

### Highlights

- Record earnings per share up 74% to 91.6p for the full year
- Cash generated by operations up 70% to £6 274 million for the full year
- Full year dividend increased by 20% to 11.23p
- 2P reserves increased by 64%; total reserves and resource base increased by 31% to 13.1 billion boe
- LNG total operating profit up 204% to £1 585 million for the full year
- Queensland Gas Company resource base increased from 7 tcf to 11 tcf

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

***“BG Group has delivered record results this year with strong performances in E&P and LNG. Major reserves and resources additions were achieved, with 2P reserves up 64%. There was transformational strategic progress in Australia and Brazil; two ventures that will support BG Group's growth over the next two decades.”***

Fourth Quarter			Business Performance <sup>(i)(ii)</sup>	Full Year		
2008 £m	2007 £m			2008 £m	2007 £m	
<b>1 139</b>	1 006	+13%	Total operating profit including share of pre-tax operating results from joint ventures and associates	<b>5 355</b>	3 248	+65%
<b>695</b>	558	+25%	Earnings for the period	<b>3 068</b>	1 783	+72%
<b>20.7p</b>	16.6p	+25%	Earnings per share	<b>91.6p</b>	52.7p	+74%
<b>6.55p</b>	5.76p	+14%	Dividend per share	<b>11.23p</b>	9.36p	+20%
<b>Total results for the period (including disposals, re-measurements and impairments)<sup>(ii)</sup></b>						
<b>1 200</b>	797	+51%	Operating profit before share of results from joint ventures and associates	<b>5 239</b>	2 848	+84%
<b>1 271</b>	863	+47%	Total operating profit including share of pre-tax operating results from joint ventures and associates	<b>5 488</b>	3 095	+77%
<b>756</b>	486	+56%	Earnings for the period	<b>3 127</b>	1 746	+79%
<b>22.5p</b>	14.4p	+56%	Earnings per share	<b>93.4p</b>	51.6p	+81%

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 9, note 1, page 16 and note 3, page 18. Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

ii) The principal difference between Business Performance and Total Results is due to the non-cash mark-to-market movements on certain long-term UK gas contracts.

BG Group 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)

## Business Review

### Group

Fourth Quarter				Business Performance		Full Year		
2008	2007					2008	2007	
£m	£m					£m	£m	
<b>2 989</b>	2 338	+28%	Revenue and other operating income			<b>12 602</b>	8 330	+51%
Total operating profit including share of pre-tax results from joint ventures and associates								
<b>677</b>	763	-11%	Exploration and Production			<b>3 512</b>	2 387	+47%
<b>456</b>	163	+180%	Liquefied Natural Gas			<b>1 585</b>	521	+204%
<b>(6)</b>	60	–	Transmission and Distribution			<b>160</b>	247	-35%
<b>21</b>	32	-34%	Power Generation			<b>118</b>	130	-9%
<b>(9)</b>	(12)	-25%	Other activities			<b>(20)</b>	(37)	-46%
<b>1 139</b>	1 006	+13%				<b>5 355</b>	3 248	+65%
<b>21</b>	(4)	–	Net finance income/(costs)			<b>25</b>	(27)	–
<b>(472)</b>	(431)	+10%	Taxation for the period			<b>(2 287)</b>	(1 385)	+65%
<b>695</b>	558	+25%	Earnings for the period			<b>3 068</b>	1 783	+72%
<b>20.7p</b>	16.6p	+25%	Earnings per share			<b>91.6p</b>	52.7p	+74%
<b>1 922</b>	1 003	+92%	Cash generated by operations			<b>6 274</b>	3 691	+70%
<b>3 117</b>	628	+396%	Capital investment			<b>5 444</b>	2 497	+118%

#### Fourth quarter

Revenue and other operating income increased by 28% to £2 989 million and total operating profit increased by 13% to £1 139 million principally reflecting increased LNG income and the translation effect of a stronger US\$, partially offset by lower upstream commodity prices.

Net finance income of £21 million reflects the translation effect of the US\$/UK£ exchange rate on US dollar cash balances.

Cash generated from operations increased by 92% to £1 922 million.

Capital investment in the quarter of £3 117 million, included £2 091 million on the acquisition of Queensland Gas Company Limited (QGC), and continuing investment in E&P (£858 million), LNG (£110 million), T&D (£38 million) and Power (£20 million).

#### Full year

Revenue and other operating income increased by 51% to £12 602 million and total operating profit increased by 65% to £5 355 million reflecting higher commodity prices, increased E&P volumes and a strong performance from LNG throughout the year.

The Group's effective tax rate (including BG Group's share of joint ventures and associates' tax) was 42.5% (2007 43.0%) for the full year.

Earnings per share increased by 74% to 91.6 pence. At constant E&P commodity prices and US\$/UK£ exchange rates earnings per share increased by 28%.

Cash generated from operations increased by 70% to £6 274 million and at the end of the year, net debt was £972 million.

Capital investment in the year of £5 444 million, included the acquisition of QGC (£2 407 million), and continuing investment in E&P (£2 567 million), LNG (£273 million), T&D (£136 million), Power (£60 million) and Other activities (£1 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 to meet its growing portfolio of development opportunities. Accordingly, the Board recommends a final dividend of 6.55 pence per share bringing the full year dividend to 11.23 pence per share, an increase of 20% compared with last year.

**Fourth quarter business highlights**

BG Group has acquired control of Queensland Gas Company Limited (QGC) and is in the final stages of securing 100% ownership. Since BG Group acquired its initial stake in QGC, excellent progress has been made, with 2P reserves increasing to 3.7 tcf and total resources to over 11 tcf. This success has led to the acceleration of the combined first and second trains of the Queensland Curtis LNG scheme, beginning in 2014.

## Exploration and Production (E&P)

Fourth Quarter				Business Performance			Full Year	
2008 £m	2007 £m				2008 £m	2007 £m		
57.3	59.7	-4%	Production volumes (mmbobe)		226.7	220.3	+3%	
1 289	1 241	+4%	Revenue and other operating income		5 682	4 039	+41%	
677	763	-11%	Total operating profit		3 512	2 387	+47%	
2 927	511	+473%	Capital investment		4 952	1 652	+200%	

Additional operating and financial data is given on page 25.

### Fourth quarter

E&P total operating profit of £677 million was 11% lower reflecting lower commodity prices and volumes, partially offset by the translation effect of a stronger US\$. Volumes were 2.4 mmbobe lower primarily due to shutdowns to tie in new facilities in Egypt, the UK and Kazakhstan.

Unit operating expenditure increased by £1.43 to £3.93 (\$6.55) per boe principally due to the impact of recent high commodity prices on royalty costs and transportation tariffs and the adverse impact of the stronger US\$/UK£ exchange rate on costs.

The Group's average realised gas price per produced therm increased principally due to the delayed impact on contract prices of higher commodity prices earlier in the year and the stronger US\$/UK£ exchange rate.

The exploration charge was £145 million.

Capital investment of £2 927 million included expenditure in Australia (£2 119 million) which includes the acquisition costs of QGC, UK (£133 million), Kazakhstan (£120 million), Tunisia (£108 million), Egypt (£98 million) and Trinidad and Tobago (£60 million).

### Full year

E&P total operating profit increased by £1 125 million to £3 512 million reflecting higher commodity prices and a 3% increase in production volumes, partially offset by a higher exploration charge.

Unit operating expenditure increased by 77 pence to £3.38 (\$6.40) per boe primarily due to the impact of higher commodity prices on royalty costs and transportation tariffs.

The exploration charge of £451 million is £115 million higher than 2007 reflecting a greater number of exploration wells drilled in the year.

Capital investment of £4 952 million included expenditure in Australia (£2 445 million) which includes the acquisition costs of QGC, Tunisia (£505 million), UK (£424 million), Egypt (£413 million), Kazakhstan (£293 million), Trinidad and Tobago (£189 million) and Brazil (£92 million).

### Fourth quarter business highlights

In December, BG Group announced the exchange of equity interests in certain North Sea production assets with subsidiaries of BP plc. Subject to regulatory and third party approvals, BG Group will acquire BP's equity in the Everest, Lomond and Armada fields, increasing its equity stake in these fields from around 60% to around 80%. BG Group will also acquire 32% equity in the Erskine field from BP. BG Group will become operator of the Everest and Lomond fields and will continue to operate the Armada field. BG Group will transfer its interests in the southern North Sea to BP, including the Easington Catchment Area fields. This agreement consolidates and strengthens BG Group's UK Continental Shelf interests. Completion is expected around mid-2009, subject to regulatory and third party approvals.

In December, BG Group announced an agreement with Kazakhstani National Company KazMunaiGas and subsidiary KazMunaiGas Exploration Production to co-operate in exploring a range of upstream opportunities in Kazakhstan and other countries.

BG Group was successful in the first Algerian licence round, held under the new hydrocarbon law, securing the Guern el Guessa concession. Guern el Guessa lies just to the northwest of the existing Hassi Ba Hamou permit, where BG Group has drilled several successful wells, and covers an area of about 12 200 square kilometres. BG Group will hold a 49% interest and be the operator; Sonatrach will hold a 51% interest.

In January 2009, BG Group and partners announced first gas from the Poinsettia field development (BG Group 45.88% and operator) located approximately 40 kilometres off the north coast of Trinidad. Gas is transported into a newly installed pipeline connecting Poinsettia to the existing Hibiscus platform and thereafter to Atlantic LNG. Production is expected to reach a maximum rate of 350 mmscfd on completion of the drilling programme.

In January 2009, BG Group acquired a 45% participating interest in the OPL 284-DO Production Sharing Contract (offshore western Niger delta, Nigeria), after completing a farm-in agreement with Sahara Energy Exploration and Production Limited (Sahara). BG Group assumes the role of technical partner in the block while Sahara remains operator. OPL 284-DO is located in water depths of 200 – 1 000 metres.

## Liquefied Natural Gas (LNG)

Fourth Quarter			Business Performance	Full Year		
2008 £m	2007 £m			2008 £m	2007 £m	
1 305	788	+66%	Revenue and other operating income	5 426	3 099	+75%
			Total operating profit			
445	145	+207%	Shipping and marketing	1 524	463	+229%
46	38	+21%	Liquefaction	145	127	+14%
(35)	(20)	+75%	Business development and other	(84)	(69)	+22%
456	163	+180%		1 585	521	+204%
110	59	+86%	Capital investment	273	194	+41%

Additional operating and financial data is given on page 25.

### Fourth quarter

LNG total operating profit increased by £293 million to £456 million due to higher income in the shipping and marketing business and the translation effect of the stronger US\$/UK£ exchange rate.

Shipping and marketing performed strongly with total operating profit increasing by £300 million to £445 million. Strong demand from key markets continued during the quarter and this, combined with the effective marketing of BG Group's flexible portfolio, resulted in strong margin expansion.

BG Group's share of operating profit from liquefaction activities increased by £8 million to £46 million principally due to the impact of the stronger US\$/UK£ exchange rate.

Capital investment of £110 million in the quarter included £50 million relating to LNG vessels, £37 million in Chile and £12 million in the UK.

### Full year

LNG total operating profit increased by 204% to £1 585 million.

Shipping and marketing total operating profit increased by 229% to £1 524 million as BG Group utilised its flexible portfolio to access high value markets throughout the year. During the year, BG Group supplied 13 markets around the world.

BG Group's share of operating profit from liquefaction activities increased by 14% to £145 million principally due to increased market prices and an increase in the tariff at Atlantic LNG Train 4 which entered its commercial phase during 2007.

Capital investment of £273 million in the full year included £130 million in Chile, £66 million relating to LNG vessels and £53 million in the UK.

### Fourth quarter business highlights

In February 2009, BG Group entered into an agreement with the Queensland Government to acquire land at North China Bay on Curtis Island, off Gladstone, for its proposed Queensland Curtis LNG plant.

BG Group and Castle Peak Power Company (CAPCO) have terminated discussions related to BG Group supplying CAPCO one million tonnes per annum of LNG, due to the cancellation of the LNG terminal project in Hong Kong.

## Transmission and Distribution (T&D)

Fourth Quarter			Business Performance			Full Year		
2008 £m	2007 £m					2008 £m	2007 £m	
Revenue and other operating income								
319	220	+45%	Comgás			1 206	811	+49%
42	46	-9%	Other			177	167	+6%
361	266	+36%				1 383	978	+41%
Total operating profit								
(15)	54	-	Comgás			115	211	-45%
9	6	+50%	Other			45	36	+25%
(6)	60	-				160	247	-35%
38	42	-10%	Capital investment			136	117	+16%

### Fourth quarter

At Comgás, in Brazil, the adverse impact of higher gas costs (which will be recovered in future periods), resulted in an operating loss of £15 million in the quarter. On an underlying basis, excluding the timing effect of the increased cost of gas and Brazilian Real foreign exchange movements, total operating profit at Comgás would have increased by 11% to £60 million. For the segment as a whole, the impact of the higher gas costs at Comgás resulted in an operating loss of £6 million.

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

### Full year

T&D total operating profit for the full year of £160 million was 35% lower than 2007.

At Comgás, in Brazil, volumes grew by 6% whilst total operating profit of £115 million was 45% lower than 2007 as a result of higher gas costs. On an underlying basis, excluding the timing effect of the increased cost of gas and Brazilian Real foreign exchange movements, total operating profit at Comgás would have increased by 15% to £243 million.

At the end of the year the balance of gas costs to be recovered by Comgás in future periods was £161 million.

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

### Fourth quarter business highlights

In 2008, more than 58 000 new residential customer connections were added to Comgás' network. This establishes a new company record for residential customer connections and is an increase of 7.5% compared to 2007.

## Power Generation

Fourth Quarter				Full Year			
2008 £m	2007 £m		<b>Business Performance</b>	2008 £m	2007 £m		
<b>166</b>	145	+14%	Revenue and other operating income	<b>622</b>	523	+19%	
			Total operating profit				
<b>29</b>	38	-24%	Power Generation	<b>136</b>	147	-7%	
<b>(8)</b>	(6)	+33%	Business development and other	<b>(18)</b>	(17)	+6%	
<b>21</b>	32	-34%		<b>118</b>	130	-9%	
<b>42</b>	8	+425%	Capital investment	<b>82</b>	520	-84%	

### Fourth quarter and full year

Revenue and other operating income increased by £21 million in the quarter and £99 million in the year principally at BG Italia Power reflecting higher prices and a stronger Euro.

The decrease in operating profit in the quarter principally reflects the impact of higher input commodity costs in Italy and lower profits from our US power business. In the full year, the decrease in operating profit is primarily due to lower availability at Seabank following a turbine failure, the effect of a one-off benefit in 2007 from a contractual settlement at Premier Power, and lower profits in the US reflecting lower demand.

## **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 11 and 12 and note 3, page 18.

### **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 18.

### **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.

Please note that these results should be read in conjunction with BG Group's 2009 Strategy Presentation which has also been issued today. The 2009 Strategy Presentation is available for viewing at [www.bg-group.com](http://www.bg-group.com)

**Consolidated Income Statement**
**Fourth Quarter**

		2008		2007		
		Business	Disposals,	Total	Business	Total
	Notes	Performance <sup>(i)</sup>	re-measurements and	Result	Performance <sup>(i)</sup>	Result
		£m	impairments	£m	£m	£m
			(Note 2) <sup>(ii)</sup>			
			£m			
Group revenue		2 955	–	2 955	2 327	2 327
Other operating income	2	34	138	172	11	(133)
<b>Group revenue and other operating income</b>	3	<b>2 989</b>	<b>138</b>	<b>3 127</b>	2 338	2 194
Operating costs		(1 921)	–	(1 921)	(1 398)	(1 398)
Profits and losses on disposal of non-current assets and impairments	2	–	(6)	(6)	–	1
<b>Operating profit/(loss)<sup>(iii)</sup></b>	3	<b>1 068</b>	<b>132</b>	<b>1 200</b>	940	797
Finance income	2, 4	77	30	107	44	40
Finance costs	2, 4	(37)	(40)	(77)	(36)	(29)
Share of post-tax results from joint ventures and associates	3	40	–	40	42	42
<b>Profit/(loss) before tax</b>		<b>1 148</b>	<b>122</b>	<b>1 270</b>	990	850
Taxation	2, 5	(460)	(61)	(521)	(419)	(350)
<b>Profit/(loss) for the period</b>	3	<b>688</b>	<b>61</b>	<b>749</b>	571	500
<b>Attributable to:</b>						
BG Group shareholders (earnings)		695	61	756	558	486
Minority interest		(7)	–	(7)	13	14
		<b>688</b>	<b>61</b>	<b>749</b>	571	500
Earnings per share – basic	6	20.7p	1.8p	22.5p	16.6p	14.4p
Earnings per share – diluted	6	20.6p	1.8p	22.4p	16.4p	14.3p
<b>Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates<sup>(iii)</sup></b>	3	<b>1 139</b>	<b>132</b>	<b>1 271</b>	1 006	863

i) See Presentation of Non-GAAP measures, page 9, 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 presented by BG Group as it is used as a means of measuring the underlying performance of the business.

**Consolidated Income Statement**
**Full Year**

	Notes	Business Performance <sup>(i)</sup> £m	2008 Disposals, re-measurements and impairments (Note 2) <sup>(i)</sup> £m	Total Result £m	Business Performance <sup>(i)</sup> £m	2007 Disposals, re-measurements and impairments (Note 2) <sup>(i)</sup> £m	Total Result £m
Group revenue		12 566	–	12 566	8 291	–	8 291
Other operating income	2	36	157	193	39	(172)	(133)
<b>Group revenue and other operating income</b>	3	<b>12 602</b>	<b>157</b>	<b>12 759</b>	<b>8 330</b>	<b>(172)</b>	<b>8 158</b>
Operating costs		(7 496)	–	(7 496)	(5 329)	–	(5 329)
Profits and losses on disposal of non-current assets and impairments	2	–	(24)	(24)	–	19	19
<b>Operating profit/(loss)<sup>(ii)</sup></b>	3	<b>5 106</b>	<b>133</b>	<b>5 239</b>	<b>3 001</b>	<b>(153)</b>	<b>2 848</b>
Finance income	2, 4	227	49	276	146	6	152
Finance costs	2, 4	(150)	(55)	(205)	(120)	(4)	(124)
Share of post-tax results from joint ventures and associates	3	158	–	158	163	–	163
<b>Profit/(loss) before tax</b>		<b>5 341</b>	<b>127</b>	<b>5 468</b>	<b>3 190</b>	<b>(151)</b>	<b>3 039</b>
Taxation	2, 5	(2 248)	(70)	(2 318)	(1 354)	115	(1 239)
<b>Profit/(loss) for the year</b>	3	<b>3 093</b>	<b>57</b>	<b>3 150</b>	<b>1 836</b>	<b>(36)</b>	<b>1 800</b>
<b>Attributable to:</b>							
BG Group shareholders (earnings)		3 068	59	3 127	1 783	(37)	1 746
Minority interest		25	(2)	23	53	1	54
		<b>3 093</b>	<b>57</b>	<b>3 150</b>	<b>1 836</b>	<b>(36)</b>	<b>1 800</b>
Earnings per share – basic	6	91.6p	1.8p	93.4p	52.7p	(1.1p)	51.6p
Earnings per share – diluted	6	90.7p	1.8p	92.5p	52.2p	(1.1p)	51.1p
<b>Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates<sup>(iii)</sup></b>	3	<b>5 355</b>	<b>133</b>	<b>5 488</b>	<b>3 248</b>	<b>(153)</b>	<b>3 095</b>

i) See Presentation of Non-GAAP measures, page 9, 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 presented 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 2008 £m	As at 31 Dec 2007 £m
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	417	385
Other intangible assets	3 713	823
Property, plant and equipment	11 288	7 426
Investments	1 631	1 157
Deferred tax assets	77	86
Trade and other receivables	95	70
Commodity contracts and other derivative financial instruments	935	378
	<b>18 156</b>	<b>10 325</b>
<b>Current assets</b>		
Inventories	562	382
Trade and other receivables	3 616	2 261
Current tax receivable	91	52
Commodity contracts and other derivative financial instruments	1 538	489
Cash and cash equivalents	1 033	1 881
	<b>6 840</b>	<b>5 065</b>
<b>Total assets</b>	<b>24 996</b>	<b>15 390</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings	(281)	(275)
Trade and other payables	(3 632)	(2 251)
Current tax liabilities	(1 122)	(554)
Commodity contracts and other derivative financial instruments	(1 453)	(804)
	<b>(6 488)</b>	<b>(3 884)</b>
<b>Non-current liabilities</b>		
Borrowings	(1 897)	(1 668)
Trade and other payables	(38)	(30)
Commodity contracts and other derivative financial instruments	(528)	(366)
Deferred income tax liabilities	(2 056)	(1 258)
Retirement benefit obligations	(178)	(165)
Provisions for other liabilities and charges	(927)	(662)
	<b>(5 624)</b>	<b>(4 149)</b>
<b>Total liabilities</b>	<b>(12 112)</b>	<b>(8 033)</b>
<b>Net assets</b>	<b>12 884</b>	<b>7 357</b>
<b>Equity</b>		
Total shareholders' equity	12 758	7 225
Minority interest in equity	126	132
<b>Total equity</b>	<b>12 884</b>	<b>7 357</b>

BG Group plc – 2008 Fourth Quarter & Full Year Results

**Consolidated Statement of Recognised Income and Expense**

Fourth Quarter			Full Year	
2008	2007		2008	2007
£m	£m		£m	£m
<b>749</b>	500	Profit for the period	<b>3 150</b>	1 800
<b>644</b>	(90)	Hedge adjustments net of tax	<b>519</b>	(86)
<b>(30)</b>	–	Reversal of fair value movements on 'available-for-sale' assets net of tax <sup>(i)</sup>	<b>–</b>	–
<b>1 853</b>	118	Currency translation adjustments	<b>2 181</b>	101
<b>2 467</b>	28	Net gains/(losses) recognised directly in equity	<b>2 700</b>	15
<b>3 216</b>	528	Total recognised income for the period	<b>5 850</b>	1 815
<b>Attributable to:</b>				
<b>3 218</b>	510	Shareholders	<b>5 820</b>	1 748
<b>(2)</b>	18	Minority interests	<b>30</b>	67
<b>3 216</b>	528		<b>5 850</b>	1 815

i) BG Group's 9.9% stake in Queensland Gas Company (QGC) was classified as an 'available-for-sale' financial asset until the Group acquired QGC in November 2008.

**Consolidated Cash Flow Statement**

Fourth Quarter			Full Year	
2008	2007		2008	2007
£m	£m		£m	£m
<b>Cash flows from operating activities</b>				
1 270	850	Profit before tax	5 468	3 039
(40)	(42)	Share of post-tax results from joint ventures and associates	(158)	(163)
251	194	Depreciation and impairments of property, plant and equipment and amortisation of intangible assets	880	681
(127)	135	Fair value movements in commodity based contracts	(185)	191
6	(1)	(Profits) and losses on disposal of non-current assets and impairments	24	(19)
90	41	Unsuccessful exploration expenditure written off	240	104
6	(5)	Increase/(decrease) in provisions	(3)	(23)
(107)	(40)	Finance income	(276)	(152)
77	29	Finance costs	205	124
11	13	Share-based payments	34	35
485	(171)	Decrease/(increase) in working capital	45	(126)
<b>1 922</b>	<b>1 003</b>	<b>Cash generated by operations</b>	<b>6 274</b>	<b>3 691</b>
(655)	(289)	Income taxes paid	(1 883)	(950)
<b>1 267</b>	<b>714</b>	<b>Net cash inflow from operating activities</b>	<b>4 391</b>	<b>2 741</b>
<b>Cash flows from investing activities</b>				
74	80	Dividends received from joint ventures and associates	151	148
–	–	Proceeds from disposal of subsidiary undertakings and investments	15	461
–	2	Proceeds from disposal of property, plant and equipment and intangible assets	2	3
(862)	(533)	Purchase of property, plant and equipment and intangible assets	(2 796)	(1 718)
(41)	(36)	Loans (to)/from joint ventures and associates	(125)	(82)
(1 885)	(11)	Business combinations and investments <sup>(i)</sup>	(2 061)	(497)
<b>(2 714)</b>	<b>(498)</b>	<b>Net cash outflow from investing activities</b>	<b>(4 814)</b>	<b>(1 685)</b>
<b>Cash flows from financing activities</b>				
(14)	7	Net interest (paid)/received <sup>(ii)</sup>	(19)	3
(2)	(4)	Dividends paid	(348)	(264)
(7)	(12)	Dividends paid to minority	(35)	(37)
136	115	Net proceeds from issue of new borrowings	300	444
(34)	(63)	Repayment of borrowings	(371)	(290)
12	17	Issue of shares	27	51
–	(108)	Purchase of own shares	(197)	(555)
<b>91</b>	<b>(48)</b>	<b>Net cash inflow/(outflow) from financing activities</b>	<b>(643)</b>	<b>(648)</b>
<b>(1 356)</b>	<b>168</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1 066)</b>	<b>408</b>
<b>2 198</b>	<b>1 704</b>	Cash and cash equivalents at beginning of period	<b>1 881</b>	<b>1 463</b>
<b>191</b>	<b>9</b>	Effect of foreign exchange rate changes	<b>218</b>	<b>10</b>
<b>1 033</b>	<b>1 881</b>	<b>Cash and cash equivalents at end of period<sup>(iii)</sup></b>	<b>1 033</b>	<b>1 881</b>

i) In 2008 includes the acquisition of QGC net of cash acquired.

ii) Includes capitalised interest for the fourth quarter of £5 million (2007 £9 million), and for the full year of £22 million (2007 £37 million).

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

## Notes

### 1. Basis of preparation

These primary statements are the unaudited preliminary consolidated financial statements ('the financial statements') of BG Group plc for the quarter ended and the full year ended 31 December 2008. The financial statements do 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 which have been prepared in accordance with IFRSs as adopted by the EU, 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, were audited by BG Group's statutory auditors PricewaterhouseCoopers LLP and on which the Auditors' Report was unqualified and did not contain statements under 237(2) or 237(3) of the UK Companies Act 1985. These financial statements have been prepared in accordance with the accounting policies set out in the 2007 Annual Report and Accounts, except as disclosed below.

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.

### Presentation of results

The presentation of BG Group's results 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 financial statements, page 17, 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 9). 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.

### New accounting standards and interpretations

The Group early adopted IFRS 8 'Operating Segments' from 1 January 2008. IFRS 8 sets out the requirements for disclosure about an entity's operating segments and also about an entity's products and services, the geographical areas in which it operates and its major customers. IFRS 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Segment information measured on a 'Business Performance' basis is used for internal reporting purposes. The adoption of IFRS 8 has not had a significant impact on the presentation of the Group's segmental information. The full disclosures required under IFRS 8 will be included in the 2008 Annual Report and Accounts.

IFRIC 12 'Service Concession Arrangements' provides guidance on the accounting by operators for public-to-private service concession arrangements. This interpretation has yet to be adopted by the EU and is now likely to be applied by BG Group for the first time in the accounting period beginning 1 January 2010. This interpretation is not likely to have a material impact on the earnings or net assets of the Group.

## 2. Disposals, re-measurements and impairments

Fourth Quarter			Full Year	
2008	2007		2008	2007
£m	£m		£m	£m
		Revenue and other operating income –		
138	(144)	re-measurements of commodity based contracts	157	(172)
(6)	1	Profits and losses on disposal of non-current assets and impairments	(24)	19
(10)	3	Net finance (costs)/income – re-measurements of financial instruments	(6)	2
(61)	69	Taxation	(70)	115
–	(1)	Minority interest	2	(1)
61	(72)	Impact on earnings	59	(37)

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

Re-measurements included within revenue and other operating income amount to a credit of £138 million for the quarter (2007 £144 million charge), of which £114 million credit (2007 £135 million charge) represents non-cash mark-to-market movements on certain long-term UK gas contracts. For the full year, a credit of £157 million in respect of re-measurements is included within revenue and other operating income (2007 £172 million charge), of which £131 million credit represents non-cash mark-to-market movements on certain long-term UK gas contracts (2007 £140 million charge). 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.

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

During the fourth quarter, BG Group wrote off certain items of plant resulting in a pre- and post-tax charge to the income statement of £6 million.

During the third quarter, BG Group disposed of certain non-core businesses. This resulted in a pre- and post-tax credit to the income statement of £5 million. During the first quarter, BG Group committed to a plan to dispose of these businesses and 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 prior quarters, other plant write-offs and disposals resulted in a pre-tax charge to the income statement of £2 million (post-tax charge £1 million).

### 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 of 2007, 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 of 2007, 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 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.

### 3. Segmental analysis

#### Profit for the period

*Analysed by operating segment*

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
<b>Fourth Quarter</b>						
<b>Group revenue</b>						
Exploration and Production	1 270	1 249	–	–	1 270	1 249
Liquefied Natural Gas	1 290	771	–	–	1 290	771
Transmission and Distribution	361	266	–	–	361	266
Power Generation	166	143	–	–	166	143
Other activities	–	2	–	–	–	2
Less: intra-group sales	(132)	(104)	–	–	(132)	(104)
<b>Group revenue</b>	<b>2 955</b>	<b>2 327</b>	<b>–</b>	<b>–</b>	<b>2 955</b>	<b>2 327</b>
Other operating income <sup>(i)</sup>	34	11	138	(144)	172	(133)
<b>Group revenue and other operating income</b>	<b>2 989</b>	<b>2 338</b>	<b>138</b>	<b>(144)</b>	<b>3 127</b>	<b>2 194</b>
<b>Operating profit/(loss) before share of results from joint ventures and associates</b>						
Exploration and Production	677	763	132	(143)	809	620
Liquefied Natural Gas	411	125	–	–	411	125
Transmission and Distribution	(13)	53	–	–	(13)	53
Power Generation	2	11	–	–	2	11
Other activities	(9)	(12)	–	–	(9)	(12)
	<b>1 068</b>	<b>940</b>	<b>132</b>	<b>(143)</b>	<b>1 200</b>	<b>797</b>
<b>Pre-tax share of operating results of joint ventures and associates</b>						
Liquefied Natural Gas	45	38	–	–	45	38
Transmission and Distribution	7	7	–	–	7	7
Power Generation	19	21	–	–	19	21
	<b>71</b>	<b>66</b>	<b>–</b>	<b>–</b>	<b>71</b>	<b>66</b>
<b>Total operating profit/(loss)</b>						
Exploration and Production	677	763	132	(143)	809	620
Liquefied Natural Gas	456	163	–	–	456	163
Transmission and Distribution	(6)	60	–	–	(6)	60
Power Generation	21	32	–	–	21	32
Other activities	(9)	(12)	–	–	(9)	(12)
	<b>1 139</b>	<b>1 006</b>	<b>132</b>	<b>(143)</b>	<b>1 271</b>	<b>863</b>
<b>Net finance income/(costs)</b>						
Finance income	77	44	30	(4)	107	40
Finance costs	(37)	(36)	(40)	7	(77)	(29)
Share of joint ventures and associates	(19)	(12)	–	–	(19)	(12)
	<b>21</b>	<b>(4)</b>	<b>(10)</b>	<b>3</b>	<b>11</b>	<b>(1)</b>
<b>Taxation</b>						
Taxation	(460)	(419)	(61)	69	(521)	(350)
Share of joint ventures and associates	(12)	(12)	–	–	(12)	(12)
	<b>(472)</b>	<b>(431)</b>	<b>(61)</b>	<b>69</b>	<b>(533)</b>	<b>(362)</b>
<b>Profit/(loss) for the period</b>	<b>688</b>	<b>571</b>	<b>61</b>	<b>(71)</b>	<b>749</b>	<b>500</b>

i) Business Performance Other operating income is attributable to segments as follows: E&P £19 million (2007 £(8)million), LNG £15 million (2007 £17 million) and Power £nil (2007 £2 million).

## 3. Segmental analysis (continued)

Full Year	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
<b>Group revenue</b>						
Exploration and Production	5 691	4 063	–	–	5 691	4 063
Liquefied Natural Gas	5 386	3 038	–	–	5 386	3 038
Transmission and Distribution	1 383	978	–	–	1 383	978
Power Generation	617	521	–	–	617	521
Other activities	4	7	–	–	4	7
Less: intra-group sales	(515)	(316)	–	–	(515)	(316)
<b>Group revenue</b>	<b>12 566</b>	<b>8 291</b>	<b>–</b>	<b>–</b>	<b>12 566</b>	<b>8 291</b>
Other operating income <sup>(i)</sup>	36	39	157	(172)	193	(133)
<b>Group revenue and other operating income</b>	<b>12 602</b>	<b>8 330</b>	<b>157</b>	<b>(172)</b>	<b>12 759</b>	<b>8 158</b>
<b>Operating profit/(loss) before share of results from joint ventures and associates</b>						
Exploration and Production	3 512	2 387	151	(154)	3 663	2 233
Liquefied Natural Gas	1 445	394	–	–	1 445	394
Transmission and Distribution	132	213	(2)	1	130	214
Power Generation	37	44	–	–	37	44
Other activities	(20)	(37)	(16)	–	(36)	(37)
	<b>5 106</b>	<b>3 001</b>	<b>133</b>	<b>(153)</b>	<b>5 239</b>	<b>2 848</b>
<b>Pre-tax share of operating results of joint ventures and associates</b>						
Liquefied Natural Gas	140	127	–	–	140	127
Transmission and Distribution	28	34	–	–	28	34
Power Generation	81	86	–	–	81	86
	<b>249</b>	<b>247</b>	<b>–</b>	<b>–</b>	<b>249</b>	<b>247</b>
<b>Total operating profit/(loss)</b>						
Exploration and Production	3 512	2 387	151	(154)	3 663	2 233
Liquefied Natural Gas	1 585	521	–	–	1 585	521
Transmission and Distribution	160	247	(2)	1	158	248
Power Generation	118	130	–	–	118	130
Other activities	(20)	(37)	(16)	–	(36)	(37)
	<b>5 355</b>	<b>3 248</b>	<b>133</b>	<b>(153)</b>	<b>5 488</b>	<b>3 095</b>
<b>Net finance income/(costs)</b>						
Finance income	227	146	49	6	276	152
Finance costs	(150)	(120)	(55)	(4)	(205)	(124)
Share of joint ventures and associates	(52)	(53)	–	–	(52)	(53)
	<b>25</b>	<b>(27)</b>	<b>(6)</b>	<b>2</b>	<b>19</b>	<b>(25)</b>
<b>Taxation</b>						
Taxation	(2 248)	(1 354)	(70)	115	(2 318)	(1 239)
Share of joint ventures and associates	(39)	(31)	–	–	(39)	(31)
	<b>(2 287)</b>	<b>(1 385)</b>	<b>(70)</b>	<b>115</b>	<b>(2 357)</b>	<b>(1 270)</b>
<b>Profit/(loss) for the year</b>	<b>3 093</b>	<b>1 836</b>	<b>57</b>	<b>(36)</b>	<b>3 150</b>	<b>1 800</b>

i) Business Performance Other operating income is attributable to segments as follows: E&P £(9) million (2007 £(24) million), LNG £40 million (2007 £61 million) and Power £5 million (2007 £2 million).

### 3. Segmental analysis (continued)

Total Result	Operating profit before share of results from joint ventures and associates <sup>(i)</sup>		Share of results in joint ventures and associates <sup>(i)</sup>		Total Result	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
<b>Fourth Quarter</b>						
Exploration and Production	809	620	–	–	809	620
Liquefied Natural Gas	411	125	28	24	439	149
Transmission and Distribution	(13)	53	5	4	(8)	57
Power Generation	2	11	7	14	9	25
Other activities	(9)	(12)	–	–	(9)	(12)
	<b>1 200</b>	<b>797</b>	<b>40</b>	<b>42</b>	<b>1 240</b>	<b>839</b>
Net finance income					<b>30</b>	11
Profit before tax					<b>1 270</b>	850
Taxation					<b>(521)</b>	(350)
Profit for the period					<b>749</b>	500

Total Result	Operating profit before share of results from joint ventures and associates <sup>(i)</sup>		Share of results in joint ventures and associates <sup>(i)</sup>		Total Result	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
<b>Full Year</b>						
Exploration and Production	3 663	2 233	–	–	3 663	2 233
Liquefied Natural Gas	1 445	394	94	78	1 539	472
Transmission and Distribution	130	214	20	28	150	242
Power Generation	37	44	44	57	81	101
Other activities	(36)	(37)	–	–	(36)	(37)
	<b>5 239</b>	<b>2 848</b>	<b>158</b>	<b>163</b>	<b>5 397</b>	<b>3 011</b>
Net finance income					<b>71</b>	28
Profit before tax					<b>5 468</b>	3 039
Taxation					<b>(2 318)</b>	(1 239)
Profit for the period					<b>3 150</b>	1 800

i) Including disposals, re-measurements and impairments.

#### 4. Net finance income

Fourth Quarter			Full Year	
2008	2007		2008	2007
£m	£m		£m	£m
(18)	(22)	Interest payable	(84)	(77)
(16)	(16)	Interest on obligations under finance leases	(57)	(56)
5	9	Interest capitalised	22	37
(8)	(7)	Unwinding of discount on provisions <sup>(i)</sup>	(31)	(24)
(40)	7	Disposals, re-measurements and impairments (Note 2)	(55)	(4)
(77)	(29)	Finance costs	(205)	(124)
77	44	Interest receivable	227	146
30	(4)	Disposals, re-measurements and impairments (Note 2)	49	6
107	40	Finance income	276	152
30	11	Net finance income <sup>(ii)</sup>	71	28

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 £19 million (2007 £12 million), and for the full year of £52 million (2007 £53 million).

#### 5. Taxation

The taxation charge for the fourth quarter before disposals, re-measurements and impairments was £460 million (2007 £419 million) and the taxation charge including disposals, re-measurements and impairments was £521 million (2007 £350 million).

For the full year, the taxation charge before disposals, re-measurements and impairments was £2 248 million (2007 £1 354 million) and the taxation charge including disposals, re-measurements and impairments was £2 318 million (2007 £1 239 million), including £1 110 million (2007 £758 million) in respect of overseas tax.

The Group share of taxation from joint ventures and associates for the fourth quarter was £12 million (2007 £12 million) and for the full year was £39 million (2007 £31 million).

#### 6. Earnings per ordinary share

Fourth Quarter					Full Year			
2008		2007			2008		2007	
£m	Pence per share	£m	Pence per share		£m	Pence per share	£m	Pence per share
756	22.5	486	14.4	Earnings	3 127	93.4	1 746	51.6
(61)	(1.8)	72	2.2	Disposals, re-measurements and impairments (after tax and minority interest)	(59)	(1.8)	37	1.1
695	20.7	558	16.6	Earnings – excluding disposals, re-measurements and impairments	3 068	91.6	1 783	52.7

Basic earnings per share calculations in 2008 are based on the weighted average number of shares in issue of 3 355 million for the quarter and 3 349 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 3 379 million for the quarter and 3 382 million for the full year, being the weighted average number of ordinary shares in issue during the period as adjusted for dilutive equity instruments.

**7. Reconciliation of net borrowings/funds<sup>(i)</sup> – Full Year**

	£m
Net funds as at 31 December 2007	<b>25</b>
Net decrease in cash and cash equivalents	<b>(1 066)</b>
Net repayment of borrowings	<b>71</b>
Effect of acquisitions	<b>(1)</b>
Foreign exchange and other re-measurements	<b>(1)</b>
Net borrowings as at 31 December 2008 <sup>(i) (ii)</sup>	<b>(972)</b>

Net borrowings attributable to Comgás were £443 million (31 December 2007 £318 million).

As at 31 December 2008, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately £1.4 billion, including BG Group shareholder loans of approximately £0.9 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 28.

ii) Net borrowings/funds comprise:

	As at 31 Dec 2008 £m	As at 31 Dec 2007 £m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	<b>1 033</b>	1 881
Overdrafts, loans and finance leases	<b>(281)</b>	(275)
Derivative financial instruments <sup>(iii)</sup>	<b>(49)</b>	60
	<b>703</b>	1 666
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases	<b>(1 897)</b>	(1 668)
Derivative financial instruments <sup>(iii)</sup>	<b>222</b>	27
	<b>(1 675)</b>	(1 641)
<b>Net (borrowings)/funds</b>	<b>(972)</b>	<b>25</b>

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

## **7. Reconciliation of net borrowings/funds – Full Year (continued)**

### **Liquidity and Capital Resources**

#### **All the information below is as at 31 December 2008**

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 Comgás and Gujarat Gas which conduct their borrowing activities on a stand-alone basis.

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

BGEH had aggregate committed multicurrency revolving borrowing facilities of US\$1.325 billion which expire in 2009 and US\$1.040 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 US\$40 million, all of which were unutilised.

Comgás had committed borrowing facilities of Brazilian Reals (BRL) 1 555.1 million, of which BRL 267.9 million was unutilised, and uncommitted borrowing facilities of BRL 325 million, of which BRL 18.5 million were unutilised.

## 8. Capital investment: geographical analysis

Fourth Quarter			Full Year	
2008 £m	2007 £m		2008 £m	2007 £m
<b>290</b>	215	Europe and Central Asia	<b>897</b>	753
<b>2 413</b>	172	Americas and Global LNG	<b>3 243</b>	988
<b>414</b>	241	Africa, Middle East and Asia	<b>1 304</b>	756
<b>3 117</b>	628		<b>5 444</b>	2 497

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

	2008 £m	2007 £m	2008 pence	2007 pence
First quarter				
including disposals, re-measurements and impairments	<b>767</b>	432	<b>22.9</b>	12.7
excluding disposals, re-measurements and impairments	<b>789</b>	448	<b>23.6</b>	13.1
Second quarter				
including disposals, re-measurements and impairments	<b>747</b>	471	<b>22.3</b>	13.9
excluding disposals, re-measurements and impairments	<b>807</b>	409	<b>24.1</b>	12.0
Third quarter				
including disposals, re-measurements and impairments	<b>857</b>	357	<b>25.6</b>	10.6
excluding disposals, re-measurements and impairments	<b>777</b>	368	<b>23.2</b>	10.9
Fourth quarter				
including disposals, re-measurements and impairments	<b>756</b>	486	<b>22.5</b>	14.4
excluding disposals, re-measurements and impairments	<b>695</b>	558	<b>20.7</b>	16.6
Full year				
including disposals, re-measurements and impairments	<b>3 127</b>	1 746	<b>93.4</b>	51.6
excluding disposals, re-measurements and impairments	<b>3 068</b>	1 783	<b>91.6</b>	52.7

## 10. Dividends

	2008		Full Year	
	Pence per share	£m	Pence per share	£m
Dividend – declared and paid	<b>10.44</b>	<b>349</b>	7.80	264
Dividend – final proposed	<b>6.55</b>	<b>220</b>	5.76	194

**Supplementary information: Operating and financial data**

Fourth Quarter		Third Quarter		Full Year	
2008	2007	2008		2008	2007
<b>Production volumes (mmboe)</b>					
<b>8.0</b>	7.7	7.5	– oil	<b>30.6</b>	28.2
<b>8.7</b>	9.0	8.1	– liquids	<b>35.3</b>	35.7
<b>40.6</b>	43.0	38.4	– gas	<b>160.8</b>	156.4
<b>57.3</b>	59.7	54.0	– total	<b>226.7</b>	220.3
<b>Production volumes (boed in thousands)</b>					
<b>87</b>	84	82	– oil	<b>84</b>	77
<b>95</b>	98	88	– liquids	<b>96</b>	98
<b>441</b>	467	417	– gas	<b>439</b>	429
<b>623</b>	649	587	– total	<b>619</b>	604
<b>£33.05</b>	£43.31	£59.81	Average realised oil price per barrel	<b>£50.40</b>	£36.64
<b>(\$55.18)</b>	(\$88.59)	(\$115.26)		<b>(\$95.43)</b>	(\$73.39)
<b>£17.83</b>	£35.92	£47.43	Average realised liquids price per barrel	<b>£38.96</b>	£29.49
<b>(\$29.76)</b>	(\$73.48)	(\$91.41)		<b>(\$73.76)</b>	(\$59.07)
<b>60.79p</b>	38.36p	35.63p	Average realised UK gas price per produced therm	<b>42.69p</b>	33.32p
<b>25.10p</b>	16.00p	23.83p	Average realised International gas price per produced therm	<b>22.23p</b>	15.53p
<b>32.52p</b>	21.40p	25.62p	Average realised gas price per produced therm	<b>26.28p</b>	19.36p
<b>£2.21</b>	£1.58	£2.13	Lifting costs per boe	<b>£1.94</b>	£1.64
<b>(\$3.69)</b>	(\$3.22)	(\$4.10)		<b>(\$3.67)</b>	(\$3.29)
<b>£3.93</b>	£2.50	£3.59	Operating expenditure per boe	<b>£3.38</b>	£2.61
<b>(\$6.55)</b>	(\$5.10)	(\$6.91)		<b>(\$6.40)</b>	(\$5.22)
<b>537</b>	340	447	Development expenditure (excluding acquisitions) (£m)	<b>1 701</b>	1 242
<b>Gross exploration expenditure (£m)</b>					
<b>257</b>	116	134	– capitalised expenditure (excluding acquisitions)	<b>717</b>	304
<b>50</b>	65	61	– other expenditure	<b>206</b>	232
<b>307</b>	181	195	– gross expenditure	<b>923</b>	536
<b>Exploration expenditure charge (£m)</b>					
<b>95</b>	41	54	– exploration expenditure written off	<b>245</b>	104
<b>50</b>	65	61	– other expenditure	<b>206</b>	232
<b>145</b>	106	115	– exploration charge	<b>451</b>	336
<b>LNG cargoes</b>					
<b>12</b>	11	20	– delivered to US	<b>55</b>	153
<b>37</b>	37	37	– delivered to global markets	<b>172</b>	78
<b>49</b>	48	57	– total	<b>227</b>	231
<b>125.4</b>	144.8	185.5	LNG managed volumes (Tbtu)	<b>674.7</b>	670.8

### 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 US\$1.00 rise (or fall) in the Brent price would increase (or decrease) operating profit in our E&P business in 2009 by approximately £55 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 2009, other factors being constant, a 10 cent strengthening (or weakening) in the US Dollar would increase (or decrease) operating profit by approximately £250 million to £300 million.

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

	As at 31 Dec 2008 mmboe	As at 31 Dec 2007 mmboe
Proved	2 459	2 039
Probable	3 383	1 529
Unbooked resources	3 722	3 122
Risked exploration	3 562	3 356
Total reserve/resource base	13 126	10 046

Total additions and revisions to proved reserves during the year were 646 mmboe. This includes revisions due to new data and improved reservoir performance (150 mmboe increase), sanctions (79 mmboe increase), acquisitions and disposals (144 mmboe increase) and the net effect of price movements (273 mmboe increase).

#### 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
SEC data <sup>(i)</sup>	141%	285%

#### 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
SEC data <sup>(i)</sup>	121%	221%

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

The three/one year average unit finding and 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
SEC data <sup>(i)</sup>	\$18.0/boe	\$17.4/boe
SEC data <sup>(i)</sup> – excluding acquisitions	\$13.2/boe	\$9.7/boe

i) 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
boe	barrels of oil equivalent
boed	barrels of oil equivalent per day
bopd	barrels of oil per day
CAGR	compound annual growth rate
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
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
PJ	petajoules
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
tcf	trillion cubic feet
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

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

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High resolution images are available at [www.vismedia.co.uk](http://www.vismedia.co.uk)

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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## Financial Calendar

Ex-dividend for 2008 final dividend	8 April 2009
Record date for 2008 final dividend	14 April 2009
Announcement of 2009 first quarter results	30 April 2009
Payment of 2008 final dividend:	
Shareholders	22 May 2009
American depositary receipt holders	1 June 2009

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

## Registered office

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