

Second Quarter Highlights

- Exploration & Production volumes increased 7% year-on-year
- Gas introduced to Hasdrubal facilities in Tunisia and commissioning underway
- Egypt's WDDM Phase V brought onstream
- Dragon LNG (Wales) and GNL Quintero (Chile) regasification terminals received first LNG
- Excellent flow rates from Tupi Extended Well Test, Santos Basin, Brazil
- Iara and Guar: planned capacity up 20%; targeting sanction end 2009
- Success at Iracema – step-out appraisal well 33 kilometres from Tupi
- Agreement with CNOOC for 20 year sale of 3.6 mtpa from QCLNG
- Alliance with EXCO Resources to develop shale gas in Louisiana and Texas
- Interim dividend up 20% year-on-year

BG Group Chief Executive Frank Chapman said:

“These results demonstrate a resilient performance and rapid progress with the development of our business. In Brazil, we continue to make excellent progress across our pre-salt developments. Our agreement with CNOOC adds further impetus to our plans to establish two LNG trains in the first phase of development of QCLNG in Queensland. Our alliance with EXCO Resources in the US gives us substantial competitively priced resources in the heart of the world's largest gas market.”

Second Quarter			Business Performance ⁽ⁱ⁾⁽ⁱⁱ⁾	Half Year		
2009 £m	2008 £m			2009 £m	2008 £m	
972	1 431	-32%	Total operating profit including share of pre-tax operating results from joint ventures and associates	2 247	2 833	-21%
507	807	-37%	Earnings for the period	1 197	1 596	-25%
15.1p	24.1p	-37%	Earnings per share	35.6p	47.7p	-25%
Total results for the period (including disposals, re-measurements and impairments)⁽ⁱⁱ⁾						
899	1 262	-29%	Operating profit before share of results from joint ventures and associates	2 117	2 579	-18%
985	1 328	-26%	Total operating profit including share of pre-tax operating results from joint ventures and associates	2 293	2 698	-15%
513	747	-31%	Earnings for the period	1 219	1 514	-19%
15.3p	22.3p	-31%	Earnings per share	36.3p	45.3p	-20%
5.62p	4.68p	+20%	Interim dividend per share	5.62p	4.68p	+20%

i) 'Business Performance' excludes disposals, certain re-measurements and impairments as exclusion of these items provides a clear and consistent presentation of the underlying operating performance of the Group's ongoing business. For further explanation of Business Performance and the presentation of results from joint ventures and associates, see Presentation of Non-GAAP measures, page 11, note 1, page 19 and note 3, page 21. 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.

Business Review

Group

Second Quarter			Business Performance	Half Year		
2009 £m	2008 £m			2009 £m	2008 £m	
2 317	3 216	-28%	Revenue and other operating income	5 412	6 322	-14%
Total operating profit including share of pre-tax results from joint ventures and associates						
490	976	-50%	Exploration and Production	1 073	1 918	-44%
311	367	-15%	Liquefied Natural Gas	889	762	+17%
127	55	+131%	Transmission and Distribution	207	86	+141%
49	40	+23%	Power Generation	74	78	-5%
(5)	(7)	-29%	Other activities	4	(11)	–
972	1 431	-32%		2 247	2 833	-21%
(41)	4	–	Net finance (costs)/income	(88)	(7)	+1 157%
(395)	(617)	-36%	Taxation for the period	(917)	(1 215)	-25%
507	807	-37%	Earnings for the period	1 197	1 596	-25%
15.1p	24.1p	-37%	Earnings per share	35.6p	47.7p	-25%
1 182	950	+24%	Capital investment	2 493	1 597	+56%

Second quarter

Revenue and other operating income fell by 28% to £2 317 million and total operating profit fell by 32% to £972 million as oil prices dropped by 52% and Henry Hub prices by 66%. The benefit of increased E&P production volumes and a stronger US Dollar partially offset the impact of these sharply lower commodity market prices.

Cash generated by operations was £988 million. Net finance costs for the quarter were £41 million and as at 30 June 2009, net debt was £2.1 billion, resulting in a gearing ratio of 14%.

Capital investment (including acquisitions) was £1 182 million and comprised investment in E&P (£908 million), LNG (£231 million), T&D (£36 million) and Power (£7 million).

Half year

Total operating profit of £2 247 million was 21% lower due to the halving of commodity prices and a higher exploration charge, partially offset by a strong performance from the LNG segment, the recovery of past gas costs at Comgás, in Brazil, and the effect of a stronger US Dollar.

Net finance costs were £88 million (2008 £7 million) reflecting the effects of increased capital investment and lower interest received on cash balances.

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

Cash generated by operations was £2 380 million.

Capital investment (including acquisitions) in the half year was £2 493 million and comprised investment in E&P (£2 083 million), LNG (£335 million), T&D (£65 million) and Power (£10 million). Capital expenditure for the year, including acquisitions, is expected to be around £5.4 billion.

The Board has declared an interim dividend of 5.62 pence per share, payable on 11 September to shareholders on the register at 7 August.

Exploration and Production (E&P)

Second Quarter			Business Performance	Half Year		
2009 £m	2008 £m			2009 £m	2008 £m	
58.5	54.7	+7%	Production volumes (mmboe)	116.4	115.4	+1%
1 158	1 476	-22%	Revenue and other operating income	2 437	2 931	-17%
620	1 070	-42%	Total operating profit before exploration charge	1 380	2 109	-35%
(130)	(94)	+38%	Exploration charge	(307)	(191)	+61%
490	976	-50%	Total operating profit	1 073	1 918	-44%
908	828	+10%	Capital investment	2 083	1 410	+48%

Additional operating and financial data is given on page 28.

Second quarter

E&P total operating profit was £490 million as an increase in production volumes and the positive effect of a stronger US Dollar partially offset the sharp fall in oil prices (down 52%) and Henry Hub prices (down 66%).

These falling prices reflect the global economic downturn, which has this quarter been evident in weaker gas demand in a number of BG Group's markets.

However, in the second quarter, BG Group's new production combined with actions to mitigate demand weakness contributed to production rising by 7% year-on-year. Production is expected to continue to rise through the year and BG Group anticipates a fourth quarter average production rate in excess of 700 000 boed. Attainment of BG Group's 2009 production target of 680 000 boed is therefore expected to be achieved over the 12 months to 31 March 2010, one quarter later than originally planned.

Annualised growth in production in 2009 is expected to be between 6-7%; BG Group's long-term production growth target remains 6-8% per annum as set out in BG Group's 2009 Strategy Presentation.

The average realised gas price per produced therm in the UK rose by 3.4 pence to 36.2 pence. International gas realisations were 19% lower at 16.5 pence per produced therm mainly due to the effect of sharply lower Henry Hub and oil prices.

Unit operating expenditure fell by 16% to \$5.42 per barrel of oil equivalent.

The exploration charge of £130 million included a £52 million non-recurring charge relating to the write-off of certain exploration properties.

Capital investment in the quarter of £908 million comprised investment in Africa, Middle East and Asia (£546 million), Americas (£153 million), Europe and Central Asia (£152 million) and Australia (£57 million).

Half year

E&P total operating profit of £1 073 million was 44% lower due to reduced commodity market prices and a higher exploration charge, partially offset by higher production volumes and favourable US\$/UK£ exchange rates.

Unit operating expenditure fell by 9% to \$5.44 per barrel of oil equivalent.

Average UK gas price realisations rose by 39% to 50.3 pence per produced therm. International gas price realisations were in line with 2008.

The exploration charge of £307 million was £116 million higher than 2008, principally due to increased exploration activity and the impact of the US\$/UK£ exchange rate.

Capital investment in the half year of £2 083 million comprised investment in Africa, Middle East and Asia (£905 million), Australia (£568 million), Americas (£318 million) and Europe and Central Asia (£292 million).

Second quarter business highlights

In Brazil, substantial progress has been made in the second quarter. On Tupi, the FPSO for the first, 100 000 boed development phase is 33% complete and orders have been placed for subsea Christmas Trees, flexible flowlines and gas export line pipe. Sufficient drilling capacity has been secured with three ultra-deep water drilling rigs under charter. The first phase of development is on schedule to commence production at the end of 2010.

The capacity of the FPSOs for Iara and Guar has been increased by 20% from 100 000 boed to 120 000 boed and tendering for their supply is underway. Good progress is being made towards the sanction of these two material projects by the end of 2009.

The Extended Well Test on Tupi has proceeded very favourably with excellent flow rates, constrained by facilities to an average of c.14 000 boed; with peak production of 14 800 boed. The test on Tupi has been temporarily suspended to allow the precautionary changing out of the Christmas Tree, following a materials alert related to the retaining bolts. There are no technology implications for the Tupi development.

A well on BM-S-11 at Iracema, 33 kilometres north west of the original Tupi well, was successful in penetrating a light oil bearing reservoir section. A new well on north east Tupi is currently drilling.

Exploration wells are currently being drilled on BM-S-9 (Abare West) and BM-S-52 (Corcovado-2), both of which are expected to reach target depth in the third quarter. The spudding of BM-S-50 exploration prospect Sagittario is also planned for later in the year.

In May, BG Group completed the acquisition of Pure Energy Resources Limited in Queensland, Australia.

In June, BG Group announced an alliance with EXCO Resources, Inc. (EXCO) in the USA to acquire, for a total consideration of US\$1 055 million, a 50% interest in 120 000 net acres in east Texas and north Louisiana, of which 84 000 net acres cover prime Haynesville shale gas licences. The acquisition adds 2.6 tcf to BG Group's resources, at a cost of approximately US\$0.40/mcf, with current net production of 78 mmscfd, anticipated to increase to some 250 mmscfd in 2012, net to BG Group. The upstream acquisition is conditional on the acquisition by BG Group of a 50% interest in EXCO's related and complementary gas-gathering and transportation assets for US\$249m; completion is expected in the third quarter. This alliance brings material new resources and supply to the Group's existing US gas marketing business at a competitive price and in a prime market location.

In July, BG Group announced that it would exercise its pre-emption rights and increase its interest in Block 5c in Trinidad and Tobago to 75% for US\$142.5 million (£87 million). Subject to approvals, the transaction is expected to complete in September.

In Egypt, BG Group announced the start up in May of Phase V, a compression project in the West Delta Deep Marine Concession (WDDM) (BG Group 50% and operator).

In July, gas was introduced into the offshore Hasdrubal facilities in Tunisia (BG Group 50% and operator) and commercial production is expected to follow in August. Net production in Tunisia is expected to increase from 32 000 boed to 56 000 boed as wells are progressively brought onstream. BG Group anticipates becoming the largest producer of gas, LPG and liquids in Tunisia and meeting over 50% of domestic gas demand.

Liquefied Natural Gas (LNG)

Second Quarter			Business Performance	Half Year		
2009 £m	2008 £m			2009 £m	2008 £m	
754	1 395	-46%	Revenue and other operating income	2 180	2 731	-20%
			Total operating profit			
275	345	-20%	Shipping and marketing	818	728	+12%
54	37	+46%	Liquefaction	115	63	+83%
(18)	(15)	+20%	Business development and other	(44)	(29)	+52%
311	367	-15%		889	762	+17%
231	72	+221%	Capital investment	335	105	+219%

Additional operating and financial data is given on page 28.

Second quarter

LNG total operating profit for the quarter was £311 million.

Shipping and marketing operating profit of £275 million was 20% lower, reflecting the contract sales mix during the quarter, partially offset by the effects of the stronger US Dollar.

BG Group's share of operating profit from liquefaction activities increased 46% to £54 million primarily due to higher operating profits at Egyptian LNG and the impact of the stronger US\$/UK£ exchange rate.

Half year

LNG total operating profit increased by £127 million to £889 million. Shipping and marketing profits increased by 12% to £818 million.

BG Group's share of operating profit from liquefaction activities increased to £115 million.

Capital investment of £335 million in the half year included £180 million relating to LNG vessels, £60 million relating to infrastructure enhancement at Lake Charles in the USA, £34 million in Chile, £33 million in Australia and £20 million in the UK.

Second quarter business highlights

In May, BG Group signed a LNG Project Development Agreement with China National Offshore Oil Corporation and its affiliates (CNOOC), focused on BG Group's Queensland Curtis LNG (QCLNG) project in Australia. The agreement sets out the basis on which: CNOOC will purchase 3.6 mtpa of LNG for 20 years from the start-up of QCLNG; CNOOC will purchase a 5% interest in the reserves and resources of certain Walloons Fairway tenements in the Surat Basin; CNOOC will become a 10% equity investor in one of the two trains in the first phase of QCLNG; and BG Group and CNOOC will jointly participate in a consortium to construct and own two LNG ships in China. BG Group and CNOOC intend to execute fully-termed agreements prior to BG Group sanctioning the QCLNG project, expected in 2010. The transactions will be conditional on applicable government and regulatory approvals. Upon execution of a fully-termed agreement with CNOOC, BG Group's arrangements for the supply of LNG to Chile, Singapore and China will account for up to 8.3 mtpa, firmly underpinning development of the two-train first phase of the QCLNG project.

The GNL Quintero (GNLQ) regasification terminal in Chile received its first LNG in July, only two years after construction commenced. This is part of a phased build-up of operation with initial capacity of 1.5 mtpa being expanded to 2.5 mtpa in second quarter 2010. BG Group, a 40% shareholder in GNLQ, has a contract to supply 1.7 mtpa of LNG to the terminal for 21 years.

In July, the Dragon LNG regasification terminal in Milford Haven, Wales received its first commissioning cargo. The terminal is expected to be ready for commercial operation in third quarter 2009. BG Group is a 50% shareholder in Dragon LNG and has rights to 50% of the capacity (2.2 mtpa) for 20 years. This gives BG Group owned access for LNG to the UK market, diversifying both its and the UK market's energy supply sources.

In June, an Aggregator Agreement was executed between BG Group and Singapore's Energy Market Authority (EMA). The Agreement is for a term of up to 20 years and it provides for BG Group to supply up to 3.0 mtpa of LNG. It will replace the Memorandum of Agreement that was executed in April 2008 between BG Group and the EMA.

Transmission and Distribution (T&D)

Second Quarter			Business Performance			Half Year		
2009 £m	2008 £m					2009 £m	2008 £m	
			Revenue and other operating income					
306	282	+9%	Comgás			588	525	+12%
50	45	+11%	Other			96	91	+5%
356	327	+9%				684	616	+11%
			Total operating profit					
114	41	+178%	Comgás			184	61	+202%
13	14	-7%	Other			23	25	-8%
127	55	+131%				207	86	+141%
36	33	+9%	Capital investment			65	61	+7%

Second quarter

T&D total operating profit for the quarter increased by £72 million to £127 million.

At Comgás, in Brazil, total operating profit increased by £73 million to £114 million reflecting the continuing recovery of past gas costs which more than offset lower demand in the industrial and power segments.

At the end of the quarter, the cost of gas to be recovered in future periods was £83 million and this is expected to be recovered over the next two years.

Half year

T&D total operating profit increased by £121 million to £207 million. At Comgás, operating profit of £184 million was £123 million higher principally due to the recovery of gas costs incurred in earlier periods.

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

Power Generation

Second Quarter			Business Performance			Half Year		
2009 £m	2008 £m					2009 £m	2008 £m	
119	160	-26%	Revenue and other operating income			262	299	-12%
			Total operating profit					
51	44	+16%	Power Generation			78	85	-8%
(2)	(4)	-50%	Business development and other			(4)	(7)	-43%
49	40	+23%				74	78	-5%
7	16	-56%	Capital investment			10	20	-50%

Second quarter and half year

The increase in operating profit in the second quarter principally reflects higher profits in the USA.

Lower operating profits for the half year are primarily due to the phasing of profits at BG Italia Power and this timing difference is expected to reverse within the year.

Principal Risks and Uncertainties

BG Group's business, results and financial condition could be affected by a broad range of risks and uncertainties. The principal risks and uncertainties for the remaining six months of the financial year are unchanged from those stated on pages 17 to 19 of the BG Group 2008 Annual Report and Accounts (ARA), a summary description of which is provided below. This summary description is not intended, and should not be used, as a substitute for reading the appropriate pages of the ARA. This section forms part of the interim management review for the purposes of the Disclosure and Transparency Rules made by the UK Financial Services Authority.

Commodity prices

BG Group's results are sensitive to natural gas and crude oil prices which are dependent on a number of factors which impact world supply and demand. The Group's exposure to commodity prices also varies according to a number of other factors, including the mix of production and sales.

Fluctuations in exchange rates

BG Group's cash flow, income statement and balance sheet are reported in pounds Sterling and may be affected by fluctuations in exchange rates.

Credit

BG Group's exposure to credit risk takes the form of a loss that would be recognised if counterparties failed to, or were unable to, meet their payment obligations. The Group is also exposed to political and economic risk events, which may cause non-payment of foreign currency obligations to BG Group. The current credit crisis could also lead to the failure of companies in the sector, potentially including partners, contractors and suppliers.

Interest rate and liquidity risk

The Group's financing costs may be significantly affected by interest rate volatility. The Group is also exposed to liquidity risks, including risks associated with refinancing borrowings as they mature, the risk that borrowing facilities are not available to meet cash requirements and the risk that financial assets can not readily be converted to cash without loss of value.

Reserves development and project delivery

Delivery of growth from the Group's portfolio will depend to a significant extent upon developing reserves and completion of various development and expansion projects. A number of risks are associated with these activities including inaccurate interpretation of data; unexpected drilling conditions; inadequate human or technical resource; subsurface risks; engineering, technical and mechanical risks; stakeholder risk, including misalignment of objectives; commercial risk; legal and regulatory risks, including the risk of compliance failures; political risks; failure to assess accurately the project schedule and cost; failure to select the most suitable development concept; cost and time overruns; health, safety, security and environmental (HSSE) risks; equipment shortages; unscheduled outages; and gas pipeline system constraints.

Industry costs

Inflation in raw materials and in the costs of goods and services from industry suppliers and manufacturers presents risks to project economics.

Operational performance

BG Group's production volumes (and therefore revenues) are dependent on the continued performance of its production assets which are subject to a number of operational risks including those relating to equipment or limited plant availability due to plant maintenance or shutdowns; asset integrity and HSSE incidents; adverse reserves recovery from the field; the performance of joint venture partners; and exposure to natural hazards such as extreme weather events.

Health, Safety, Security and Environment (HSSE)

Hydrocarbon production and operations in harsh and remote working environments present a number of HSSE risks. These risks could result in injury or loss of life, damage to the environment or loss of certain facilities.

Stakeholder relationships

Successful delivery of BG Group's strategic objectives depends in part on the Group's ability to maintain positive and collaborative stakeholder relationships, and to act with integrity, in the countries in which it does business. Stakeholder issues have the potential to impact directly on project economics or on BG Group's scope to operate in line with its business plan.

Climate change policy

Policies and initiatives at national and international level to address climate change are likely to affect business conditions and demand for various types of energy in the medium to long term. Policy approaches which promote the use of non-hydrocarbon energy sources may have an impact on BG Group's ability to maintain its position in key markets. Additionally, new regulatory regimes intended to establish emission trading schemes could alter hydrocarbon production economics. Access to oil and gas resources may also be affected by developments in policies intended to protect local habitats.

First Quarter Business Highlights

This results announcement also represents BG Group's half-yearly financial report for the purposes of the Disclosure and Transparency Rules (DTR) made by the UK Financial Services Authority. In order to comply with the requirements of the DTR, included in this section (which forms part of the interim management report for the purpose of the DTR) are the first half business highlights which are not included earlier in this results announcement.

Group - first quarter business highlights

On 27 March, BG Group completed the acquisition of Queensland Gas Company Limited (QGC).

During the first quarter, BG Group Australia was established as a new region within BG Group's organisation, and Catherine Tanna was appointed as Executive Vice President and Managing Director, Australia. The region covers all of BG Group's interests in Australia, including the development of QGC's coal seam gas resources, domestic gas marketing and the Queensland Curtis LNG export facility.

In February, BG Group announced an all cash takeover offer for the ordinary share capital of Pure Energy Resources Limited (Pure Energy) and the acquisition completed in May. The final offer at A\$8.25 per share valued Pure Energy's ordinary equity at £464 million. The acquisition of Pure Energy brings additional coal seam gas reserves and resources to BG Group at a low cost, with Pure Energy's Surat Basin acreage located adjacent to key QGC licences in the Surat Basin. In addition, the acquisition brings large tracts of prospective coal seam gas acreage in Queensland's Bowen Basin. In total, BG Group now holds interests in onshore concessions in Australia covering more than 130 000 square kilometres.

Exploration and Production - first quarter business highlights

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 – 1 300 metres.

In Thailand, BG Group agreed to acquire all the shares of Petroleum Resources (Thailand) Pty Limited (PRT). PRT holds a 16.67% participating interest in the Blocks 7, 8 and 9 Concession (B789) and a 16.67% interest in an Overriding Royalty Agreement (ORRA) covering production from Block 9a in the Gulf of Thailand. Following this transaction, BG Group holds a 66.67% interest in B789 (and operatorship) and a 66.67% interest in the ORRA.

In Brazil, first commercial production was achieved from the Tupi field. A second well, Tupi P1, will also be tied back to the FPSO. The extended well test is scheduled to last for 15 months and production is expected to peak at around 15 000 barrels per day.

In April, BG Group and its partners made a new discovery in the pre-salt Santos Basin, offshore Brazil. The exploration well, known as Iguacu, has proven the presence of another accumulation of light oil, in the BM-S-9 concession. This is the third discovery by BG Group and partners in the BM-S-9 concession. Further evaluation of the discovery will continue in line with the National Petroleum Agency approved evaluation plan.

In April, BG Group encountered hydrocarbons in a pre-salt reservoir with the Corcovado-1 exploration well (BM-S-52 concession – Santos Basin). BG Group is the operator of the BM-S-52 concession during the exploration phase and has a 40% interest in the concession, alongside partner Petrobras with a 60% interest.

In Egypt, BG Group was awarded Block 1, North Gamasa Offshore (BG Group 100%) in the latest licensing round of blocks by the Egyptian National Gas Holding Company. The Concession Agreement is scheduled for signature shortly.

Liquefied Natural Gas – first 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.

In February, BG Group successfully launched its first new-generation LNG carrier at the Samsung shipyard in Korea. The ship, to be delivered in 2010, will be the first of four 170 000 m³ LNG carriers for BG Group with dual-fuel diesel electric (DFDE) propulsion. The ships will be the first DFDE ships in the world to integrate an onboard reliquefaction system, allowing natural gas boil-off to be consumed for propulsion or reliquefied and returned to cargo tanks.

Statement of Directors' responsibilities

The Directors' confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7 and 4.2.8.

The Directors of BG Group plc are listed in the 2008 Annual Report and Accounts.

By order of the Board

Frank Chapman
Chief Executive

Ashley Almanza
Chief Financial Officer

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 'Principal risks and uncertainties' included in BG Group plc's Annual Report and Accounts 2008. 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.

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 13 and 14 and note 3, page 21.

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 21.

Exchange rates and prices

BG Group also discloses certain information, as indicated, at constant US\$/UK£ exchange rates and upstream prices. The presentation of results in this manner is intended to provide additional information to explain further the underlying trends in the business.

Net borrowings/funds

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

Independent review report to BG Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
29 July 2009
London

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

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

Consolidated Income Statement
Second Quarter

		2009			2008		
		Business Performance (⁽ⁱ⁾)	Disposals, re-measure- ments and impairments (Note 2) ⁽ⁱⁱ⁾	Total Result £m	Business Performance (⁽ⁱ⁾)	Disposals, re-measure- ments and impairments (Note 2) ⁽ⁱⁱ⁾	Total Result £m
	Notes	£m	£m	£m	£m	£m	£m
Group revenue		2 308	–	2 308	3 223	–	3 223
Other operating income	2	9	13	22	(7)	(103)	(110)
Group revenue and other operating income	3	2 317	13	2 330	3 216	(103)	3 113
Operating costs		(1 431)	–	(1 431)	(1 851)	–	(1 851)
Profits and losses on disposal of non-current assets and impairments	2	–	–	–	–	–	–
Operating profit/(loss)⁽ⁱⁱⁱ⁾	3	886	13	899	1 365	(103)	1 262
Finance income	2, 4	12	(3)	9	52	–	52
Finance costs	2, 4	(41)	1	(40)	(38)	(4)	(42)
Share of post-tax results from joint ventures and associates	3	52	–	52	46	–	46
Profit/(loss) before tax		909	11	920	1 425	(107)	1 318
Taxation	2, 5	(373)	(5)	(378)	(607)	47	(560)
Profit/(loss) for the period		536	6	542	818	(60)	758
Attributable to:							
BG Group shareholders (earnings)		507	6	513	807	(60)	747
Minority interest		29	–	29	11	–	11
		536	6	542	818	(60)	758
Earnings per share – basic	6	15.1p	0.2p	15.3p	24.1p	(1.8p)	22.3p
Earnings per share – diluted	6	15.0p	0.1p	15.1p	23.8p	(1.7p)	22.1p
Total operating profit including share of pre-tax operating results from joint ventures and associates⁽ⁱⁱⁱ⁾	3	972	13	985	1 431	(103)	1 328

i) See Presentation of Non-GAAP measures, page 11, 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.

The notes on pages 19 to 27 form an integral part of these condensed financial statements.

Consolidated Income Statement

Half Year

		2009			2008		
	Notes	Business Performance (i) £m	Disposals, re-measure- ments and impairments (Note 2) ⁽ⁱⁱ⁾ £m	Total Result £m	Business Performance (i) £m	Disposals, re-measure- ments and impairments (Note 2) ⁽ⁱⁱ⁾ £m	Total Result £m
Group revenue		5 320	–	5 320	6 312	–	6 312
Other operating income	2	92	46	138	10	(113)	(103)
Group revenue and other operating income	3	5 412	46	5 458	6 322	(113)	6 209
Operating costs		(3 341)	–	(3 341)	(3 608)	–	(3 608)
Profits and losses on disposal of non-current assets and impairments	2	–	–	–	–	(22)	(22)
Operating profit/(loss)⁽ⁱⁱⁱ⁾	3	2 071	46	2 117	2 714	(135)	2 579
Finance income	2, 4	18	9	27	92	1	93
Finance costs	2, 4	(83)	(10)	(93)	(77)	(5)	(82)
Share of post-tax results from joint ventures and associates	3	116	–	116	80	–	80
Profit/(loss) before tax		2 122	45	2 167	2 809	(139)	2 670
Taxation	2, 5	(880)	(23)	(903)	(1 198)	55	(1 143)
Profit/(loss) for the period		1 242	22	1 264	1 611	(84)	1 527
Attributable to:							
BG Group shareholders (earnings)		1 197	22	1 219	1 596	(82)	1 514
Minority interest		45	–	45	15	(2)	13
		1 242	22	1 264	1 611	(84)	1 527
Earnings per share – basic	6	35.6p	0.7p	36.3p	47.7p	(2.4p)	45.3p
Earnings per share – diluted	6	35.4p	0.6p	36.0p	47.2p	(2.4p)	44.8p
Total operating profit including share of pre-tax operating results from joint ventures and associates⁽ⁱⁱⁱ⁾	3	2 247	46	2 293	2 833	(135)	2 698

i) See Presentation of Non-GAAP measures, page 11, 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.

The notes on pages 19 to 27 form an integral part of these condensed financial statements.

For information on dividends paid in the year, see note 8, page 26.

Consolidated Statement of Comprehensive Income

Second Quarter			Half Year	
2009	2008		2009	2008
£m	£m		£m	£m
542	758	Profit for the period	1 264	1 527
(147)	(171)	Hedge adjustments net of tax ⁽ⁱ⁾	(336)	(166)
1	71	Fair value movements on 'available-for-sale' assets net of tax ⁽ⁱⁱ⁾	6	71
(972)	152	Currency translation adjustments	(835)	115
(1 118)	52	Other comprehensive (expense)/income, net of tax	(1 165)	20
(576)	810	Total comprehensive (expense)/income for the period	99	1 547
Attributable to:				
(600)	793	BG Group shareholders	57	1 527
24	17	Minority interest	42	20
(576)	810		99	1 547

i) Income tax relating to hedge adjustments is a £52 million credit for the quarter (2008 £67 million credit) and a £130 million credit for the half year (2008 £65 million credit).

ii) Income tax relating to fair value movements on 'available-for-sale' assets is £nil for the quarter (2008 £27 million charge) and £nil for the half year (2008 £27 million charge).

The notes on pages 19 to 27 form an integral part of these condensed financial statements.

Consolidated Balance Sheet

	As at 30 Jun 2009 £m	As at 31 Dec 2008 £m	As at 30 Jun 2008 £m
Assets			
Non-current assets			
Goodwill	439	417	445
Other intangible assets	4 472	3 713	1 158
Property, plant and equipment	11 226	11 288	8 047
Investments	1 557	1 631	1 487
Deferred tax assets	83	77	106
Trade and other receivables	82	95	72
Commodity contracts and other derivative financial instruments	398	935	1 147
	18 257	18 156	12 462
Current assets			
Inventories	404	562	410
Trade and other receivables	2 711	3 616	2 529
Current tax receivable	139	91	100
Commodity contracts and other derivative financial instruments	1 229	1 538	2 467
Cash and cash equivalents	624	1 033	2 346
	5 107	6 840	7 852
Assets classified as held for sale	–	–	26
Total assets	23 364	24 996	20 340
Liabilities			
Current liabilities			
Borrowings	(510)	(281)	(142)
Trade and other payables	(2 068)	(3 632)	(2 280)
Current tax liabilities	(1 044)	(1 122)	(1 059)
Commodity contracts and other derivative financial instruments	(1 079)	(1 453)	(2 907)
	(4 701)	(6 488)	(6 388)
Non-current liabilities			
Borrowings	(2 332)	(1 897)	(1 610)
Trade and other payables	(35)	(38)	(28)
Commodity contracts and other derivative financial instruments	(543)	(528)	(1 434)
Deferred income tax liabilities	(1 884)	(2 056)	(1 291)
Retirement benefit obligations	(189)	(178)	(172)
Provisions for other liabilities and charges	(885)	(927)	(678)
	(5 868)	(5 624)	(5 213)
Liabilities associated with assets classified as held for sale	–	–	(3)
Total liabilities	(10 569)	(12 112)	(11 604)
Net assets	12 795	12 884	8 736
Equity			
Total shareholders' equity	12 640	12 758	8 603
Minority interest in equity	155	126	133
Total equity	12 795	12 884	8 736

The notes on pages 19 to 27 form an integral part of these condensed financial statements.

Consolidated Statement of Changes in Equity

	Called up share capital £m	Share premium account £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Total £m	Minority Interest £m	Total £m
Equity as at 31 December 2008	358	192	540	1 950	1 702	8 016	12 758	126	12 884
Total comprehensive income for the period	–	–	(363)	(805)	–	1 225	57	42	99
Issue of shares	1	17	–	–	–	–	18	–	18
Purchase of own shares	–	–	–	–	–	(3)	(3)	–	(3)
Adjustment in respect of employee share schemes	–	–	–	–	–	30	30	–	30
Dividends on ordinary shares	–	–	–	–	–	(220)	(220)	–	(220)
Dividends paid to minority interest	–	–	–	–	–	–	–	(13)	(13)
Equity as at 30 June 2009	359	209	177	1 145	1 702	9 048	12 640	155	12 795

	Called up share capital £m	Share premium account £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Total £m	Minority Interest £m	Total £m
Equity as at 31 December 2007	358	165	(39)	(164)	1 702	5 203	7 225	132	7 357
Total comprehensive income for the period	–	–	(165)	107	–	1 585	1 527	20	1 547
Issue of shares	–	7	–	–	–	–	7	–	7
Adjustment in respect of employee share schemes	–	–	–	–	–	37	37	–	37
Dividends on ordinary shares	–	–	–	–	–	(193)	(193)	–	(193)
Dividends paid to minority interest	–	–	–	–	–	–	–	(19)	(19)
Equity as at 30 June 2008	358	172	(204)	(57)	1 702	6 632	8 603	133	8 736

The notes on pages 19 to 27 form an integral part of these condensed financial statements.

Consolidated Cash Flow Statement

Second Quarter			Half Year	
2009	2008		2009	2008
£m	£m		£m	£m
Cash flows from operating activities				
920	1 318	Profit before tax	2 167	2 670
(52)	(46)	Share of post-tax results from joint ventures and associates	(116)	(80)
296	204	Depreciation and impairments of property, plant and equipment and amortisation of intangible assets	580	422
(24)	90	Fair value movements in commodity based contracts	(66)	120
–	–	(Profits) and losses on disposal of non-current assets and impairments	–	22
68	40	Unsuccessful exploration expenditure written off	181	96
(5)	(1)	(Decrease)/increase in provisions	(2)	(10)
(9)	(52)	Finance income	(27)	(93)
40	42	Finance costs	93	82
12	7	Share-based payments	19	14
(258)	(14)	(Increase)/decrease in working capital	(449)	(89)
988	1 588	Cash generated by operations	2 380	3 154
(303)	(235)	Income taxes paid	(742)	(636)
685	1 353	Net cash inflow from operating activities	1 638	2 518
Cash flows from investing activities				
56	43	Dividends received from joint ventures and associates	75	43
–	1	Proceeds from disposal of subsidiary undertakings and investments	–	1
2	2	Proceeds from disposal of property, plant and equipment and intangible assets	2	2
(1 176)	(833)	Purchase of property, plant and equipment and intangible assets	(1 993)	(1 311)
(24)	(23)	Loans (to)/from joint ventures and associates	(33)	(41)
(50)	(164)	Business combinations and investments	(542)	(174)
(1 192)	(974)	Net cash outflow from investing activities	(2 491)	(1 480)
Cash flows from financing activities				
(28)	2	Net interest received/(paid) ⁽ⁱ⁾	(48)	(8)
(218)	(191)	Dividends paid	(218)	(191)
(13)	(19)	Dividends paid to minority	(13)	(19)
836	116	Net proceeds from issue of new borrowings	874	154
(113)	(220)	Repayment of borrowings	(127)	(327)
8	4	Issue of shares	18	7
–	–	Purchase of own shares	(3)	(197)
472	(308)	Net cash inflow/(outflow) from financing activities	483	(581)
(35)	71	Net (decrease)/increase in cash and cash equivalents	(370)	457
701	2 275	Cash and cash equivalents at beginning of period	1 033	1 881
(42)	4	Effect of foreign exchange rate changes	(39)	12
624	2 350	Cash and cash equivalents at end of period⁽ⁱⁱ⁾	624	2 350

i) Includes capitalised interest for the second quarter of £6 million (2008 £5 million) and for the half year of £10 million (2008 £13 million).

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

The notes on pages 19 to 27 form an integral part of these condensed financial statements.

Notes

1. Basis of preparation

These primary statements are the condensed financial statements ('the financial statements') of BG Group plc for the quarter ended and the half year ended 30 June 2009. The financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006, and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2008 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 2008 which 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 IAS 34 'Interim Financial Reporting' as adopted by the EU, the requirements of the Disclosure and Transparency Rules issued by the Financial Services Authority and the accounting policies, methods of computation and presentation as applied in the 2008 Annual Report and Accounts (except as disclosed below). These financial statements have been reviewed, not audited, by PricewaterhouseCoopers LLP.

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 20, 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 business.

New accounting standards and interpretations

IAS 1 (revised) 'Presentation of Financial Statements' is applicable to BG Group for the period beginning 1 January 2009. In accordance with this standard, the Group has continued to report a separate 'Consolidated Income Statement' and has reported a separate 'Consolidated Statement of Comprehensive Income' in place of a 'Consolidated Statement of Recognised Income and Expense'. In addition, the Group has presented a 'Consolidated Statement of Changes in Equity' as part of its primary financial statements in these half year financial statements and will also present this in the 2009 Annual Report and Accounts.

A number of other amendments to accounting standards and new interpretations issued by the IASB are applicable from 1 January 2009. They have not had a material impact on the accounting policies, methods of computation and presentation applied by the Group.

2. Disposals, re-measurements and impairments

Second Quarter			Half Year	
2009	2008		2009	2008
£m	£m		£m	£m
		Revenue and other operating income –		
13	(103)	re-measurements of commodity based contracts	46	(113)
–	–	Profits and losses on disposal of non-current assets and impairments	–	(22)
(2)	(4)	Net finance costs – re-measurements of financial instruments	(1)	(4)
(5)	47	Taxation	(23)	55
–	–	Minority interest	–	2
6	(60)	Impact on earnings	22	(82)

Second quarter and half year: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a credit of £13 million for the quarter (2008 £103 million charge), of which £5 million credit (2008 £83 million charge) represents non-cash mark-to-market movements on certain long-term UK gas contracts. For the half year, a credit of £46 million in respect of re-measurements is included within revenue and other operating income (2008 £113 million charge), of which £46 million represents non-cash mark-to-market movements on certain long-term UK gas contracts (2008 £105 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.

Second quarter and half 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.

2008 second quarter and half year: Disposals of non-current assets and impairments

During the first quarter of 2008, 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 of 2008, other disposals resulted in a pre- and post-tax charge to the income statement of £1 million.

3. Segmental analysis

Profit for the period

Analysed by operating segment

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Second Quarter						
Group revenue⁽ⁱ⁾						
Exploration and Production	1 169	1 479	–	–	1 169	1 479
Liquefied Natural Gas	740	1 398	–	–	740	1 398
Transmission and Distribution	356	327	–	–	356	327
Power Generation	113	161	–	–	113	161
Other activities	–	1	–	–	–	1
Less: intra-group sales	(70)	(143)	–	–	(70)	(143)
Group revenue	2 308	3 223	–	–	2 308	3 223
Other operating income ⁽ⁱⁱ⁾	9	(7)	13	(103)	22	(110)
Group revenue and other operating income	2 317	3 216	13	(103)	2 330	3 113
Operating profit/(loss) before share of results from joint ventures and associates						
Exploration and Production	490	976	13	(103)	503	873
Liquefied Natural Gas	258	331	–	–	258	331
Transmission and Distribution	120	48	–	–	120	48
Power Generation	23	17	–	–	23	17
Other activities	(5)	(7)	–	–	(5)	(7)
	886	1 365	13	(103)	899	1 262
Pre-tax share of operating results of joint ventures and associates						
Liquefied Natural Gas	53	36	–	–	53	36
Transmission and Distribution	7	7	–	–	7	7
Power Generation	26	23	–	–	26	23
	86	66	–	–	86	66
Total operating profit/(loss)						
Exploration and Production	490	976	13	(103)	503	873
Liquefied Natural Gas	311	367	–	–	311	367
Transmission and Distribution	127	55	–	–	127	55
Power Generation	49	40	–	–	49	40
Other activities	(5)	(7)	–	–	(5)	(7)
	972	1 431	13	(103)	985	1 328
Net finance costs						
Finance income	12	52	(3)	–	9	52
Finance costs	(41)	(38)	1	(4)	(40)	(42)
Share of joint ventures and associates	(12)	(10)	–	–	(12)	(10)
	(41)	4	(2)	(4)	(43)	–
Taxation						
Taxation	(373)	(607)	(5)	47	(378)	(560)
Share of joint ventures and associates	(22)	(10)	–	–	(22)	(10)
	(395)	(617)	(5)	47	(400)	(570)
Profit for the period	536	818	6	(60)	542	758

i) External sales are attributable to segments as follows: E&P £1 106 million (2008 £1 370 million), LNG £733 million (2008 £1 364 million), T&D £356 million (2008 £327 million), Power £113 million (2008 £161 million) and Other activities £nil (2008 £1 million). Intra-group sales are attributable to segments as follows: E&P £63 million (2008 £109 million) and LNG £7 million (2008 £34 million).

ii) Business Performance Other operating income is attributable to segments as follows: E&P £(11) million (2008 £(3) million), LNG £14 million (2008 £(3) million) and Power £6 million (2008 £(1) million).

3. Segmental analysis (continued)

Half Year	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Group revenue⁽ⁱ⁾						
Exploration and Production	2 433	2 927	–	–	2 433	2 927
Liquefied Natural Gas	2 103	2 731	–	–	2 103	2 731
Transmission and Distribution	684	616	–	–	684	616
Power Generation	251	293	–	–	251	293
Other activities	–	3	–	–	–	3
Less: intra-group sales	(151)	(258)	–	–	(151)	(258)
Group revenue	5 320	6 312	–	–	5 320	6 312
Other operating income ⁽ⁱⁱ⁾	92	10	46	(113)	138	(103)
Group revenue and other operating income	5 412	6 322	46	(113)	5 458	6 209
Operating profit/(loss) before share of results from joint ventures and associates						
Exploration and Production	1 073	1 918	47	(113)	1 120	1 805
Liquefied Natural Gas	776	701	–	–	776	701
Transmission and Distribution	194	73	(1)	(1)	193	72
Power Generation	24	33	–	–	24	33
Other activities	4	(11)	–	(21)	4	(32)
	2 071	2 714	46	(135)	2 117	2 579
Pre-tax share of operating results of joint ventures and associates						
Liquefied Natural Gas	113	61	–	–	113	61
Transmission and Distribution	13	13	–	–	13	13
Power Generation	50	45	–	–	50	45
	176	119	–	–	176	119
Total operating profit/(loss)						
Exploration and Production	1 073	1 918	47	(113)	1 120	1 805
Liquefied Natural Gas	889	762	–	–	889	762
Transmission and Distribution	207	86	(1)	(1)	206	85
Power Generation	74	78	–	–	74	78
Other activities	4	(11)	–	(21)	4	(32)
	2 247	2 833	46	(135)	2 293	2 698
Net finance costs						
Finance income	18	92	9	1	27	93
Finance costs	(83)	(77)	(10)	(5)	(93)	(82)
Share of joint ventures and associates	(23)	(22)	–	–	(23)	(22)
	(88)	(7)	(1)	(4)	(89)	(11)
Taxation						
Taxation	(880)	(1 198)	(23)	55	(903)	(1 143)
Share of joint ventures and associates	(37)	(17)	–	–	(37)	(17)
	(917)	(1 215)	(23)	55	(940)	(1 160)
Profit for the period	1 242	1 611	22	(84)	1 264	1 527

i) External sales are attributable to segments as follows: E&P £2 305 million (2008 £2 720 million), LNG £2 080 million (2008 £2 680 million), T&D £684 million (2008 £616 million), Power £251 million (2008 £293 million) and Other activities £nil (2008 £3 million). Intra-group sales are attributable to segments as follows: E&P £128 million (2008 £207 million) and LNG £23 million (2008 £51 million).

ii) Business Performance Other operating income is attributable to segments as follows: E&P £4 million (2008 £4 million), LNG £77 million (2008 £nil) and Power £11 million (2008 £6 million).

3. Segmental analysis (continued)

Total Result	Operating profit before share of results from joint ventures and associates ⁽ⁱ⁾		Share of results in joint ventures and associates ⁽ⁱ⁾		Total Result	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Second Quarter						
Exploration and Production	503	873	–	–	503	873
Liquefied Natural Gas	258	331	34	27	292	358
Transmission and Distribution	120	48	2	5	122	53
Power Generation	23	17	16	14	39	31
	904	1 269	52	46	956	1 315
Other activities	(5)	(7)	–	–	(5)	(7)
	899	1 262	52	46	951	1 308
Net finance income					(31)	10
Profit before tax					920	1 318
Taxation					(378)	(560)
Profit for the period					542	758

Total Result	Operating profit before share of results from joint ventures and associates ⁽ⁱ⁾		Share of results in joint ventures and associates ⁽ⁱ⁾		Total Result	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Half Year						
Exploration and Production	1 120	1 805	–	–	1 120	1 805
Liquefied Natural Gas	776	701	80	43	856	744
Transmission and Distribution	193	72	6	9	199	81
Power Generation	24	33	30	28	54	61
	2 113	2 611	116	80	2 229	2 691
Other activities	4	(32)	–	–	4	(32)
	2 117	2 579	116	80	2 233 ⁽ⁱⁱ⁾	2 659
Net finance income					(66)	11
Profit before tax					2 167	2 670
Taxation					(903)	(1 143)
Profit for the period					1 264	1 527

i) Including disposals, re-measurements and impairments.

ii) Profit before interest and tax for the six months to 30 June 2009 of £2 233 million (2008 £2 659 million) in the table above, excluding the Group's share of net finance costs from joint ventures and associates of £23 million (2008 £22 million) and the Group's share of taxation from joint ventures and associates of £37 million (2008 £17 million), results in total operating profit for the period including disposals, re-measurements and impairments of £2 293 million (2008 £2 698 million).

4. Net finance (costs)/income

Second Quarter		Half Year	
2009	2008	2009	2008
£m	£m	£m	£m
(21)	(22)	(42)	(46)
(14)	(13)	(27)	(28)
6	5	10	13
(12)	(8)	(24)	(16)
1	(4)	(10)	(5)
(40)	(42)	(93)	(82)
12	52	18	92
(3)	–	9	1
9	52	27	93
(31)	10	(66)	11

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 (2008 £10 million) and for the half year of £23 million (2008 £22 million).

5. Taxation

The taxation charge for the second quarter before disposals, re-measurements and impairments was £373 million (2008 £607 million) and the taxation charge including disposals, re-measurements and impairments was £378 million (2008 £560 million).

For the half year, the taxation charge before disposals, re-measurements and impairments was £880 million (2008 £1 198 million) and the taxation charge including disposals, re-measurements and impairments was £903 million (2008 £1 143 million).

The Group share of taxation from joint ventures and associates for the second quarter was £22 million (2008 £10 million) and for the half year was £37 million (2008 £17 million).

The effective tax rate for the half year is based on the best estimate of the weighted average annual income tax rate expected for the full year.

6. Earnings per ordinary share

Second Quarter				Half Year			
2009		2008		2009		2008	
£m	Pence per share	£m	Pence per share	£m	Pence per share	£m	Pence per share
513	15.3	747	22.3	1 219	36.3	1 514	45.3
(6)	(0.2)	60	1.8	(22)	(0.7)	82	2.4
507	15.1	807	24.1	1 197	35.6	1 596	47.7

Basic earnings per share calculations in 2009 are based on the weighted average number of shares in issue of 3 360 million for the quarter and 3 359 million for the half year.

The earnings figure used to calculate diluted earnings per ordinary share is the same as that used to calculate earnings per ordinary share given above, divided by 3 388 million for the quarter and 3 386 million for the half 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⁽ⁱ⁾ – Half Year

	£m
Net borrowings as at 31 December 2008	(972)
Net decrease in cash and cash equivalents	(370)
Cash inflow from changes in borrowings ⁽ⁱⁱ⁾	(747)
Inception of finance leases	(60)
Foreign exchange and other re-measurements	94
Net borrowings as at 30 June 2009 ^{(i) (iii)}	(2 055)

Net borrowings attributable to Comgás were £486 million (31 December 2008 £443 million).

As at 30 June 2009, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately £1.2 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 are defined on page 30.

ii) During the six months to 30 June 2009, BG Group issued a £500 million bond due in 2017 under its Euro Medium Term Note Programme. Also during the period, BG Group repaid a Singapore Dollar 100 million bond at maturity.

iii) Net borrowings comprise:

	As at 30 Jun 2009 £m	As at 31 Dec 2008 £m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	624	1 033
Overdrafts, loans and finance leases	(510)	(281)
Derivative financial instruments ^(iv)	67	(49)
	181	703
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases	(2 332)	(1 897)
Derivative financial instruments ^(iv)	96	222
	(2 236)	(1 675)
Net borrowings	(2 055)	(972)

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

7. Reconciliation of net borrowings – Half Year (continued)

Liquidity and Capital Resources

All the information below is as at 30 June 2009

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 which was unutilised, and a US\$1.0 billion Eurocommercial Paper Programme, of which US\$475.3 million was unutilised. BGEH also had a US\$7.5 billion Euro Medium Term Note Programme, of which US\$6.3 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 as at 30 June 2009.

In addition, BGEH had uncommitted borrowing facilities including multicurrency lines, overdraft facilities of £45 million and credit facilities of US\$20 million, all of which were unutilised.

Comgás had committed borrowing facilities of Brazilian Reals (BRL) 1 794.8 million, of which BRL 564.9 million was unutilised, and uncommitted borrowing facilities of BRL 306.6 million, of which BRL 187.3 million was unutilised.

8. Dividends

	2009		Half Year		2008	
	£m	Pence per share	£m	Pence per share	£m	Pence per share
Prior year final dividend, paid in the period	220	6.55	193			5.76

The final dividend of 6.55p (£220 million) in respect of the year ended 31 December 2008 was paid on 22 May 2009 to shareholders (2 June 2009 to ADR holders) on the register at the close of business on 14 April 2009. The interim dividend of 5.62p (£189 million) in respect of the year ended 31 December 2009 is payable on 11 September 2009 (18 September 2009 to ADR holders).

9. Capital investment: geographical analysis

Second Quarter			Half Year	
2009	2008		2009	2008
£m	£m		£m	£m
173	217	Europe and Central Asia	318	396
379	159	Americas and Global LNG	660	320
552	254	Africa, Middle East and Asia	914	561
78	320	Australia	601	320
1 182	950		2 493	1 597

In March 2009, the Group acquired a controlling interest in Pure Energy, an Australian coal seam gas company. The Group subsequently acquired the remaining share capital of Pure Energy in the second quarter of 2009. The total consideration payable is £464 million in cash. The net assets acquired as a result of this transaction are primarily attributable to E&P non-current intangible assets. The Group is currently reviewing the fair values of the assets and liabilities acquired in this transaction.

10. Quarterly information: earnings and earnings per share

	2009	2008	2009	2008
	£m	£m	pence	pence
First quarter				
including disposals, re-measurements and impairments	706	767	21.0	22.9
excluding disposals, re-measurements and impairments	690	789	20.5	23.6
Second quarter				
including disposals, re-measurements and impairments	513	747	15.3	22.3
excluding disposals, re-measurements and impairments	507	807	15.1	24.1
Third quarter				
including disposals, re-measurements and impairments		857		25.6
excluding disposals, re-measurements and impairments		777		23.2
Fourth quarter				
including disposals, re-measurements and impairments		756		22.5
excluding disposals, re-measurements and impairments		695		20.7
Full year				
including disposals, re-measurements and impairments		3 127		93.4
excluding disposals, re-measurements and impairments		3 068		91.6

11. Commitments and contingencies

Details of the Group's commitments and contingent liabilities as at 31 December 2008 can be found in note 25, page 105 of the 2008 Annual Report and Accounts.

There have been no material changes to the Group's commitments in respect of capital expenditure in the six month period to 30 June 2009. There have been no material changes to the Group's other commitments and contingent liabilities in the period.

12. Related party transactions

The Group provides goods and services to, and receives goods and services from, its joint ventures and associates. In addition, the Group provides financing to some of these parties by way of loans. Details of related party transactions for the year ended 31 December 2008 can be found in note 26, page 107 of the 2008 Annual Report and Accounts. There have been no material changes in these relationships in the following period ending 30 June 2009. No related party transactions have taken place in the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period.

Supplementary information: Operating and financial data

Second Quarter		First		Half Year	
2009	2008	Quarter		2009	2008
		2009			
Production volumes (mmboe)					
8.0	7.2	8.1	– oil	16.1	15.1
9.4	9.2	8.6	– liquids	18.0	18.5
41.1	38.3	41.2	– gas	82.3	81.8
58.5	54.7	57.9	– total	116.4	115.4
Production volumes (boed in thousands)					
88	79	90	– oil	89	83
103	101	96	– liquids	99	102
452	421	457	– gas	455	449
643	601	643	– total	643	634
£39.57	£60.61	£30.38	Average realised oil price per barrel	£34.96	£54.92
(\$59.27)	(\$120.93)	(\$43.46)		(\$51.19)	(\$109.21)
£31.93	£48.97	£23.08	Average realised liquids price per barrel	£27.68	£44.98
(\$47.82)	(\$97.69)	(\$33.02)		(\$40.53)	(\$89.45)
36.23p	32.79p	63.58p	Average realised UK gas price per produced therm	50.28p	36.11p
16.50p	20.43p	23.84p	Average realised International gas price per produced therm	20.13p	19.97p
20.03p	22.94p	31.41p	Average realised gas price per produced therm	25.70p	23.43p
£2.23	£1.87	£2.24	Lifting costs per boe	£2.24	£1.71
(\$3.34)	(\$3.72)	(\$3.21)		(\$3.27)	(\$3.40)
£3.62	£3.24	£3.80	Operating expenditure per boe	£3.71	£3.01
(\$5.42)	(\$6.47)	(\$5.44)		(\$5.44)	(\$5.99)
632	406	401	Development expenditure (£m)	1 033	813
Gross exploration expenditure (£m)					
223	180	302	– capitalised expenditure (excluding acquisitions)	525	326
62	54	64	– other expenditure	126	95
285	234	366	– gross expenditure	651	421
Exploration expenditure charge (£m)					
68	40	113	– capitalised expenditure written off	181	96
62	54	64	– other expenditure	126	95
130	94	177	– exploration charge	307	191
LNG cargoes					
26	17	9	– delivered to US	35	23
30	46	46	– delivered to global markets	76	98
56	63	55	– total	111	121
164.4	186.0	180.2	LNG managed volumes (Tbtu)	344.6	363.8

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. Due to the recent volatility in hydrocarbon prices and differentials between prices, this rule of thumb has a wider range of uncertainty than in 2008. Management estimates that, other factors being constant and assuming a constant relationship between commodity prices, a US\$1.00 rise (or fall) in the Brent price would increase (or decrease) pre-tax operating profit in our E&P business in 2009 by approximately £45 million to £65 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.

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
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
FPSO	Floating Production Storage and Offloading system
Gearing ratio	net borrowings as a percentage of total shareholders' funds (excluding the re-measurement of commodity financial instruments and associated deferred tax) plus net borrowings
GW	gigawatt
IAS 39	International Accounting Standard 39 (Financial Instruments)
IFRS	International Financial Reporting Standards
kboed	thousand barrels of oil equivalent per day
LNG	Liquefied Natural Gas
Managed volumes	Comprises all LNG volumes contracted for purchase and having related revenue and other operating income recognised in the applicable period
m	million
mboe	million barrels of oil equivalent
mmbtu	million british thermal units
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

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Financial Calendar

Ex-dividend for 2009 interim dividend	5 August 2009
Record date for 2009 interim dividend	7 August 2009
Payment of 2009 interim dividend:	
Shareholders	11 September 2009
American depositary receipt holders	18 September 2009
Announcement of 2009 third quarter results	28 October 2009

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