

Highlights

- Very strong results driven by increased E&P and LNG volumes and improved realisations
- E&P total operating profit up £316 million to £942 million
- LNG total operating profit up £274 million to £395 million
- Group total operating profit up £579 million to £1 402 million
- Earnings per share up 10.5p to 23.6p
- Appointed to supply up to 3 mtpa of LNG to the Singapore market from 2012 for up to 20 years
- Acquisition of interests in Queensland Gas Company completed

BG Group's Chief Executive, Frank Chapman said:

“BG Group has made an excellent start to the year driven by increased production volumes, higher commodity prices and strong first quarter performance in LNG. We made significant progress in our Asia Pacific strategy with a new LNG supply agreement in Singapore and the completion of our alliance with Queensland Gas Company in Australia.”

Business Performance⁽ⁱ⁾	First Quarter		
	2008 £m	2007 £m	
Total operating profit including share of pre-tax operating results from joint ventures and associates	1 402	823	+70%
Earnings for the period	789	448	+76%
Earnings per share	23.6p	13.1p	+80%
Total results for the period (including disposals, re-measurements and impairments)			
Operating profit before share of results from joint ventures and associates	1 317	734	+79%
Total operating profit including share of pre-tax operating results from joint ventures and associates	1 370	789	+74%
Earnings for the period	767	432	+78%
Earnings per share	22.9p	12.7p	+80%

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 7, note 1, page 14 and note 3, page 16. Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

Business Review

Group

Business Performance	First Quarter		
	2008 £m	2007 £m	
Revenue and other operating income	3 106	1 980	+57%
Total operating profit including share of pre-tax results from joint ventures and associates			
Exploration and Production	942	626	+50%
Liquefied Natural Gas	395	121	+226%
Transmission and Distribution	31	50	-38%
Power Generation	38	38	–
Other activities	(4)	(12)	-67%
	1 402	823	+70%
Net finance costs	(11)	(9)	+22%
Taxation for the period	(598)	(356)	+68%
Earnings for the period	789	448	+76%
Earnings per share	23.6p	13.1p	+80%
Capital investment	647	869	-26%

First quarter

Revenue and other operating income increased by 57% to £3 106 million, reflecting higher commodity prices and volumes in E&P and LNG, and LNG diversion activity.

Total operating profit increased by 70% to £1 402 million primarily due to higher commodity prices and increased E&P and LNG volumes and margins, partially offset by increased exploration costs and higher gas costs at Comgas. At constant US\$/UK£ exchange rates and upstream prices, underlying total operating profit would have increased by 24%.

Cash generated by operations increased by £480 million to £1 566 million primarily due to higher operating profit.

Capital investment in the quarter of £647 million comprised investment in Africa, Middle East and Asia (£307 million), Americas and Global LNG (£161 million) and Europe and Central Asia (£179 million).

Exploration and Production (E&P)

Business Performance	First Quarter		
	2008 £m	2007 £m	
Production volumes (mmboe)	60.7	58.2	+4%
Revenue and other operating income	1 455	1 027	+42%
Total operating profit	942	626	+50%
Capital investment	582	359	+62%

Additional operating and financial data is given on page 20.

First quarter

E&P total operating profit increased by 50% to £942 million reflecting a 4% increase in volumes and higher commodity prices, partially offset by increased exploration costs.

Production volumes increased by 4% principally due to the Buzzard field in the UK, which commenced production in early 2007, and increased production from the Tapti field in India, partially offset by the disposal of certain Canadian assets.

Unit operating expenditure increased 12% to £2.80 (\$5.55) per boe (2007 £2.51) primarily due to the impact of higher commodity prices on royalty costs.

The Group's average realised gas price per produced therm rose by 2.4 pence to 23.9 pence primarily due to increased international gas prices.

The exploration charge of £97 million is £41 million higher than 2007 principally due to higher well write-off charges.

Capital investment of £582 million included expenditure in Tunisia (£148 million), Egypt (£105 million), UK (£102 million), Trinidad and Tobago (£53 million), Kazakhstan (£47 million), India (£24 million), Canada (£18 million) and Brazil (£17 million).

First quarter business highlights

The acquisition of a 20% interest in Queensland Gas Company Limited's (QGC) coal seam gas interests in the Surat Basin in Australia and of a 9.9% stake in QGC's share capital was completed on 11 April 2008. In a related development, BG Group was appointed to supply the Singapore market with up to 3 million tonnes per annum of LNG from 2012 (see page 5).

During the quarter, BG Group announced the successful delivery of first gas from the West Delta Deep Marine Phase IV and the Rosetta Phase III projects in Egypt. The gas will be used to supply Egyptian domestic and export market commitments.

In India, following the Government's appointment of GAIL (India) Limited as its nominee to take the entire gas production from the Panna/Mukta and Tapti (PMT) fields, BG Group and partners entered into an agreement with GAIL to supply 17.3 mmscmd of gas from these fields. An agreement was also entered into with GAIL for it to supply 2.13 mmscmd of gas to Gujarat Gas Company Limited.

During the quarter, BG Group and partners sanctioned the Nexen-operated Buzzard Enhancement Project which involves the construction of an additional processing platform to remove hydrogen sulphide and extend plateau production beyond 2010.

BG Group plc – 2008 First Quarter Results

In February, BG Group announced the signing of two farm-in agreements with Oil and Natural Gas Corporation Limited to acquire a participating interest in two deep water blocks off the Indian east coast. Under the terms of the agreements, BG Group will acquire a 30% participating interest in the KG-DWN-98/4 block in the Krishna Godavari basin, and a 25% participating interest in the MN-DWN-2002/02 block in the Mahanadi basin. The farm-in agreements are subject to Government approval.

Liquefied Natural Gas (LNG)

Business Performance	First Quarter		
	2008 £m	2007 £m	
Revenue and other operating income	1 336	697	+92%
Total operating profit			
Shipping and marketing	383	115	+233%
Liquefaction	26	25	+4%
Business development and other	(14)	(19)	-26%
	395	121	+226%
Capital investment	33	60	-45%

Additional operating and financial data is given on page 20.

First quarter

LNG total operating profit increased by £274 million to £395 million.

Shipping and marketing produced an excellent performance with operating profit increasing by £268 million to £383 million. Volumes increased by 23% and seasonal demand from Asia was strong, resulting in 90% of cargoes being diverted. Based on the first quarter's result and our current view of trading conditions, we estimate that our shipping and marketing business will deliver an operating profit for 2008 of around £1.1 billion.

BG Group's share of operating profit from liquefaction activities of £26 million was in line with the prior year.

Capital investment of £33 million in the quarter included £29 million relating to GNL Quintero S.A. in Chile.

First quarter business highlights

In April, the Energy Market Authority of Singapore appointed BG Group as the aggregator of LNG demand for the Singaporean market. Under the agreement, BG Group will be responsible for sourcing and supplying up to 3 mtpa of LNG for up to 20 years. Initial deliveries are expected to begin in 2012.

Transmission and Distribution (T&D)

Business Performance	First Quarter		
	2008 £m	2007 £m	
Revenue and other operating income			
Comgas	243	174	+40%
Other	46	46	–
	289	220	+31%
Total operating profit			
Comgas	20	40	-50%
Other	11	10	+10%
	31	50	-38%
Capital investment	28	16	+75%

First quarter

T&D total operating profit for the quarter was £31 million.

At Comgas, in Brazil, total operating profit of £20 million reflected increased cost of gas purchases, partially offset by increased volumes in the power and industrial markets. Excluding the increased cost of gas and Brazilian Real foreign exchange movements, total operating profit would have increased 30% from £40 million to £52 million, primarily due to increased volumes. Recovery of the increased cost of gas is expected to commence in the third quarter 2008 after new tariffs are set by the Regulator. At the end of the quarter, the balance to be recovered in future periods was £28 million.

Elsewhere, operating profit increased by £1 million reflecting growth in operating profit at Gujarat Gas in India offset by the impact of the Interconnector disposal in the UK.

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

Power Generation

Business Performance	First Quarter		
	2008 £m	2007 £m	
Revenue and other operating income	139	96	+45%
Total operating profit			
Power Generation	41	43	-5%
Business development and other	(3)	(5)	-40%
	38	38	–
Capital investment	4	433	–

First quarter

The increase in revenue and other operating income reflected a full quarter's contribution from both Lake Road in the USA and BG Italia Power S.p.A. which were acquired during the first quarter 2007. Total operating profit, including the results of joint ventures and associates, was in line with the prior year, as increased profit associated with the US and Italian acquisitions offset the one-off benefit in 2007 from a contractual settlement at Premier Power.

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 statement, page 9 and note 3, page 16.

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, page 16.

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 2007. 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
First quarter

		2008			2007		
		Business Performance ⁽ⁱ⁾	Disposals, re-measurements and impairments (Note 2) ⁽ⁱ⁾	Total Result	Business Performance ⁽ⁱ⁾	Disposals, re-measurements and impairments (Note 2) ⁽ⁱ⁾	Total Result
	Notes	£m	£m	£m	£m	£m	£m
Group revenue	3	3 089	–	3 089	1 943	–	1 943
Other operating income	2	17	(10)	7	37	(33)	4
Group revenue and other operating income	3	3 106	(10)	3 096	1 980	(33)	1 947
Operating costs		(1 757)	–	(1 757)	(1 212)	–	(1 212)
Profits and losses on disposal of non-current assets and impairments	2	–	(22)	(22)	–	(1)	(1)
Operating profit/(loss)⁽ⁱⁱ⁾	3	1 349	(32)	1 317	768	(34)	734
Finance income	2, 4	40	1	41	33	5	38
Finance costs	2, 4	(39)	(1)	(40)	(30)	(4)	(34)
Share of post-tax results from joint ventures and associates	3	34	–	34	44	–	44
Profit/(loss) before tax		1 384	(32)	1 352	815	(33)	782
Taxation	2, 5	(591)	8	(583)	(357)	17	(340)
Profit/(loss) for the period		793	(24)	769	458	(16)	442
Attributable to:							
BG Group shareholders (earnings)		789	(22)	767	448	(16)	432
Minority interest		4	(2)	2	10	–	10
		793	(24)	769	458	(16)	442
Earnings per share – basic	6	23.6p	(0.7p)	22.9p	13.1p	(0.4p)	12.7p
Earnings per share – diluted	6	23.3p	(0.6p)	22.7p	13.0p	(0.4p)	12.6p
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates⁽ⁱ⁾⁽ⁱⁱⁱ⁾	3	1 402	(32)	1 370	823	(34)	789

i) See Presentation of Non-GAAP measures, page 7, for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

ii) Operating profit/(loss) 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

	As at 31 Mar 2008 £m	As at 31 Dec 2007 £m	As at 31 Mar 2007 £m
Assets			
Non-current assets			
Goodwill	395	385	339
Other intangible assets	909	823	665
Property, plant and equipment	7 609	7 426	6 535
Investments	1 180	1 157	1 094
Deferred tax assets	89	86	70
Trade and other receivables	75	70	48
Commodity contracts and other derivative financial instruments	447	378	402
	10 704	10 325	9 153
Current assets			
Inventories	364	382	228
Trade and other receivables	2 483	2 261	1 828
Current tax receivable	59	52	–
Commodity contracts and other derivative financial instruments	1 145	489	247
Cash and cash equivalents	2 273	1 881	1 705
	6 324	5 065	4 008
Assets classified as held for sale	21	–	224
Total assets	17 049	15 390	13 385
Liabilities			
Current liabilities			
Borrowings	(278)	(275)	(66)
Trade and other payables	(2 289)	(2 251)	(1 711)
Current tax liabilities	(688)	(554)	(513)
Commodity contracts and other derivative financial instruments	(1 436)	(804)	(507)
	(4 691)	(3 884)	(2 797)
Non-current liabilities			
Borrowings	(1 598)	(1 668)	(1 768)
Trade and other payables	(27)	(30)	(19)
Commodity contracts and other derivative financial instruments	(485)	(366)	(196)
Deferred income tax liabilities	(1 311)	(1 258)	(1 171)
Retirement benefit obligations	(162)	(165)	(145)
Provisions for other liabilities and charges	(663)	(662)	(402)
	(4 246)	(4 149)	(3 701)
Liabilities associated with assets classified as held for sale	(3)	–	(27)
Total liabilities	(8 940)	(8 033)	(6 525)
Net assets	8 109	7 357	6 860
Attributable to:			
BG Group equity shareholders	7 974	7 225	6 747
Minority interest	135	132	113
Total equity	8 109	7 357	6 860

Consolidated Statement of Recognised Income and Expense

	First Quarter	
	2008	2007
	£m	£m
Profit for the period	769	442
Hedge adjustments net of tax	5	13
Currency translation adjustments	(37)	26
Net gains/(losses) recognised directly in equity	(32)	39
Total recognised income for the period	737	481
Attributable to:		
BG Group shareholders	734	470
Minority interest	3	11
	737	481

Consolidated Cash Flow Statement

	First Quarter	
	2008 £m	2007 £m
Cash flows from operating activities		
Profit before tax	1 352	782
Share of post-tax results from joint ventures and associates	(34)	(44)
Depreciation and impairments of property, plant and equipment and amortisation of intangible assets	218	168
Fair value movements in commodity based contracts	30	72
Losses on disposal of non-current assets and impairments	22	1
Unsuccessful exploration expenditure written off	56	10
Decrease in provisions	(9)	(20)
Finance income	(41)	(38)
Finance costs	40	34
Share-based payments	7	7
(Increase)/decrease in working capital	(75)	114
Cash generated by operations	1 566	1 086
Income taxes paid	(401)	(184)
Net cash inflow from operating activities	1 165	902
Cash flows from investing activities		
Dividends received from joint ventures and associates	–	24
Proceeds from disposal of subsidiary undertakings and investments	–	80
Purchase of property, plant and equipment and intangible assets	(478)	(374)
Loans to joint ventures and associates	(18)	(15)
Business combinations and investments	(10)	(406)
Net cash outflow from investing activities	(506)	(691)
Cash flows from financing activities		
Net interest paid ⁽ⁱ⁾	(10)	(2)
Net proceeds from issue of new borrowings	38	137
Repayment of borrowings	(107)	(16)
Issue of shares	3	7
Purchase of own shares	(197)	(96)
Net cash (outflow)/inflow from financing activities	(273)	30
Net increase in cash and cash equivalents	386	241
Cash and cash equivalents at beginning of period	1 881	1 463
Effect of foreign exchange rate changes	8	1
Cash and cash equivalents at end of period⁽ⁱⁱⁱ⁾	2 275⁽ⁱⁱⁱ⁾	1 705

i) Includes capitalised interest for the first quarter of £8 million (2007 £11 million).

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

iii) The balance at 31 March 2008 includes cash and cash equivalents of £2 273 million and cash included within assets classified as held for sale of £2 million.

Reconciliation of Net Borrowings/Funds⁽ⁱ⁾

	£m
Net funds as at 31 December 2007	25
Net increase in cash and cash equivalents	386
Cash outflow from changes in gross borrowings	69
Foreign exchange and other re-measurements	28
Cash and cash equivalents classified as assets held for sale	(2)
Net funds as at 31 March 2008 ^{(i) (ii)}	506

Net borrowings attributable to Comgas were £365 million (31 December 2007 £318 million).

As at 31 March 2008, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately £1 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 22.

ii) Net borrowings/funds comprise:

	As at 31 Mar 2008 £m	As at 31 Dec 2007 £m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	2 273	1 881
Overdrafts, loans and finance leases	(278)	(275)
Derivative financial instruments ⁽ⁱⁱⁱ⁾	42	60
	2 037	1 666
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases	(1 598)	(1 668)
Derivative financial instruments ⁽ⁱⁱⁱ⁾	67	27
	(1 531)	(1 641)
Net funds	506	25

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

Notes

1. Basis of preparation

These primary statements are the unaudited interim consolidated financial statements of BG Group plc for the quarter ended 31 March 2008. 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 2007, as they provide an update of previously reported information. The latest statutory accounts delivered to the registrar were for the year ended 31 December 2007 which were audited by BG Group's statutory auditors PricewaterhouseCoopers LLP. These financial statements are Interim Management Statements and have been prepared in accordance with the requirements of the Disclosure and Transparency Rules issued by the Financial Services Authority and the accounting policies set out in the 2007 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 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.

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 15, 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 page 7). 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 included in Business Performance. The tables in note 3 provide a reconciliation between the Total Result and Business Performance and operating profit including and excluding the results of joint ventures and associates.

2. Disposals, re-measurements and impairments

	First Quarter	
	2008 £m	2007 £m
Revenue and other operating income –		
re-measurements of commodity based contracts	(10)	(33)
Profits and losses on disposal of non-current assets and impairments	(22)	(1)
Net finance income – re-measurements of financial instruments	–	1
Taxation	8	17
Minority interest	2	–
Impact on earnings	(22)	(16)

First quarter: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a charge of £10 million for the quarter (2007 £33 million), including a £22 million charge (2007 £3 million) representing non-cash mark-to-market movements on certain long-term UK gas contracts. 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.

First quarter: Disposals of non-current assets and impairments

During the first quarter BG Group committed to a plan to sell certain non-core businesses and accordingly reclassified these businesses as held for sale. As a result, these businesses were revalued to the lower of their carrying amount and fair value less costs to sell. This resulted in a pre- and post-tax charge to the income statement of £21 million.

Also during the first quarter, other disposals resulted in a pre- and post-tax charge to the income statement of £1 million.

During the first quarter of 2007, BG Group disposed of its Mauritanian interests. This resulted in a loss on disposal of £1 million. No tax arose on the disposal.

First quarter: Net finance costs

Re-measurements presented in net finance costs relate primarily to certain derivatives used to hedge foreign exchange and interest rate risk, partly offset by foreign exchange movements on certain borrowings.

3. Segmental analysis and results presentation

Profit for the period

Analysed by business segment

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
First Quarter						
Group revenue						
Exploration and Production	1 448	1 010	–	–	1 448	1 010
Liquefied Natural Gas	1 333	677	–	–	1 333	677
Transmission and Distribution	289	220	–	–	289	220
Power Generation	132	96	–	–	132	96
Other activities	2	2	–	–	2	2
Less: intra-group sales ⁽ⁱ⁾	(115)	(62)	–	–	(115)	(62)
Group revenue	3 089	1 943	–	–	3 089	1 943
Other operating income ⁽ⁱⁱ⁾	17	37	(10)	(33)	7	4
Group revenue and other operating income	3 106	1 980	(10)	(33)	3 096	1 947
Operating profit/(loss) before share of results from joint ventures and associates						
Exploration and Production	942	626	(10)	(34)	932	592
Liquefied Natural Gas	370	96	–	–	370	96
Transmission and Distribution	25	40	(1)	–	24	40
Power Generation	16	18	–	–	16	18
Other activities	(4)	(12)	(21)	–	(25)	(12)
	1 349	768	(32)	(34)	1 317	734
Pre-tax share of operating results of joint ventures and associates						
Liquefied Natural Gas	25	25	–	–	25	25
Transmission and Distribution	6	10	–	–	6	10
Power Generation	22	20	–	–	22	20
	53	55	–	–	53	55
Total operating profit/(loss)						
Exploration and Production	942	626	(10)	(34)	932	592
Liquefied Natural Gas	395	121	–	–	395	121
Transmission and Distribution	31	50	(1)	–	30	50
Power Generation	38	38	–	–	38	38
Other activities	(4)	(12)	(21)	–	(25)	(12)
	1 402	823	(32)	(34)	1 370	789
Net finance costs						
Finance income	40	33	1	5	41	38
Finance costs	(39)	(30)	(1)	(4)	(40)	(34)
Share of joint ventures and associates	(12)	(12)	–	–	(12)	(12)
	(11)	(9)	–	1	(11)	(8)
Taxation						
Taxation	(591)	(357)	8	17	(583)	(340)
Share of joint ventures and associates	(7)	1	–	–	(7)	1
	(598)	(356)	8	17	(590)	(339)
Profit for the period	793	458	(24)	(16)	769	442

i) Intra-group sales are attributable to segments as follows: E&P £98 million (2007 £61 million) and LNG £17 million (2007 £1 million).

ii) Other operating income is attributable to segments as follows: E&P £7 million (2007 £17 million), LNG £3 million (2007 £20 million) and Power £7 million (2007 £nil).

3. Segmental analysis and results presentation (continued)

Total Result	Operating profit before share of results from joint ventures and associates (i)		Share of results in joint ventures and associates		Total Result	
	2008	2007	2008	2007	2008	2007
First Quarter	£m	£m	£m	£m	£m	£m
Exploration and Production	932	592	–	–	932	592
Liquefied Natural Gas	370	96	16	16	386	112
Transmission and Distribution	24	40	4	15	28	55
Power Generation	16	18	14	13	30	31
Other activities	(25)	(12)	–	–	(25)	(12)
	1 317	734	34	44	1 351	778
Net finance income					1	4
Profit before tax					1 352	782
Taxation					(583)	(340)
Profit for the period					769	442

i) Including disposals, re-measurements and impairments.

4. Net finance income

	First Quarter	
	2008 £m	2007 £m
Interest payable	(24)	(23)
Interest on obligations under finance leases	(15)	(13)
Interest capitalised	8	11
Unwinding of discount on provisions ⁽ⁱ⁾	(8)	(5)
Disposals, re-measurements and impairments (Note 2)	(1)	(4)
Finance costs	(40)	(34)
Interest receivable	40	33
Disposals, re-measurements and impairments (Note 2)	1	5
Finance income	41	38
Net finance income ⁽ⁱⁱ⁾	1	4

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 (2007 £12 million).

5. Taxation

The taxation charge for the first quarter before disposals, re-measurements and impairments was £591 million (2007 £357 million) and the taxation charge including disposals, re-measurements and impairments was £583 million (2007 £340 million).

The Group share of taxation from joint ventures and associates for the first quarter was a charge of £7 million (2007 £1 million credit).

6. Earnings per ordinary share

	2008		First Quarter		2007	
	£m	Pence per share	£m	Pence per share	£m	Pence per share
Earnings	767	22.9	432	12.7		
Disposals, re-measurements and impairments (after tax and minority interest)	22	0.7	16	0.4		
Earnings – excluding disposals, re-measurements and impairments	789	23.6	448	13.1		

Basic earnings per share calculations in 2008 are based on shares in issue of 3 345 million for the quarter.

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 3 381 million for the quarter, being the weighted average number of ordinary shares in issue during the period as adjusted for dilutive equity instruments.

7. Capital investment: geographical analysis

	First Quarter	
	2008 £m	2007 £m
Europe and Central Asia	179	260
Americas and Global LNG	161	480
Africa, Middle East and Asia	307	129
	647	869

8. Quarterly information: earnings and earnings per share

	2008 £m	2007 £m	2008 pence	2007 pence
First quarter				
including disposals, re-measurements and impairments	767	432	22.9	12.7
excluding disposals, re-measurements and impairments	789	448	23.6	13.1
Second quarter				
including disposals, re-measurements and impairments		471		13.9
excluding disposals, re-measurements and impairments		409		12.0
Third quarter				
including disposals, re-measurements and impairments		357		10.6
excluding disposals, re-measurements and impairments		368		10.9
Fourth quarter				
including disposals, re-measurements and impairments		486		14.4
excluding disposals, re-measurements and impairments		558		16.6
Full year				
including disposals, re-measurements and impairments		1 746		51.6
excluding disposals, re-measurements and impairments		1 783		52.7

Supplementary information: Operating and financial data

	First Quarter 2008	Fourth Quarter 2007	Fourth Quarter 2007
Production volumes (mmboe)			
– oil	7.9	6.5	7.7
– liquids	9.3	8.8	9.0
– gas	43.5	42.9	43.0
– total	60.7	58.2	59.7
Production volumes (boed in thousands)			
– oil	87	72	84
– liquids	102	98	98
– gas	478	477	467
– total	667	647	649
Average realised oil price per barrel	£49.69 (\$98.49)	£29.60 (\$58.13)	£43.31 (\$88.59)
Average realised liquids price per barrel	£41.05 (\$81.35)	£23.21 (\$45.57)	£35.92 (\$73.48)
Average realised UK gas price per produced therm	38.73p	37.03p	38.36p
Average realised International gas price per produced therm	19.54p	16.31p	16.00p
Average realised gas price per produced therm	23.87p	21.50p	21.40p
Lifting costs per boe	£1.57 (\$3.11)	£1.51 (\$2.97)	£1.58 (\$3.22)
Operating expenditure per boe	£2.80 (\$5.55)	£2.51 (\$4.92)	£2.50 (\$5.10)
Development expenditure (£m)	407	291	340
Gross exploration expenditure (£m)			
– capitalised expenditure	146	59	116
– other expenditure	41	46	65
– gross expenditure	187	105	181
Exploration expenditure charge (£m)			
– capitalised expenditure written off	56	10	41
– other expenditure	41	46	65
– exploration charge	97	56	106
LNG Cargoes			
– delivered to Lake Charles	–	18	1
– delivered to Elba Island	6	15	10
– re-marketed	52	19	37
– total	58	52	48
LNG managed volumes (Tbtu)	177.8	144.8	144.8

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 £200 million to £250 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
EBITDA	earnings before interest, tax, depreciation and amortisation
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
mmboe	million barrels of oil equivalent
mmbtu	million british thermal units
mmcfd	million cubic feet per day
mmcmd	million cubic metres per day
mmscfd	million standard cubic feet per day
mmscm	million standard cubic metres
mmscmd	million standard cubic metres per day
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 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.

Enquiries

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Financial Calendar

Announcement of 2008 second quarter and half year results	24 July 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

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