

### Highlights

- Earnings per share<sup>(i)</sup> increased 11% to 52.7p for the full year.
- Full year dividend increased by 30% to 9.36p per share.
- Total reserves and resource base<sup>(ii)</sup> increased by 2 billion boe, up 25% to 10 billion boe.

**BG Group's Chief Executive, Frank Chapman said:**

***"BG Group has delivered another year of good operating performance. We substantially enhanced the scale and diversity of our hydrocarbon resource base, underpinning our long-term growth prospects."***

Fourth Quarter			Business Performance <sup>(i)</sup>	Full Year		
2007 £m	2006 £m			2007 £m	2006 £m	
<b>1 006</b>	760	+32%	Total operating profit including share of pre-tax operating results from joint ventures and associates	<b>3 248</b>	3 103	+5%
<b>558</b>	410	+36%	Earnings for the period	<b>1 783</b>	1 640	+9%
<b>16.6p</b>	12.0p	+38%	Earnings per share	<b>52.7p</b>	47.4p	+11%
<b>5.76p</b>	4.20p	+37%	Dividend per share	<b>9.36p</b>	7.20p	+30%
<b>Total results for the period (including disposals, re-measurements and impairments)</b>						
<b>797</b>	751	+6%	Operating profit before share of results from joint ventures and associates	<b>2 848</b>	3 121	-9%
<b>863</b>	806	+7%	Total operating profit including share of pre-tax operating results from joint ventures and associates	<b>3 095</b>	3 354	-8%
<b>486</b>	389	+25%	Earnings for the period	<b>1 746</b>	1 779	-2%
<b>14.4p</b>	11.4p	+26%	Earnings per share	<b>51.6p</b>	51.4p	-

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.

ii) See page 29 for an explanation of how this is calculated.

BG Group has issued its annual strategy update in conjunction with today's statement. This is available for viewing at: [www.bg-group.com](http://www.bg-group.com)

## Results Presentation

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

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

These items, which are detailed in Note 2 to the accounts, page 19, 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.

The Business Review (pages 3 to 9) relates to Business Performance. (See Presentation of Non-GAAP measures (page 10) for an explanation of these metrics).

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.

### Fourth quarter

	Business Performance		Disposals, re-measurements and impairments <sup>(i)</sup>		Total Result	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Operating profit before disposal of non-current assets	<b>940</b>	705	<b>(144)</b>	87	<b>796</b>	792
Profits and losses on disposal of non-current assets and impairments	–	–	<b>1</b>	(41)	<b>1</b>	(41)
Operating profit before share of results from joint ventures and associates	<b>940</b>	705	<b>(143)</b>	46	<b>797</b>	751
Pre-tax share of operating results of joint ventures and associates	<b>66</b>	55	–	–	<b>66</b>	55
Total operating profit	<b>1 006</b>	760	<b>(143)</b>	46	<b>863</b>	806
Net finance costs						
Finance income	<b>44</b>	22	<b>(4)</b>	15	<b>40</b>	37
Finance costs	<b>(36)</b>	(23)	<b>7</b>	(13)	<b>(29)</b>	(36)
Share of joint ventures and associates	<b>(12)</b>	(16)	–	–	<b>(12)</b>	(16)
	<b>(4)</b>	(17)	<b>3</b>	2	<b>(1)</b>	(15)
Taxation						
Taxation	<b>(419)</b>	(323)	<b>69</b>	(68)	<b>(350)</b>	(391)
Share of joint ventures and associates	<b>(12)</b>	(1)	–	–	<b>(12)</b>	(1)
	<b>(431)</b>	(324)	<b>69</b>	(68)	<b>(362)</b>	(392)
Profit for the period	<b>571</b>	419	<b>(71)</b>	(20)	<b>500</b>	399
Profit attributable to:						
Shareholders (earnings)	<b>558</b>	410	<b>(72)</b>	(21)	<b>486</b>	389
Minority interest	<b>13</b>	9	<b>1</b>	1	<b>14</b>	10
	<b>571</b>	419	<b>(71)</b>	(20)	<b>500</b>	399

i) See Presentation of Non-GAAP measures, page 10.

## Business Review

### Group

Fourth Quarter			Full Year		
2007 £m	2006 £m		2007 £m	2006 £m	
<b>2 338</b>	1 897	+23%	<b>8 330</b>	7 270	+15%
<b>Business Performance</b>					
Total operating profit including share of pre-tax results from joint ventures and associates					
<b>763</b>	575	+33%	<b>2 387</b>	2 457	-3%
<b>163</b>	115	+42%	<b>521</b>	352	+48%
<b>60</b>	53	+13%	<b>247</b>	231	+7%
<b>32</b>	28	+14%	<b>130</b>	106	+23%
<b>(12)</b>	(11)	+9%	<b>(37)</b>	(43)	-14%
<b>1 006</b>	760	+32%	<b>3 248</b>	3 103	+5%
<b>(4)</b>	(17)	-76%	<b>(27)</b>	(43)	-37%
<b>(431)</b>	(324)	+33%	<b>(1 385)</b>	(1 337)	+4%
<b>558</b>	410	+36%	<b>1 783</b>	1 678	+6%
<b>-</b>	<b>-</b>	-	<b>-</b>	(38)	-
<b>558</b>	410	+36%	<b>1 783</b>	1 640	+9%
<b>16.6p</b>	12.0p	+38%	<b>52.7p</b>	47.4p	+11%
<b>628</b>	548	+15%	<b>2 497</b>	1 847	+35%

#### Fourth quarter

Revenue and other operating income increased by 23% to £2 338 million, reflecting higher E&P and LNG volumes and prices and the impact of recent power generation acquisitions, partially offset by the weaker US\$/UK£ exchange rate.

Total operating profit increased by 32% to £1 006 million primarily due to E&P production growth of 4%, higher commodity prices and increased LNG income, partially offset by the weaker US\$/UK£ exchange rate.

Cash generated by operations increased by £199 million to £1 003 million.

Capital investment in the quarter of £628 million comprised investment in Europe and Central Asia (£215 million), Mediterranean Basin and Africa (£204 million), South America (£92 million), North America and the Caribbean (£80 million), and Asia Pacific (£37 million).

#### Full year

Total operating profit increased by £145 million to £3 248 million. Increased profits in the LNG segment due to strong volume and income growth more than offset an increased exploration charge, weaker US\$/UK£ exchange rate and the impact of the CATS pipeline shutdown.

The Group's effective tax rate (including BG Group's share of joint ventures and associates tax) was 43.0% (2006 43.7%) for the full year.

Cash generated by operations increased by £331 million to £3 691 million.

At 31 December 2007, the Group had returned £561 million to shareholders under its £750 million share repurchase programme, and the buy-back was completed in February 2008.

Capital investment of £1 923 million, excluding acquisitions of £574 million, comprised continuing investment in Europe and Central Asia (£606 million), Mediterranean Basin and Africa (£621 million), South America (£248 million), North America and the Caribbean (£313 million), and Asia Pacific (£135 million).

In considering the dividend level the Board takes account of the outlook for earnings growth, cash flow and financial gearing. The Group is strongly financed and its cash flows are becoming more substantial as the business grows. Accordingly the Board recommends a final dividend of 5.76 pence per share bringing the full year dividend to 9.36 pence per share, an increase of 30% compared with last year.

## Exploration and Production (E&P)

Fourth Quarter				Full Year		
2007 £m	2006 £m		<b>Business Performance</b>	2007 £m	2006 £m	
<b>59.7</b>	57.2	+4%	Production volumes (mmboe)	<b>220.3</b>	219.2	+1%
<b>1 241</b>	1 001	+24%	Revenue and other operating income	<b>4 039</b>	3 928	+3%
<b>763</b>	575	+33%	Total operating profit	<b>2 387</b>	2 457	-3%
<b>511</b>	368	+39%	Capital investment	<b>1 652</b>	1 165	+42%

Additional operating and financial data is given on page 28.

### Fourth quarter

E&P total operating profit increased by 33% to £763 million reflecting a 4% increase in volumes and higher commodity prices, partially offset by the weaker US\$/UK£ exchange rate and increased exploration costs.

Unit operating expenditure of £2.50 (\$5.10) per boe was broadly in line with the prior year as higher lifting costs were offset by the weaker US\$/UK£ exchange rate.

The Group's average realised international gas price per produced therm was lower at 16.0 pence (2006 16.7 pence), principally due to the weaker US\$/UK£ exchange rate. In the UK, the average realised gas price per produced therm was 38.4 pence (2006 34.4 pence) reflecting higher spot prices.

The exploration charge of £106 million is £19 million higher than 2006, principally due to an expanded seismic programme.

Capital investment of £511 million included expenditure in the UK (£148 million), Tunisia (£108 million), Egypt (£87 million), Trinidad and Tobago (£48 million), Kazakhstan (£42 million), India (£19 million) and Canada (£14 million).

### Full year

E&P total operating profit of £2 387 million was 3% lower reflecting third party disruption to the CATS pipeline, higher exploration costs and a weaker US\$/UK£ exchange rate. Production growth was 1%. Excluding disposals and the impact of the CATS pipeline disruption, production growth was 5%.

The exploration charge of £336 million is £64 million higher than 2006, principally due to an expanded seismic programme following the acquisition of new acreage in recent years.

Unit operating expenditure increased 14% to £2.61 (\$5.22) per boe (2006 £2.29) reflecting the effect of commodity prices on industry cost inflation and royalty costs, partially offset by the impact of the US\$/UK£ exchange rate.

Capital investment of £1 652 million included expenditure in the UK (£444 million), Tunisia (£379 million), Egypt (£221 million), Trinidad and Tobago (£149 million), Kazakhstan (£133 million), India (£90 million) and Canada (£65 million).

**Fourth quarter business highlights**

In December, the Maria field (BG Group 36% and operator) in the UK North Sea began production. Production from Maria is tied back to the BG Group-operated Armada platform, with gas exported via the CATS pipeline and liquids through the Forties pipeline.

During the fourth quarter, testing of the Tupi Sul appraisal well in Brazil resulted in a significant increase in the estimate of the size of the Tupi field.

In December, BG Group and partners successfully drilled the Huacaya X-1 well (BG Group 37.5%), which proved a northerly extension of the Margarita field in Bolivia.

In December, BG Group increased its equity stake in Block 30/2a (BG Group-operated) from 34.4% to 43.1%, which contains part of the Jackdaw discovery in the UK North Sea.

In February 2008, BG Group and partners announced a successful well in the Jasmine North Terrace (BG Group 30.5%) in the UK North Sea.

In February 2008, BG Group announced an agreement to establish an alliance with Queensland Gas Company Limited (QGC), a leading coal seam gas company supplying the Queensland market, Australia. BG Group will initially acquire a 20% interest in QGC's coal seam gas assets in the Surat Basin, South West Queensland and a 9.9% stake in QGC, for a total consideration of £299 million. The companies will co-operate in the exploration and development of onshore coal seam gas acreage to supply the domestic market and a new LNG production and export facility (see page 7).

The three year organic reserve replacement rate at constant prices was 103% and for one year was 107%. The three year total proved reserve replacement rate was 83% at year end prices (see page 29).

## Liquefied Natural Gas (LNG)

Fourth Quarter			Full Year		
2007 £m	2006 £m		2007 £m	2006 £m	
<b>788</b>	675	+17%	<b>3 099</b>	2 442	+27%
<b>Business Performance</b>					
Revenue and other operating income					
Total operating profit					
<b>145</b>	118	+23%	<b>463</b>	332	+39%
<b>38</b>	25	+52%	<b>127</b>	104	+22%
<b>(20)</b>	(28)	-29%	<b>(69)</b>	(84)	-18%
<b>163</b>	115	+42%	<b>521</b>	352	+48%
<b>59</b>	91	-35%	<b>194</b>	496	-61%

Additional operating and financial data is given on page 28.

### Fourth quarter

LNG total operating profit increased by £48 million to £163 million principally due to higher volumes and income in the shipping and marketing business and higher tariff income at Atlantic LNG Train 4, partially offset by the weaker US\$/UK£ exchange rate.

In shipping and marketing, operating profit increased by £27 million to £145 million, as BG Group redirected its flexible supply portfolio to access strong demand and prices in Asia.

BG Group's share of operating profit from liquefaction activities increased to £38 million, principally due to an increase in the tariff as Atlantic LNG Train 4 entered its commercial phase during 2007.

Capital investment of £59 million in the quarter included £47 million on regasification development projects, primarily relating to GNL Quintero S.A. in Chile, and £4 million relating to new LNG ships.

### Full year

LNG total operating profit increased by 48% to £521 million. Shipping and marketing profit rose by 39% as managed volumes increased 31% to 13 million tonnes. BG Group used its flexible portfolio to deliver supply to nine countries during the year.

BG Group's share of operating profit from liquefaction activities increased by £23 million to £127 million reflecting the entry of Atlantic LNG Train 4 into its commercial phase.

Capital investment of £194 million included £112 million on regasification projects in Chile and the UK, and £60 million relating to new LNG ships.

### Fourth quarter business highlights

In December, BG Group took delivery of the Methane Nile Eagle 145 000 m<sup>3</sup> LNG carrier.

BG Group's alliance with QGC (see page 6) will pursue a 3-4 mtpa LNG facility in South West Queensland to supply Asia-Pacific markets.

## Transmission and Distribution (T&D)

Fourth Quarter			Business Performance			Full Year		
2007 £m	2006 £m					2007 £m	2006 £m	
			Revenue and other operating income					
220	186	+18%	Comgas			811	738	+10%
46	40	+15%	Other			167	139	+20%
266	226	+18%				978	877	+12%
			Total operating profit					
54	39	+38%	Comgas			211	186	+13%
6	14	-57%	Other			36	45	-20%
60	53	+13%				247	231	+7%
42	38	+11%	Capital investment			117	123	-5%

### Fourth quarter

T&D total operating profit increased by £7 million to £60 million.

At Comgas, in Brazil, total operating profit increased by £15 million to £54 million, reflecting a 5% increase in volumes, higher margins and a favourable Brazilian Real (BRL) exchange rate. The results include the net cost (£4 million) of passing back to customers the reduced gas costs experienced in earlier periods.

Other T&D operating profit reflects the disposal of the Interconnector in 2007 and in 2006 benefited from a one-off reduction in provisions.

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

### Full year

T&D total operating profit increased by £16 million to £247 million. At Comgas, a £25 million increase in total operating profit reflected a 5% increase in volumes, increased margins and a favourable BRL exchange rate.

Comgas' total operating profit in 2007 includes £3 million net benefit that will be passed back to customers in future periods. A further £12 million is expected to be passed back in future periods.

Other T&D activities includes an £11 million increase in operating profit at Gujarat Gas, reflecting a 10% increase in volumes and a stronger Indian Rupee, more than offset by reduced profits at the Interconnector business due to the effects of the disposal of BG Group's equity in the company in 2007 and a provision release in 2006.

## Power Generation

Fourth Quarter			Business Performance	Full Year		
2007 £m	2006 £m			2007 £m	2006 £m	
145	64	+127%	Revenue and other operating income	523	248	+111%
			Total operating profit			
38	32	+19%	Power Generation	147	115	+28%
(6)	(4)	+50%	Business development and other	(17)	(9)	+89%
32	28	+14%		130	106	+23%
8	48	-83%	Capital investment	520	55	+845%

### Fourth quarter and full year

The increase in revenue in both the quarter and full year is principally due to the consolidation of new subsidiaries. The increase in operating profit includes £8 million in the quarter and £22 million in the full year attributable to acquisitions, the majority of which were made part way through the year.

Capital investment in the full year primarily relates to the acquisitions of the Masspower and Lake Road power plants in the USA and the remaining equity (66.3%) of Serene S.p.A. (now known as BG Italia Power 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 and are disclosed separately as 'disposals, re-measurements and impairments'.

BG Group also uses commodity instruments to manage certain price exposures in respect of optimising the timing and location of its physical gas and LNG sales commitments. These instruments are also required to be measured at fair value at the balance sheet date under IAS 39. However, IAS 39 does not always allow the matching of these fair values to the economically hedged value of the related commodity, resulting in unrealised movements in fair value being recorded in the income statement. These movements in fair value are disclosed separately as 'disposals, re-measurements and impairments'.

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 and disclosed separately as 'disposals, re-measurements and impairments'.

Realised gains and losses relating to the instruments referred to above 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, and impairments of non-current assets as they 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 statements, pages 12 and 13 and Note 2 to the preliminary unaudited financial statements, page 19.

### 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 preliminary unaudited financial statements, page 21.

### 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**

Certain statements included in these results contain forward-looking information concerning BG Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which BG Group operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within BG Group's control or can be predicted by BG Group. Although BG Group 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. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the "Risk Factors" included in BG Group plc's Annual Report and Accounts 2006. Nothing in these results should be construed as a profit forecast and 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. BG Group undertakes no obligation to update any forward-looking statements.

**Consolidated Income Statement**
**Fourth quarter**

		2007			2006 <sup>(i)</sup>		
		Business	Disposals, re-measure- ments and	Total	Business	Disposals, re-measure- ments and	Total
	Notes	Performance <sup>(ii)</sup>	impairments (Note 2) <sup>(ii)</sup>	Result	Performance <sup>(ii)</sup>	impairments (Note 2) <sup>(ii)</sup>	Result
		£m	£m	£m	£m	£m	£m
Group revenue		2 327	–	2 327	1 831	–	1 831
Other operating income	2	11	(144)	(133)	66	191	257
<b>Group revenue and other operating income</b>	3	<b>2 338</b>	<b>(144)</b>	<b>2 194</b>	<b>1 897</b>	<b>191</b>	<b>2 088</b>
Operating costs		(1 398)	–	(1 398)	(1 192)	(104)	(1 296)
Profits and losses on disposal of non-current assets and impairments	2	–	1	1	–	(41)	(41)
<b>Operating profit/(loss)<sup>(iii)</sup></b>	3	<b>940</b>	<b>(143)</b>	<b>797</b>	<b>705</b>	<b>46</b>	<b>751</b>
Finance income	2, 4	44	(4)	40	22	15	37
Finance costs	2, 4	(36)	7	(29)	(23)	(13)	(36)
Share of post-tax results from joint ventures and associates	3	42	–	42	38	–	38
<b>Profit/(loss) before tax</b>		<b>990</b>	<b>(140)</b>	<b>850</b>	<b>742</b>	<b>48</b>	<b>790</b>
Taxation	2, 5	(419)	69	(350)	(323)	(68)	(391)
<b>Profit/(loss) for the period</b>		<b>571</b>	<b>(71)</b>	<b>500</b>	<b>419</b>	<b>(20)</b>	<b>399</b>
<b>Attributable to:</b>							
BG Group shareholders (earnings)		558	(72)	486	410	(21)	389
Minority interest		13	1	14	9	1	10
		571	(71)	500	419	(20)	399
Earnings per share – basic	6	16.6p	(2.2p)	14.4p	12.0p	(0.6p)	11.4p
Earnings per share – diluted	6	16.4p	(2.1p)	14.3p	11.9p	(0.6p)	11.3p
<b>Total operating profit including share of pre-tax operating results from joint ventures and associates<sup>(iv)</sup></b>	3	<b>1 006</b>	<b>(143)</b>	<b>863</b>	<b>760</b>	<b>46</b>	<b>806</b>

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

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

iii) Operating profit/(loss) is before share of results from joint ventures and associates.

iv) 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**
**Full Year**

		2007		2006 <sup>(i)</sup>			
	Notes	Business Performance <sup>(ii)</sup> £m	Disposals, re-measure- ments and impairments (Note 2) <sup>(ii)</sup> £m	Total Result £m	Business Performance <sup>(ii)</sup> £m	Disposals, re-measure- ments and impairments (Note 2) <sup>(ii)</sup> £m	Total Result £m
Group revenue		8 291	–	8 291	7 136	–	7 136
Other operating income	2	39	(172)	(133)	134	404	538
<b>Group revenue and other operating income</b>	3	<b>8 330</b>	<b>(172)</b>	<b>8 158</b>	<b>7 270</b>	<b>404</b>	<b>7 674</b>
Operating costs		(5 329)	–	(5 329)	(4 400)	(104)	(4 504)
Profits and losses on disposal of non-current assets and impairments	2	–	19	19	–	(49)	(49)
<b>Operating profit/(loss)<sup>(iii)</sup></b>	3	<b>3 001</b>	<b>(153)</b>	<b>2 848</b>	<b>2 870</b>	<b>251</b>	<b>3 121</b>
Finance income	2, 4	146	6	152	104	23	127
Finance costs	2, 4	(120)	(4)	(124)	(80)	(22)	(102)
Share of post-tax results from joint ventures and associates	3	163	–	163	139	–	139
<b>Profit/(loss) before tax</b>		<b>3 190</b>	<b>(151)</b>	<b>3 039</b>	<b>3 033</b>	<b>252</b>	<b>3 285</b>
Taxation	2, 5	(1 354)	115	(1 239)	(1 348)	(113)	(1 461)
<b>Profit/(loss) for the period</b>		<b>1 836</b>	<b>(36)</b>	<b>1 800</b>	<b>1 685</b>	<b>139</b>	<b>1 824</b>
<b>Attributable to:</b>							
BG Group shareholders (earnings)		1 783	(37)	1 746	1 640	139	1 779
Minority interest		53	1	54	45	–	45
		1 836	(36)	1 800	1 685	139	1 824
Earnings per share – basic	6	52.7p	(1.1p)	51.6p	47.4p	4.0p	51.4p
Earnings per share – diluted	6	52.2p	(1.1p)	51.1p	47.0p	4.0p	51.0p
<b>Total operating profit including share of pre-tax operating results from joint ventures and associates<sup>(iv)</sup></b>	3	<b>3 248</b>	<b>(153)</b>	<b>3 095</b>	<b>3 103</b>	<b>251</b>	<b>3 354</b>
			Pence per ordinary share	£m		Pence per ordinary share	£m
Dividend per share – declared and paid			7.80	264		7.09	247
Dividend per share – final proposed			5.76	194		4.20	143

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

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

iii) Operating profit/(loss) is before share of results from joint ventures and associates.

iv) 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

	As at 31 Dec 2007 £m	As at 31 Dec 2006 <sup>(i)</sup> £m
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	385	328
Other intangible assets	823	694
Property, plant and equipment	7 426	5 960
Investments	1 157	1 086
Deferred tax assets	86	74
Trade and other receivables	70	49
Commodity contracts and other derivative financial instruments	378	273
	<b>10 325</b>	<b>8 464</b>
<b>Current assets</b>		
Inventories	382	247
Trade and other receivables	2 261	1 854
Current tax receivable	52	–
Commodity contracts and other derivative financial instruments	489	575
Cash and cash equivalents	1 881	1 463
	<b>5 065</b>	<b>4 139</b>
Assets classified as held for sale	–	85
<b>Total assets</b>	<b>15 390</b>	<b>12 688</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings	(275)	(103)
Trade and other payables	(2 251)	(1 618)
Current tax liabilities	(554)	(357)
Commodity contracts and other derivative financial instruments	(804)	(741)
	<b>(3 884)</b>	<b>(2 819)</b>
<b>Non-current liabilities</b>		
Borrowings	(1 668)	(1 559)
Trade and other payables	(30)	(21)
Commodity contracts and other derivative financial instruments	(366)	(90)
Deferred income tax liabilities	(1 258)	(1 146)
Retirement benefit obligations	(165)	(167)
Provisions for other liabilities and charges	(662)	(387)
	<b>(4 149)</b>	<b>(3 370)</b>
Liabilities associated with assets classified as held for sale	–	(34)
<b>Total liabilities</b>	<b>(8 033)</b>	<b>(6 223)</b>
<b>Net assets</b>	<b>7 357</b>	<b>6 465</b>
<b>Attributable to:</b>		
BG Group equity shareholders	7 225	6 363
Minority interest	132	102
<b>Total equity</b>	<b>7 357</b>	<b>6 465</b>

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**

Fourth Quarter			Full Year	
2007	2006 <sup>(i)</sup>		2007	2006 <sup>(i)</sup>
£m	£m		£m	£m
<b>500</b>	399	Profit for the period	<b>1 800</b>	1 824
<b>(90)</b>	43	Hedge adjustments net of tax	<b>(86)</b>	127
<b>118</b>	(163)	Currency translation adjustments	<b>101</b>	(575)
<b>28</b>	(120)	Net gains/(losses) recognised directly in equity	<b>15</b>	(448)
<b>528</b>	279	Total recognised income for the period	<b>1 815</b>	1 376
<b>Attributable to:</b>				
<b>18</b>	10	Minority interest	<b>67</b>	39
<b>510</b>	269	BG Group shareholders	<b>1 748</b>	1 337
<b>528</b>	279		<b>1 815</b>	1 376

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

**Consolidated Cash Flow Statement**

Fourth Quarter			Full Year	
2007	2006 <sup>(i)</sup>		2007	2006 <sup>(i)</sup>
£m	£m		£m	£m
<b>Cash flows from operating activities</b>				
850	790	Profit before tax	3 039	3 285
(42)	(38)	Share of post-tax results from joint ventures and associates	(163)	(139)
194	264	Depreciation and impairments of property, plant and equipment and amortisation of intangible assets	681	712
135	(230)	Fair value movements in commodity based contracts	191	(456)
(1)	41	(Profits) and losses on disposal of non-current assets and impairments	(19)	49
41	36	Unsuccessful exploration expenditure written off	104	113
(5)	5	(Decrease)/increase in provisions	(23)	5
(40)	(37)	Finance income	(152)	(127)
29	36	Finance costs	124	102
13	12	Share-based payments	35	30
(171)	(75)	(Increase)/decrease in working capital	(126)	(214)
1 003	804	<b>Cash generated by operations</b>	3 691	3 360
(289)	(227)	Income taxes paid	(950)	(979)
714	577	<b>Net cash inflow from operating activities</b>	2 741	2 381
<b>Cash flows from investing activities</b>				
80	66	Dividends received from joint ventures and associates	148	193
–	4	Proceeds from disposal of subsidiary undertakings and investments	461	9
2	49	Proceeds from disposal of property, plant and equipment and intangible assets	3	49
(533)	(403)	Purchase of property, plant and equipment and intangible assets	(1 718)	(1 313)
(36)	(13)	Loans (to)/from joint ventures and associates	(82)	(66)
(11)	(47)	Business combinations and investments	(497)	(67)
(498)	(344)	<b>Net cash outflow from investing activities</b>	(1 685)	(1 195)
<b>Cash flows from financing activities</b>				
7	9	Net interest received(ii)	3	14
(4)	(3)	Dividends paid	(264)	(246)
(12)	(18)	Dividends paid to minority	(37)	(36)
115	109	Net proceeds from issue of new borrowings	444	214
(63)	(51)	Repayment of borrowings	(290)	(192)
17	12	Issue of shares	51	25
–	–	Issue of shares to minority shareholder	–	1
(108)	(14)	Purchase of own shares	(555)	(972)
(48)	44	<b>Net cash (outflow)/inflow from financing activities</b>	(648)	(1 192)
168	277	<b>Net increase/(decrease) in cash and cash equivalents</b>	408	(6)
1 704	1 191	Cash and cash equivalents at beginning of period	1 463	1 516
9	(5)	Effect of foreign exchange rate changes	10	(47)
1 881	1 463	<b>Cash and cash equivalents at end of period<sup>(iii)</sup></b>	1 881	1 463

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

ii) Includes capitalised interest for the fourth quarter of £9 million (2006 £11 million), and for the full year of £37 million (2006 £54 million).

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

**Reconciliation of Net Borrowings/Funds<sup>(i)</sup> – Full Year**

	£m
Net borrowings as at 31 December 2006	<b>(103)</b>
Net increase in cash and cash equivalents	<b>408</b>
Cash inflow from changes in borrowings	<b>(154)</b>
Inception of finance leases	<b>(53)</b>
Effect of acquisitions	<b>(40)</b>
Foreign exchange and other re-measurements	<b>(33)</b>
Net funds as at 31 December 2007 <sup>(i) (ii)</sup>	<b>25</b>

Net borrowings attributable to Comgas were £318 million (31 December 2006 £242 million).

As at 31 December 2007, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately £1.0 billion, including BG Group shareholder loans of approximately £0.7 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 31.

ii) Net borrowings/funds comprise:

	As at 31 Dec 2007 £m	As at 31 Dec 2006 £m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	<b>1 881</b>	1 463
Overdrafts, loans and finance leases	<b>(275)</b>	(103)
Derivative financial instruments <sup>(iii)</sup>	<b>60</b>	–
	<b>1 666</b>	1 360
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases	<b>(1 668)</b>	(1 559)
Derivative financial instruments <sup>(iii)</sup>	<b>27</b>	96
	<b>(1 641)</b>	(1 463)
Net funds/(borrowings)	<b>25</b>	(103)

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

## Liquidity and Capital Resources

### **All the information below is as at 31 December 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), and Comgas and Gujarat Gas, which conduct their borrowing activities on a stand-alone basis.

BGEH had a \$1.0 billion US Commercial Paper Programme, which was unutilised, and a \$1.0 billion Eurocommercial Paper Programme, of which \$968.7 million was unutilised. BGEH also had a \$2.0 billion Euro Medium Term Note Programme, of which \$1.55 billion was unutilised.

BGEH had aggregate committed multicurrency revolving borrowing facilities of \$1.04 billion which expire in 2012. There are no restrictions on the application of funds under these facilities, which were undrawn.

In addition, BGEH had uncommitted borrowing facilities including multicurrency lines, 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) 1 795.0 million, of which BRL 394.8 million was unutilised, and uncommitted borrowing facilities of BRL 577.6 million, all of which were unutilised.

## Notes

### 1. Basis of preparation

These primary statements are the unaudited preliminary consolidated financial statements of BG Group plc for both the quarter ended and the full year ended 31 December 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. The latest statutory accounts delivered to the registrar were for the year ended 31 December 2006 which were audited by BG Group's statutory auditors PricewaterhouseCoopers LLP. 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 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 preliminary financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the 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

Fourth Quarter			Full Year	
2007	2006		2007	2006
£m	£m		£m	£m
		Revenue and other operating income –		
(144)	191	re-measurements of commodity based contracts	(172)	404
–	(104)	Operating costs	–	(104)
1	(41)	Profits and losses on disposal of non-current assets and impairments	19	(49)
3	2	Net finance income – re-measurements of financial instruments	2	1
69	(68)	Taxation	115	(113)
(1)	(1)	Minority interest	(1)	–
(72)	(21)	Impact on earnings	(37)	139

#### Fourth quarter and full year: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a charge of £144 million for the quarter (2006 £191 million credit), of which £135 million (2006 £167 million credit) represents non-cash mark-to-market movements on certain long-term UK gas contracts. For the full year, a charge of £172 million in respect of re-measurements is included within revenue and other operating income (2006 £404 million credit), of which £140 million represents non-cash mark-to-market movements on certain long-term UK gas contracts (2006 £366 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.

#### Fourth quarter and full year: 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 fourth quarter and full year: Disposals of non-current assets**

During the fourth quarter, BG Group disposed of its exploration licences in Italy. This resulted in a gain on disposal of £1 million. No tax arose on the disposal.

During the second quarter, BG Group sold its 25% equity interest in Interconnector (UK) Limited whilst retaining its throughput capacity contract 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 arose on the gain on this disposal. As part of this transaction, the Group reviewed the retained capacity contracts in the Interconnector pipeline and concluded that the obligations associated with these contracts exceed the benefit expected to be received from the Interconnector interest. Accordingly, a pre-tax provision of £156 million (post-tax £124 million) was made to reflect the present obligation under these contracts. The overall transaction 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.

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 fourth quarter and full year: Operating costs**

The Brindisi asset was subject to an impairment review at the end of 2006 as a result of uncertainties surrounding the project. The impairment review of the Brindisi regasification plant compared the value in use with the carrying value of this asset, resulting in an impairment charge of £104 million to operating costs (post-tax £97 million).

**2006 fourth quarter and full year: Disposals of non-current assets**

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

During the fourth quarter, BG Group disposed of its 37.5% interest in Nile Valley Gas Company which resulted in a £1 million profit on disposal. No tax arose on the disposal.

During the fourth quarter, BG Group sold two LNG ships, the Methane Arctic and Methane Polar. This disposal resulted in a £35 million profit on disposal. No tax arose on the disposal.

During the fourth quarter, BG Group committed to a plan to sell its Mauritania business and accordingly reclassified this business as held for sale. As a result, it was revalued to the lower of its carrying amount and fair value less costs to sell. This resulted in a pre-tax charge to the income statement of £67 million (post-tax charge of £49 million). BG Group announced the sale of this business in January 2007.

During the fourth quarter, BG Group committed to a plan to dispose of Microgen and accordingly reclassified the business as held for sale. As a result, it was revalued to the lower of its carrying amount and fair value less costs to sell resulting in a pre-tax charge to the income statement of £10 million and post-tax charge of £7 million. In 2007, the decision was taken to close this business. At 31 December 2007 the closure was substantially complete.

### 3. Segmental analysis

#### Group revenue and other operating income

	Business Performance 2007 £m	Disposals, re-measure- ments and impairments 2007 £m	Total Result 2007 £m	Business Performance 2006 £m	Disposals, re-measure- ments and impairments 2006 £m	Total Result 2006 £m
<b>Fourth Quarter</b>						
Exploration and Production	1 241	(144)	1 097	1 001	191	1 192
Liquefied Natural Gas	788	–	788	675	–	675
Transmission and Distribution	266	–	266	226	–	226
Power Generation	145	–	145	64	–	64
Other activities	2	–	2	1	–	1
Less: intra-group sales	(104)	–	(104)	(70)	–	(70)
	<b>2 338</b>	<b>(144)</b>	<b>2 194</b>	<b>1 897</b>	<b>191</b>	<b>2 088</b>

#### Group revenue and other operating income

	Business Performance 2007 £m	Disposals, re-measure- ments and impairments 2007 £m	Total Result 2007 £m	Business Performance 2006 £m	Disposals, re-measure- ments and impairments 2006 £m	Total Result 2006 £m
<b>Full year</b>						
Exploration and Production	4 039	(172)	3 867	3 928	404	4 332
Liquefied Natural Gas	3 099	–	3 099	2 442	–	2 442
Transmission and Distribution	978	–	978	877	–	877
Power Generation	523	–	523	248	–	248
Other activities	7	–	7	8	–	8
Less: intra-group sales	(316)	–	(316)	(233)	–	(233)
	<b>8 330</b>	<b>(172)</b>	<b>8 158</b>	<b>7 270</b>	<b>404</b>	<b>7 674</b>

**3. Segmental analysis (continued)**

	Business Performance <sup>(i)</sup>		Disposals, re-measurements and impairments		Total Result	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
<b>Fourth Quarter</b>						
<b>Total operating profit before share of results from joint ventures and associates</b>						
Exploration and Production	763	575	(143)	124	620	699
Liquefied Natural Gas	125	90	–	(69)	125	21
Transmission and Distribution	53	44	–	1	53	45
Power Generation	11	7	–	–	11	7
Other activities	(12)	(11)	–	(10)	(12)	(21)
	<b>940</b>	<b>705</b>	<b>(143)</b>	<b>46</b>	<b>797</b>	<b>751</b>
<b>Pre-tax share of operating results of joint ventures and associates(ii)</b>						
Liquefied Natural Gas	38	25	–	–	38	25
Transmission and Distribution	7	9	–	–	7	9
Power Generation	21	21	–	–	21	21
	<b>66</b>	<b>55</b>	<b>–</b>	<b>–</b>	<b>66</b>	<b>55</b>
<b>Total operating profit including share of results from joint ventures and associates</b>						
Exploration and Production	763	575	(143)	124	620	699
Liquefied Natural Gas	163	115	–	(69)	163	46
Transmission and Distribution	60	53	–	1	60	54
Power Generation	32	28	–	–	32	28
Other activities	(12)	(11)	–	(10)	(12)	(21)
	<b>1 006</b>	<b>760</b>	<b>(143)</b>	<b>46</b>	<b>863</b>	<b>806</b>

For notes i) to ii) see footnotes on page 23.

**3. Segmental analysis (continued)**

	Business Performance <sup>(i)</sup>		Disposals, re-measurements and impairments		Total Result	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
<b>Full Year</b>						
<b>Total operating profit before share of results from joint ventures and associates</b>						
Exploration and Production	2 387	2 457	(154)	337	2 233	2 794
Liquefied Natural Gas	394	248	–	(69)	394	179
Transmission and Distribution	213	190	1	1	214	191
Power Generation	44	18	–	–	44	18
Other activities	(37)	(43)	–	(18)	(37)	(61)
	<b>3 001</b>	<b>2 870</b>	<b>(153)</b>	<b>251</b>	<b>2 848</b>	<b>3 121</b>
<b>Pre-tax share of operating results of joint ventures and associates(ii)</b>						
Liquefied Natural Gas	127	104	–	–	127	104
Transmission and Distribution	34	41	–	–	34	41
Power Generation	86	88	–	–	86	88
	<b>247</b>	<b>233</b>	<b>–</b>	<b>–</b>	<b>247</b>	<b>233</b>
<b>Total operating profit including share of results from joint ventures and associates</b>						
Exploration and Production	2 387	2 457	(154)	337	2 233	2 794
Liquefied Natural Gas	521	352	–	(69)	521	283
Transmission and Distribution	247	231	1	1	248	232
Power Generation	130	106	–	–	130	106
Other activities	(37)	(43)	–	(18)	(37)	(61)
	<b>3 248</b>	<b>3 103</b>	<b>(153)</b>	<b>251</b>	<b>3 095</b>	<b>3 354</b>

i) Business Performance excludes disposals, certain re-measurements and impairments. See Note 2, page 19 and Presentation of Non-GAAP measures, page 10.

ii) Share of results in joint ventures and associates in the table above is before finance costs and taxation. The share of results after finance costs and taxation for the quarter is £42 million (2006 £38 million), and for the full year is £163 million (2006 £139 million).

### 3. Segmental analysis (continued)

<b>Total Result</b>	<b>Operating profit before share of results from joint ventures and associates</b>		<b>Share of results in joint ventures and associates</b>		<b>Total Result</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Fourth Quarter</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Exploration and Production	<b>620</b>	699	–	–	<b>620</b>	699
Liquefied Natural Gas	<b>125</b>	21	<b>24</b>	16	<b>149</b>	37
Transmission and Distribution	<b>53</b>	45	<b>4</b>	6	<b>57</b>	51
Power Generation	<b>11</b>	7	<b>14</b>	16	<b>25</b>	23
Other activities	<b>(12)</b>	(21)	–	–	<b>(12)</b>	(21)
	<b>797</b>	751	<b>42</b>	38	<b>839</b>	789
Net finance income					<b>11</b>	1
Taxation					<b>(350)</b>	(391)
<b>Profit for the period</b>					<b>500</b>	399

<b>Total Result</b>	<b>Operating profit before share of results from joint ventures and associates</b>		<b>Share of results in joint ventures and associates</b>		<b>Total Result</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Full year</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Exploration and Production	<b>2 233</b>	2 794	–	–	<b>2 233</b>	2 794
Liquefied Natural Gas	<b>394</b>	179	<b>78</b>	55	<b>472</b>	234
Transmission and Distribution	<b>214</b>	191	<b>28*</b>	25	<b>242*</b>	216
Power Generation	<b>44</b>	18	<b>57*</b>	59	<b>101*</b>	77
Other activities	<b>(37)</b>	(61)	–	–	<b>(37)</b>	(61)
	<b>2 848</b>	3 121	<b>163</b>	139	<b>3 011</b>	3 260
Net finance income					<b>28</b>	25
Taxation					<b>(1 239)</b>	(1 461)
<b>Profit for the period</b>					<b>1 800</b>	1 824

\* amended

#### 4. Net finance income

Fourth Quarter			Full Year	
2007	2006		2007	2006
£m	£m		£m	£m
(22)	(14)	Interest payable	(77)	(61)
(16)	(15)	Interest on obligations under finance leases	(56)	(58)
9	11	Interest capitalised	37	54
(7)	(5)	Unwinding of discount on provisions <sup>(i)</sup>	(24)	(15)
7	(13)	Disposals, re-measurements and impairments (Note 2)	(4)	(22)
(29)	(36)	Finance costs	(124)	(102)
44	22	Interest receivable	146	104
(4)	15	Disposals, re-measurements and impairments (Note 2)	6	23
40	37	Finance income	152	127
11	1	Net finance income <sup>(ii)</sup>	28	25

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 £12 million (2006 £16 million), and for the full year of £53 million (2006 £67 million).

#### 5. Taxation

The taxation charge for the fourth quarter before disposals, re-measurements and impairments was £419 million (2006 £323 million) and the taxation charge including disposals, re-measurements and impairments was £350 million (2006 £391 million).

For the full year, the taxation charge before disposals, re-measurements and impairments was £1 354 million (2006 £1 348 million)<sup>(i)</sup> and the taxation charge including disposals, re-measurements and impairments was £1 239 million (2006 £1 461 million)<sup>(ii)</sup>, including £758 million (2006 £718 million) in respect of overseas tax.

The Group share of taxation from joint ventures and associates for the fourth quarter was £12 million (2006 £1 million) and for the full year was £31 million (2006 £27 million).

i) Includes a prior period taxation charge of £38 million as a result of the increase in North Sea taxation in respect of the restatement of deferred tax balances at 1 January 2006.

ii) In addition to (i) above, includes a £61 million credit relating to the impact of the increase in North Sea taxation on re-measurement balances.

#### 6. Earnings per ordinary share

Fourth Quarter					Full Year			
2007		2006			2007		2006	
£m	Pence per share	£m	Pence per share		£m	Pence per share	£m	Pence per share
486	14.4	389	11.4	Earnings	1 746	51.6	1 779	51.4
73	2.2	(20)	(0.6)	Re-measurements (after tax and minority interest)	88	2.6	(188)	(5.4)
(1)	–	41	1.2	Profits and losses on disposals and impairments (after tax)	(51)	(1.5)	49	1.4
558	16.6	410	12.0	Earnings – excluding disposals, re-measurements and impairments	1 783	52.7	1 640	47.4

Basic earnings per share calculations in 2007 are based on shares in issue of 3 365 million for the quarter and 3 385 million for the full 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 3 397 million for the quarter and 3 417 million for the full year, being the weighted average number of ordinary shares in issue during the period as adjusted for share options.

## 7. Results Presentation

### Full 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	<b>3 001</b>	2 870	<b>(172)</b>	300	<b>2 829</b>	3 170
Profits and losses on disposal of non-current assets and impairments	–	–	<b>19</b>	(49)	<b>19</b>	(49)
Operating profit before share of results from joint ventures and associates	<b>3 001</b>	2 870	<b>(153)</b>	251	<b>2 848</b>	3 121
Pre-tax share of operating results of joint ventures and associates	<b>247</b>	233	–	–	<b>247</b>	233
Total operating profit	<b>3 248</b>	3 103	<b>(153)</b>	251	<b>3 095</b>	3 354
Net finance costs						
Finance income	<b>146</b>	104	<b>6</b>	23	<b>152</b>	127
Finance costs	<b>(120)</b>	(80)	<b>(4)</b>	(22)	<b>(124)</b>	(102)
Share of joint ventures and associates	<b>(53)</b>	(67)	–	–	<b>(53)</b>	(67)
	<b>(27)</b>	(43)	<b>2</b>	1	<b>(25)</b>	(42)
Taxation						
Taxation <sup>(ii)</sup>	<b>(1 354)</b>	(1 348)	<b>115</b>	(113)	<b>(1 239)</b>	(1 461)
Share of joint ventures and associates	<b>(31)</b>	(27)	–	–	<b>(31)</b>	(27)
	<b>(1 385)</b>	(1 375)	<b>115</b>	(113)	<b>(1 270)</b>	(1 488)
Profit for the period	<b>1 836</b>	1 685	<b>(36)</b>	139	<b>1 800</b>	1 824
Profit attributable to:						
Shareholders (earnings)	<b>1 783</b>	1 640	<b>(37)</b>	139	<b>1 746</b>	1 779
Minority interest	<b>53</b>	45	<b>1</b>	–	<b>54</b>	45
	<b>1 836</b>	1 685	<b>(36)</b>	139	<b>1 800</b>	1 824

i) See Presentation of Non-GAAP measures, page 10.

ii) 2006 includes prior period taxation adjustments following the increase in North Sea taxation.

## 8. Capital investment: geographical analysis

Fourth Quarter			Full Year	
2007 £m	2006 £m		2007 £m	2006 £m
<b>215</b>	159	Europe and Central Asia	<b>753</b>	530
<b>92</b>	46	South America	<b>248</b>	199
<b>37</b>	43	Asia Pacific	<b>135</b>	127
<b>80</b>	175	North America and the Caribbean	<b>740</b>	654
<b>204</b>	125	Mediterranean Basin and Africa	<b>621</b>	337
<b>628</b>	548		<b>2 497</b>	1 847

## 9. Quarterly information: earnings and earnings per share

	2007 £m	2006 £m	2007 pence	2006 pence
First quarter				
including disposals and re-measurements	<b>432</b>	578	<b>12.7</b>	16.4
excluding disposals and re-measurements	<b>448</b>	563	<b>13.1</b>	16.0
Second quarter				
including disposals and re-measurements	<b>471</b>	418	<b>13.9</b>	12.0
excluding disposals and re-measurements	<b>409</b>	325	<b>12.0</b>	9.3
Third quarter				
including disposals and re-measurements	<b>357</b>	394	<b>10.6</b>	11.5
excluding disposals and re-measurements	<b>368</b>	342	<b>10.9</b>	10.0
Fourth quarter				
including disposals and re-measurements	<b>486</b>	389	<b>14.4</b>	11.4
excluding disposals and re-measurements	<b>558</b>	410	<b>16.6</b>	12.0
Full year				
including disposals and re-measurements	<b>1 746</b>	1 779	<b>51.6</b>	51.4
excluding disposals and re-measurements	<b>1 783</b>	1 640	<b>52.7</b>	47.4

**Supplementary information: Operating and financial data**

Fourth Quarter		Third Quarter		Full Year	
2007	2006	2007		2007	2006
<b>Production volumes (mmboe)</b>					
7.7	5.9	6.6	– oil	28.2	21.1
9.0	8.7	8.2	– liquids	35.7	30.6
43.0	42.6	33.9	– gas	156.4	167.5
59.7	57.2	48.7	– total	220.3	219.2
<b>Production volumes (boed in thousands)</b>					
84	64	72	– oil	77	58
98	95	89	– liquids	98	84
467	463	368	– gas	429	459
649	622	529	– total	604	601
£43.31	£31.57	£37.89	Average realised oil price per barrel	£36.64	£35.85
(\$88.59)	(\$60.13)	(\$76.47)		(\$73.39)	(\$65.54)
£35.92	£24.36	£30.35	Average realised liquids price per barrel	£29.49	£28.82
(\$73.48)	(\$46.40)	(\$61.26)		(\$59.07)	(\$52.68)
38.36p	34.41p	29.46p	Average realised UK gas price per produced therm	33.32p	31.89p
16.00p	16.69p	14.54p	Average realised International gas price per produced therm	15.53p	17.23p
21.40p	21.28p	16.62p	Average realised gas price per produced therm	19.36p	20.68p
£1.58	£1.51	£1.78	Lifting costs per boe	£1.64	£1.34
(\$3.22)	(\$2.88)	(\$3.60)		(\$3.29)	(\$2.45)
£2.50	£2.53	£2.73	Operating expenditure per boe	£2.61	£2.29
(\$5.10)	(\$4.82)	(\$5.50)		(\$5.22)	(\$4.18)
340	201	310	Development expenditure (£m)	1 242	721
<b>Gross exploration expenditure (£m)</b>					
116	129	83	– capitalised expenditure	304	396
65	51	65	– other expenditure	232	159
181	180	148	– gross expenditure	536	555
<b>Exploration expenditure charge (£m)</b>					
41	36	37	– capitalised expenditure written off	104	113
65	51	65	– other expenditure	232	159
106	87	102	– exploration charge	336	272
<b>LNG Cargoes</b>					
1	12	21	– delivered to Lake Charles	86	50
10	15	22	– delivered to Elba Island	64	54
37	23	17	– re-marketed	81	78
48	50	60	– total	231	182
144.8	139.8	172.4	LNG managed volumes (Tbtu)	670.8	511.7

### 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 2008 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 2008, 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.

### Additional information: Exploration and Production – Reserves/Resource Data

	As at 31 Dec 2007 mmboe	As at 31 Dec 2006 mmboe
Proved	2 039	2 149
Probable	1 529	1 383
Unbooked resources	3 122	1 772
Risked exploration	3 356	2 713
Total reserve/resource base	10 046	8 017

Total additions and revisions to proved reserves during the year were 110 mmboe. This includes revisions due to new data and improved reservoir performance (172 mmboe increase), sanctions (63 mmboe increase), acquisitions and disposals (8 mmboe decrease) and the net effect of price movements (117 mmboe decrease).

#### Total Proved Reserve Replacement Rate (RRR):

The three/one year average proved reserve replacement rate is the total net proved reserves changes over the three/one year period including purchases and sales excluding production divided by the total net production for that period.

For information:

	3 year	1 year
Underlying performance <sup>(i)</sup>	101%	103%
SEC data <sup>(ii)</sup>	83%	50%

#### Organic Proved Reserve Replacement Rate (RRR):

The three/one year average proved reserve replacement rate is the total net proved reserves changes over the three/one year period excluding purchases, sales and production divided by the total net production for that period.

For information:

	3 year	1 year
Underlying performance <sup>(i)</sup>	103%	107%
SEC data <sup>(ii)</sup>	84%	54%

**Finding & Development Cost (F&D):**

The three/one year average unit finding & development cost is calculated by dividing the total exploration, development and unproved acquisition costs incurred over the period by the total changes in net proved reserves excluding purchases, sales and production for that period.

For information:

	3 year	1 year
Underlying performance <sup>(i)</sup>	\$11.9/boe	\$14.6/boe
SEC data <sup>(ii)</sup>	\$14.6/boe	\$28.9/boe

i) Underlying performance includes reserves revisions and new developments and is calculated at constant prices.

ii) Includes all reserves revisions and is calculated at year end prices in line with the methodology of the SEC.

## 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
mamboe	million barrels of oil equivalent
mmbtu	million british thermal units
mmcf	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
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
SEC	US Securities and Exchange Commission
T&D	Transmission and Distribution
Tbtu	Trillion british thermal units
Total operating profit	Group operating profit plus share of pre-tax operating results of joint ventures and associates
UKCS	United Kingdom Continental Shelf
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
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.

## Enquiries

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

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BG Group is listed on the US over-the-counter market known as the International OTCQX. Enquiries should be made to:

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General enquiries about shareholder matters should be made to:

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## Financial Calendar

Ex-dividend date for 2007 final dividend	9 April 2008
Record date for 2007 final dividend	11 April 2008
Announcement of 2008 first quarter results	30 April 2008
Payment of 2007 final dividend:	
Shareholders	23 May 2008
American depositary receipt holders	2 June 2008

**BG Group plc website: [www.bg-group.com](http://www.bg-group.com)**

### Registered office

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