2007

(a) The maintenance and integrity of the BG Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Notes

1. Basis of preparation

These primary statements are the unaudited interim consolidated financial statements of BG Group plc for the quarter ended and the half year ended 30 June 2007. The financial information does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985, and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2006, as they provide an update of previously reported information. These financial statements have been prepared in accordance with the requirements of the UK Listing Rules and the accounting policies set out in the 2006 Annual Report and Accounts.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

2. Disposals, re-measurements and impairments

Second Quarter			Half Year	
2007	2006		2007	2006
£m	£m		£m	£m
27	85	Revenue and other operating income – re-measurements of commodity contracts	(6)	109
19	(8)	Profits and losses on disposal of non-current assets and impairments	18	(8)
(2)	(1)	Net finance income/(costs) – re-measurements of financial instruments	(1)	(1)
18	17	Taxation	35	7
-	-	Minority interest	-	1
62	93	Impact on earnings	46	108

Second quarter and half year: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a credit of £27 million for the quarter (2006 £85 million credit), of which a £21 million credit (2006 £82 million credit) represents non-cash mark-to-market movements on certain long-term UK gas contracts. For the half year, a charge of £6 million in respect of re-measurements is included within revenue and other operating income (2006 £109 million credit), included in which is a £18 million credit, representing non-cash mark-to-market movements on certain long-term UK gas contracts (2006 £101 million credit). Whilst the activity surrounding these contracts involves the physical delivery of gas, the contracts fall within the scope of IAS 39 and meet the definition of a derivative instrument.

Net finance costs

Re-measurements presented in net finance costs relate primarily to certain derivatives used to hedge foreign exchange and interest rate risk which have not been designated as hedges under IAS 39, partly offset by foreign exchange movements on certain borrowings.

2007 second quarter: Disposal of non-current assets

During the second quarter, BG Group sold its 25% equity interest in Interconnector (UK) Limited whilst retaining throughput capacity contracts with this company. The net proceeds of the equity disposal were £165 million, resulting in a pre- and post-tax gain of £157 million. No tax arises on the gain on this disposal. As part of this transaction, the Group has reviewed the retained capacity contracts in the Interconnector pipeline and has concluded that the obligations associated with these contracts now exceed the benefit expected to be received from the Interconnector interest. Accordingly, a pre-tax provision of £156 million (post-tax £124 million) has been made to reflect the present obligation under these contracts. The overall transaction has generated a pre-tax gain on disposal of £1 million (post-tax £33 million).

During the second quarter, BG Group disposed of selected Canadian exploration and production assets. This resulted in a gain on disposal of £18 million. No tax arose on the disposal.

2007 first quarter: Disposal of non-current assets

During the first quarter, BG Group disposed of its Mauritanian interests. This resulted in a loss on disposal of £1 million. No tax arose on the disposal.

2006 second quarter: Disposal of non-current assets

During the second quarter 2006, BG Group disposed of its telecoms businesses. This resulted in a loss on disposal of £8 million. No tax arose on the disposal.

3. Segmental analysis

Group revenue and other operating income	Business Performance (i) 2007 £m	Disposals, re-measurements and impairments (ii) 2007 £m	Total Result 2007 £m	Business Performance 2006 £m	Disposals, re-measurements and impairments 2006 £m	Total Result 2006 £m
Second Quarter						
Exploration and Production	942	27	969	984	85	1 069
Liquefied Natural Gas	910	-	910	548	-	548
Transmission and Distribution	234	-	234	224	-	224
Power Generation	142	-	142	50	-	50
Other activities	1	-	1	2	-	2
Less: intra-group sales	(67)	-	(67)	(54)	-	(54)
	2 162	27	2 189	1 754	85	1 839
Group revenue and other operating income	Business Performance	Disposals, re-measurements and impairments	Total Result	Business Performance	Disposals, re-measurements and impairments	Total Result
Half Year	2007 £m	2007 £m	2007 £m	2006 £m	2006 £m	2006 £m
Exploration and Production	1 969	(6)	1 963	2 057	109	2 166
Liquefied Natural Gas	1 607	-	1 607	1 201	-	1 201
Transmission and Distribution	454	-	454	427	-	427
Power Generation	238	-	238	142	-	142
Other activities	3	-	3	5	-	5
Less: intra-group sales	(129)	-	(129)	(106)	-	(106)
	4 142	(6)	4 136	3 726	109	3 835

3. Segmental analysis (continued)

	Business Performance ⁽ⁱ⁾		Disposals, re-measurements and impairments ⁽ⁱ⁾		Total Result	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Second Quarter						
Total operating profit before share of results from joint ventures and associates						
Exploration and Production	565	647	45	85	610	732
Liquefied Natural Gas	57	10	-	-	57	10
Transmission and Distribution	59	46	1	-	60	46
Power Generation	10	2	-	-	10	2
Other activities	(7)	(9)	-	(8)	(7)	(17)
	684	696	46	77	730	773
Pre-tax share of operating results of joint ventures and associates⁽ⁱⁱ⁾						
Liquefied Natural Gas	31	24	-	-	31	24
Transmission and Distribution	11	11	-	-	11	11
Power Generation	21	21	-	-	21	21
	63	56	-	-	63	56
Total operating profit including share of results from joint ventures and associates						
Exploration and Production	565	647	45	85	610	732
Liquefied Natural Gas	88	34	-	-	88	34
Transmission and Distribution	70	57	1	-	71	57
Power Generation	31	23	-	-	31	23
Other activities	(7)	(9)	-	(8)	(7)	(17)
	747	752	46	77	793	829

For notes i) to ii) see footnotes on page 24.

3. Segmental analysis (continued)

Half Year	Business Performance ⁽ⁱ⁾		Disposals, re-measurements and impairments ⁽ⁱ⁾		Total Result	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Total operating profit before share of results from joint ventures and associates						
Exploration and Production	1 191	1 373	11	109	1 202	1 482
Liquefied Natural Gas	153	118	-	-	153	118
Transmission and Distribution	99	100	1	-	100	100
Power Generation	28	12	-	-	28	12
Other activities	(19)	(19)	-	(8)	(19)	(27)
	1 452	1 584	12	101	1 464	1 685
Pre-tax share of operating results of joint ventures and associates⁽ⁱⁱ⁾						
Liquefied Natural Gas	56	54	-	-	56	54
Transmission and Distribution	21	22	-	-	21	22
Power Generation	41	50	-	-	41	50
	118	126	-	-	118	126
Total operating profit including share of results from joint ventures and associates						
Exploration and Production	1 191	1 373	11	109	1 202	1 482
Liquefied Natural Gas	209	172	-	-	209	172
Transmission and Distribution	120	122	1	-	121	122
Power Generation	69	62	-	-	69	62
Other activities	(19)	(19)	-	(8)	(19)	(27)
	1 570	1 710	12	101	1 582	1 811

i) See note 2, page 20 and Presentation of Non-GAAP measures, page 10 for an explanation of results excluding disposals, re-measurements and impairments and presentation of the results of joint ventures and associates.

ii) Share of results in joint ventures and associates in the table above are before finance costs and taxation. The share of results after finance costs and taxation for the quarter is £38 million (2006 £29 million), and for the half year is £82 million (2006 £67 million).

3. Segmental analysis (continued)

Total Result	Operating profit before share of results from joint ventures and associates		Share of results in joint ventures and associates		Total Result	
	2007	2006	2007	2006	2007	2006
Second Quarter	£m	£m	£m	£m	£m	£m
Exploration and Production	610	732	-	-	610	732
Liquefied Natural Gas	57	10	19	10	76	20
Transmission and Distribution	60	46	4	7	64	53
Power Generation	10	2	15	12	25	14
Other activities	(7)	(17)	-	-	(7)	(17)
	730	773	38	29	768	802
Net finance income/(costs)					7	3
Taxation					(289)	(375)
Profit for the period					486	430

Total Result	Operating profit before share of results from joint ventures and associates		Share of results in joint ventures and associates		Total Result	
	2007	2006	2007	2006	2007	2006
Half Year	£m	£m	£m	£m	£m	£m
Exploration and Production	1 202	1 482	-	-	1 202	1 482
Liquefied Natural Gas	153	118	35	22	188	140
Transmission and Distribution	100	100	19	13	119	113
Power Generation	28	12	28	32	56	44
Other activities	(19)	(27)	-	-	(19)	(27)
	1 464	1 685	82	67	1 546	1 752
Net finance income/(costs)					11	20
Taxation					(629)	(753)
Profit for the period					928	1 019

4. Net finance costs

Second Quarter			Half Year	
2007	2006		2007	2006
£m	£m		£m	£m
(16)	(13)	Interest payable	(39)	(31)
(13)	(18)	Interest on obligations under finance leases	(26)	(30)
9	17	Interest capitalised	20	31
(5)	(3)	Unwinding of discount on provisions ⁽ⁱ⁾	(10)	(6)
(2)	(5)	Disposals, re-measurements and impairments (Note 2)	(6)	(8)
(27)	(22)	Finance costs	(61)	(44)
34	21	Interest receivable	67	57
-	4	Disposals, re-measurements and impairments (Note 2)	5	7
34	25	Finance income	72	64
7	3	Net finance income⁽ⁱⁱ⁾	11	20

i) Relates to the unwinding of the discount on provisions and amounts in respect of pension obligations which represent the unwinding of discount on the plans' liabilities offset by the expected return on the plans' assets.

ii) Excludes Group share of net finance costs from joint ventures and associates for the quarter of £15 million (2006 £18 million), and for the half year of £27 million (2006 £34 million).

5. Taxation

The taxation charge for the second quarter before disposals, re-measurements and impairments was £307 million (2006 £392 million) and the taxation charge including disposals, re-measurements and impairments was £289 million (2006 £375 million).

For the half year, the taxation charge before disposals, re-measurements and impairments was £664 million (2006 £760 million) and the taxation charge including disposals, re-measurements and impairments was £629 million (2006 £753 million).

The Group share of taxation from joint ventures and associates for the second quarter was £10 million (2006 £9 million) and for the half year was £9 million (2006 £25 million).

6. Earnings per ordinary share

Second Quarter					Half Year			
2007		2006			2007		2006	
£m	Pence per share	£m	Pence per share		£m	Pence per share	£m	Pence per share
471	13.9	418	12.0	Earnings	903	26.5	996	28.4
(43)	(1.3)	(101)	(2.9)	Re-measurements (after tax and minority interest)	(28)	(0.8)	(116)	(3.3)
(19)	(0.6)	8	0.2	Profits and losses on disposals (after tax)	(18)	(0.5)	8	0.2
409	12.0	325	9.3	Earnings – excluding disposals, re-measurements and impairments	857	25.2	888	25.3

Basic earnings per share calculations in 2007 are based on shares in issue of 3 395 million for the quarter and 3 401 million for the half year.

The earnings figure used to calculate diluted earnings per ordinary share is the same as that used to calculate earnings per ordinary share given above, divided by 3 426 million for the quarter and 3 433 million for the half year, being the weighted average number of ordinary shares in issue during the period as adjusted for share options.

7. Results Presentation

Half year	Business Performance		Disposals, re-measurements and impairments ⁽ⁱ⁾		Total Result	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Operating profit before disposal of non-current assets	1 452	1 584	(6)	109	1 446	1 693
Profits and losses on disposal of non-current assets and impairments	-	-	18	(8)	18	(8)
Operating profit before share of results from joint ventures and associates	1 452	1 584	12	101	1 464	1 685
Pre-tax share of operating results of joint ventures and associates	118	126	-	-	118	126
Total operating profit	1 570	1 710	12	101	1 582	1 811
Net finance costs						
Finance income	67	57	5	7	72	64
Finance costs	(55)	(36)	(6)	(8)	(61)	(44)
Share of joint ventures and associates	(27)	(34)	-	-	(27)	(34)
	(15)	(13)	(1)	(1)	(16)	(14)
Taxation						
Taxation	(664)	(760)	35	7	(629)	(753)
Share of joint ventures and associates	(9)	(25)	-	-	(9)	(25)
	(673)	(785)	35	7	(638)	(778)
Profit for the period	882	912	46	107	928	1 019
Profit attributable to:						
Shareholders (earnings)	857	888	46	108	903	996
Minority interest	25	24	-	(1)	25	23
	882	912	46	107	928	1 019

i) Re-measurements excluded from Business Performance

The IAS 39 re-measurements reflect movements in external market prices and exchange rates. Financial instruments include certain long-term UK gas contracts which are classified as derivatives under IAS 39 due to the nature of the contract terms and are therefore required to be marked-to-market. This treatment has no impact on the ongoing cashflows of the business and these unrealised mark-to-market movements are best presented separately from underlying business performance. For an explanation of Non-GAAP measures see page 10.

8. Capital investment: geographical analysis

Second Quarter			Half Year	
2007	2006		2007	2006
£m	£m		£m	£m
152	109	Europe and Central Asia	412	213
42	40	South America	61	113
33	30	Asia Pacific	69	53
126	172	North America and the Caribbean	587	281
143	50	Mediterranean Basin and Africa	236	127
496	401		1 365	787

9. Quarterly information: earnings and earnings per share

	2007	2006	2007	2006
	£m	£m	pence	pence
First quarter				
- including disposals, re-measurements and impairments	432	578	12.7	16.4
- excluding disposals, re-measurements and impairments	448	563	13.1	16.0
Second quarter				
- including disposals, re-measurements and impairments	471	418	13.9	12.0
- excluding disposals, re-measurements and impairments	409	325	12.0	9.3
Third quarter				
- including disposals, re-measurements and impairments		394		11.5
- excluding disposals, re-measurements and impairments		342		10.0
Fourth quarter				
- including disposals, re-measurements and impairments		389 ⁽ⁱ⁾		11.4 ⁽ⁱ⁾
- excluding disposals, re-measurements and impairments		410		12.0
Full year				
- including disposals, re-measurements and impairments		1 779 ⁽ⁱ⁾		51.4 ⁽ⁱ⁾
- excluding disposals, re-measurements and impairments		1 640		47.4

i) Restated as a result of post balance sheet events as detailed in the 2006 Annual Report and Accounts.

Supplementary information: Operating and financial data

Second Quarter		First Quarter		Half Year	
2007	2006	2007		2007	2006
			Production volumes (mmboe)		
7.4	5.3	6.5	- oil	13.9	10.9
9.7	7.6	8.8	- liquids	18.5	15.0
36.6	42.7	42.9	- gas	79.5	85.5
53.7	55.6	58.2	- total	111.9	111.4
			Production volumes (boed in thousands)		
81	58	72	- oil	77	60
107	84	98	- liquids	102	83
402	468	477	- gas	439	472
590	610	647	- total	618	615
			LNG cargoes		
46	22	18	- Lake Charles, USA	64	24
17	14	15	- Elba Island, USA	32	23
8	13	19	- Europe, Asia and other USA	27	42
71	49	52	- total	123	89
208 814	129 493	144 752	LNG managed volumes (thousand mmbtu)	353 566	245 305
£34.81 (\$69.07)	£38.71 (\$69.76)	£29.60 (\$58.13)	Average realised oil price per barrel	£32.37 (\$63.89)	£37.18 (\$66.03)
£28.58 (\$56.72)	£31.51 (\$56.79)	£23.21 (\$45.57)	Average realised liquids price per barrel	£25.99 (\$51.31)	£30.14 (\$53.51)
23.88p	26.20p	37.03p	Average realised UK gas price per produced therm	31.48p	32.96p
15.11p	17.05p	16.31p	Average realised International gas price per produced therm	15.75p	17.71p
17.00p	19.09p	21.50p	Average realised gas price per produced therm	19.43p	21.38p
£1.74 (\$3.44)	£1.21 (\$2.18)	£1.51 (\$2.97)	Lifting costs per boe	£1.62 (\$3.20)	£1.20 (\$2.13)
£2.74 (\$5.41)	£2.07 (\$3.72)	£2.51 (\$4.92)	Operating expenditure per boe	£2.61 (\$5.16)	£2.13 (\$3.77)
301	160	291	Development expenditure (£m)	592	291
			Gross exploration expenditure (£m)		
46	66	59	- capitalised expenditure	105	202
56	37	46	- other expenditure	102	70
102	103	105	- gross expenditure	207	272

Supplementary information: Operating and financial data (continued)

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 2007 by approximately £40 million to £50 million.

BG Group's exposure to the US\$/UK£ exchange rate varies according to a number of factors including commodity prices and the timing of US Dollar revenues and costs including capital expenditure. Management estimates that in 2007, other factors being constant, a 10 cent strengthening (or weakening) in the US Dollar would increase (or decrease) operating profit by approximately £140 million to £160 million.

Glossary

In BG Group's results some or all of the following definitions are used:

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
E&P	Exploration and Production
EPC	engineering, procurement and construction
EPIC	engineering, procurement, installation and commissioning
FEED	front end engineering design
FERC	Federal Energy Regulatory Commission
Gearing ratio	net borrowings as a percentage of total shareholders' funds (excluding the re-measurement of commodity financial instruments and associated deferred tax) plus net borrowings
GW	gigawatt
IAS 39	International Accounting Standard 39 (Financial Instruments)
IFRS	International Financial Reporting Standards
kboed	thousand barrels of oil equivalent per day
LNG	Liquefied Natural Gas
Managed volumes	Comprises all LNG volumes contracted for purchase and having related revenue and other operating income recognised in the applicable period
m	million
mboe	million barrels of oil equivalent
mmbtu	million british thermal units
mmbtud	million british thermal units per day
mmcf	million cubic feet per day
mmcmd	million cubic metres per day
mmscf	million standard cubic feet per day
mmscm	million standard cubic metres
mmscmd	million standard cubic metres per day
MoU	Memorandum of understanding
mtpa	million tonnes per annum
MW	megawatt
Net borrowings/funds	Comprise cash, current asset investments, finance leases, currency and interest rate derivative financial instruments and short- and long-term borrowings
NGL	Natural gas liquids
PSA	production sharing agreement
T&D	Transmission and Distribution
tcf	trillion cubic feet
Total operating profit	Group operating profit plus share of pre-tax operating results of joint ventures and associates
UKCS	United Kingdom Continental Shelf
UKCNS	United Kingdom central North Sea
Unit operating expenditure per boe	Production costs and royalties incurred over the period divided by the net production for the period. Production costs and royalties (other operating costs) for the period are disclosed under "results of operations" in the Supplementary information – Oil and Gas disclosures in BG Group's Annual Report & Accounts for the period. This measure does not include the impact of depreciation and amortisation costs and exploration costs as they are not considered to be costs associated with the operation of producing assets.
Unit lifting costs per boe	Unit operating expenditure as defined above, excluding royalty, tariff and insurance costs incurred over the period divided by the net production for the period. Unit lifting costs as used in this ratio do not represent "Production (Lifting) Costs" as defined by FAS 19 and FAS 69.

Enquiries

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

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Financial Calendar

Ex-dividend date for 2007 interim dividend	8 August 2007
Record date for 2007 interim dividend	10 August 2007
Payment of 2007 interim dividend:	
Shareholders	14 September 2007
American depositary receipt holders	21 September 2007
Announcement of 2007 third quarter results	1 November 2007

BG Group plc website: www.bg-group.com

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