



# BG Group plc

## 2009 THIRD QUARTER RESULTS

### Third Quarter Highlights

- Total operating profit of £856 million and cash generated by operations of £1 186 million
- Production volumes up 5% on third quarter 2008
- Hasdrubal now expected onstream by 30 November
- Material exploration and appraisal success in Brazil – enhances development options
- Tupi development progressing well and tendering for next phases underway
- Good progress with QCLNG upstream, trunkline and plant towards 2010 sanction
- EXCO drilling activity ramping up; seven rigs now operating, 14 planned by Q1 2010

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

*“These results demonstrate once again the strength of BG Group's integrated gas business and this, together with current production levels around 700 000 barrels per day, up 12% on Q4 2008, provides us with confidence in the outlook for the Group's performance. BG Group has assembled an array of material, long-life projects, and we are now entering a period where we can look forward to these projects driving exceptional growth to the end of the next decade.”*

Third Quarter			Business Performance <sup>(a)(b)</sup>	Nine Months		
2009 £m	2008 £m			2009 £m	2008 £m	
<b>856</b>	1 383	-38%	Total operating profit including share of pre-tax operating results from joint ventures and associates	<b>3 103</b>	4 216	-26%
<b>474</b>	777	-39%	Earnings for the period	<b>1 671</b>	2 373	-30%
<b>14.1p</b>	23.2p	-39%	Earnings per share	<b>49.7p</b>	70.9p	-30%
<b>Total results for the period (including disposals, re-measurements and impairments)<sup>(b)</sup></b>						
<b>813</b>	1 460	-44%	Operating profit before share of results from joint ventures and associates	<b>2 930</b>	4 039	-27%
<b>884</b>	1 519	-42%	Total operating profit including share of pre-tax operating results from joint ventures and associates	<b>3 177</b>	4 217	-25%
<b>484</b>	857	-44%	Earnings for the period	<b>1 703</b>	2 371	-28%
<b>14.4p</b>	25.6p	-44%	Earnings per share	<b>50.7p</b>	70.9p	-28%

a) '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 8), note 1 (page 15) and note 3 (page 17). Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

b) 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

Business Performance	Third Quarter		
	2009 £m	2008 £m	
Revenue and other operating income	<b>2 249</b>	3 291	-32%
Total operating profit including share of pre-tax results from joint ventures and associates			
Exploration and Production	<b>435</b>	917	-53%
Liquefied Natural Gas	<b>304</b>	367	-17%
Transmission and Distribution	<b>103</b>	80	+29%
Power Generation	<b>29</b>	19	+53%
Other activities	<b>(15)</b>	–	–
	<b>856</b>	1 383	-38%
Net finance (costs)/income	<b>(20)</b>	11	–
Taxation for the period	<b>(340)</b>	(600)	-43%
Earnings for the period	<b>474</b>	777	-39%
Earnings per share	<b>14.1p</b>	23.2p	-39%
Capital investment	<b>1 619</b>	730	+122%

### Third quarter

Revenue and other operating income fell by 32% to £2 249 million and total operating profit fell by 38% to £856 million, as oil prices dropped by 41% and Henry Hub prices by 62% compared to the previous year. The impact of these sharply lower commodity prices was partially offset by a 5% increase in E&P production volumes, our medium term LNG sales programme and a stronger US Dollar.

Cash generated by operations was £1 186 million (2008 £1 198 million). Net finance costs for the quarter were £20 million after benefiting from foreign exchange gains of £20 million. As at 30 September 2009, net debt was £2 950 million and the gearing ratio of the Group was 17%.

The Group's effective tax rate (including BG Group's share of joint ventures and associates tax) for the full year is expected to be 42%. The current quarter's tax charge includes an adjustment to reflect this tax rate for the first nine months.

Capital investment in the quarter of £1 619 million included £605 million acquisition costs associated with the alliance with EXCO Resources Inc. (EXCO) and £90 million on the acquisition of additional equity in Block 5c in Trinidad and Tobago, and continuing investment in E&P (£724 million), LNG (£146 million), T&D (£37 million) and Power (£17 million).

### US Dollar reporting

Separately, BG Group has today announced that it will be changing the currency in which it reports its results to US Dollars from its financial year 2010. This is available online at: [www.bg-group.com](http://www.bg-group.com)



## Exploration and Production (E&P)

<b>Business Performance</b>	Third Quarter		
	2009 £m	2008 £m	
Production volumes (mmboe)	<b>56.6</b>	54.0	+5%
Revenue and other operating income	<b>1 055</b>	1 462	-28%
Total operating profit before exploration charge	<b>556</b>	1 032	-46%
Exploration charge	<b>(121)</b>	(115)	+5%
Total operating profit	<b>435</b>	917	-53%
Capital investment	<b>1 419</b>	615	+131%

Additional operating and financial data is given on page 23.

### Third quarter

E&P total operating profit was £435 million as higher production volumes and the favourable effect of a stronger US Dollar partially offset sharply lower oil prices (down 41%) and Henry Hub gas prices (down 62%).

Production for the quarter, at 56.6 mmboe, was up 5% on Q3 2008. This was around 2 mmboe below the Group's expectations for the quarter, predominantly due to a delay in the start-up of the Hasdrubal facility in Tunisia. Hasdrubal is expected to commence operations by 30 November and the impact of this delay on planned fourth quarter production is expected to be 1.2 mmboe. There are no other changes to the Group's previous production guidance.

The average realised gas price per produced therm in the UK fell by 4.8 pence to 30.8 pence and International gas realisations fell by 7.8 pence to 16.0 pence per produced therm both principally due to the impact of lower commodity market prices.

For the UK gas year commencing October 2009, BG Group has sold around 60% of North Sea gas production at an average price of approximately 40 pence per therm.

Unit operating expenditure was 26 cents lower at \$6.65 per barrel of oil equivalent.

The exploration charge of £121 million was £6 million higher than 2008.

Capital investment of £1 419 million comprised investment in Americas (£906 million), Europe and Central Asia (£251 million), Africa, Middle East and Asia (£207 million) and Australia (£55 million).

### Third quarter business highlights

#### Brazil

BG Group had further material exploration and appraisal success in the Santos Basin pre-salt. In September, BG Group announced that the Guar discovery (BM-S-9, BG Group 30%) is estimated to contain recoverable volumes of 1.1 to 2.0 billion boe. During its drill stem test (DST), data indicated that a permanent production well would be capable of producing initial rates of up to 50 000 boed. This provides further evidence of the robust economics of this pre-salt play. To prioritise the development of Guar, the partners have agreed that it will receive the second FPSO available for the pre-salt developments, with a capacity of 120 000 bopd. First production is targeted for 2012.

Also on BM-S-9, BG Group announced a new discovery known as Abar West, which proved the presence of an accumulation of oil and natural gas. The well will be fully analysed and the forward plan for this discovery will be incorporated into one of the two evaluation plans for BM-S-9 approved by ANP. Abar West is the fourth consecutive BM-S-9 discovery following Carioca, Guar and Iguau.

BG Group has completed testing operations on Corcovado 1 (BM-S-52, BG Group 40%). The well flowed both condensate and gas on drill stem testing. The drilling of both Corcovado 1 and 2 has extended the partners' understanding of the Corcovado structure, one of the major structural highs on the edge of the Santos Basin pre-salt area, where the play is still evolving. The two-well campaign has successfully proved both the presence of moveable hydrocarbons and identified additional prospectivity on the flanks of the high. The well results are being evaluated to determine future drilling plans.



On Tupi, in the BM-S-11 concession area (BG Group 25%):

- The first of two DSTs has been completed on the Iracema well, located 33 kilometres north-west of the Tupi discovery well. Early test data looks very promising. Preparation for testing of a second, separate interval at Iracema is underway.
- Additionally on Tupi, the appraisal well Tupi North-East, located 16 kilometres from the Tupi discovery well, is appraising the reservoir to the north-eastern end of the Tupi high. The well has reached target depth and logging is ongoing.
- The Tupi P1 development well, 7 kilometres south-east of Tupi, is being drilled as part of the Tupi extended well test (EWT) project with the aim of collecting dynamic data to support development planning on the Tupi field. Coring of the reservoir section is continuing.
- The EWT on Tupi Sul has to date produced in excess of 1 mmbbl gross. Results exceed pre-test expectations, showing excellent reservoir performance with good flow rates and sustained deliverability. These results confirm a very large volume of connected oil with very good lateral reservoir qualities. The well flow rate is currently being constrained at some 20 000 bopd.
- Also in BM-S-11, the Iara well (1-RJS-656) DST is ongoing. A total of three tests have so far been completed in different zones and a fourth test is ongoing. The well test confirmed the presence of producible light oil. Further appraisal is planned for 2010 and 2011.

In terms of forward developments, the FPSO to deliver the first 100 000 bopd phase on Tupi is 48% complete and remains on schedule for first production at end 2010. Tenders for the first of two 120 000 bopd FPSOs are currently being evaluated. Following Tupi, the second FPSO will be located on Guar.

This year's extensive work programme has delivered outstanding results and confirms the technical and economic robustness of the pre-salt play, underpinning the material and growing value of BG Group's extensive position in the Santos Basin.

#### **EXCO**

In August, BG Group completed the previously announced alliance with EXCO Resources Inc. (EXCO). 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. The alliance is performing well; with industry-leading initial production rates across the Haynesville Shale and progressive reductions in drilling days per well. Drilling activities are being ramped up. The partners currently have seven rigs operating and expect to add another three rigs in the fourth quarter and a further four in first quarter 2010. Gas transportation capacity of 200 mmcf/d has been secured and the partners are actively pursuing additional long-term capacity to support growth in gas production.

#### **Egypt**

In August, BG Group announced the delivery of first gas from the Sequoia subsea development located 90 kilometres offshore Egypt in the Mediterranean Sea. Straddling both the West Delta Deep Marine and Rosetta concessions, the Sequoia unitised development brings into production six new subsea wells, three located in each of the concessions, which will help maintain overall plateau production.

#### **Norway**

In August, BG Group concluded the drilling of appraisal wells on the Bream oil discovery in the Norwegian North Sea. The appraisal wells confirmed the extent of the reservoir and extensive data acquisition and sampling were carried out. Work is now underway to evaluate development options.

#### **Thailand**

In September, the partners in the Bongkot Joint Venture announced that a Gas Sales Agreement (GSA) was signed with the Petroleum Authority of Thailand (PTT) covering all gas production from the Greater Bongkot South (GBS) field in the Gulf of Thailand. GBS first production is expected in 2012 and at plateau, it is anticipated that GBS will contribute 13 000 boed, net to BG Group.

#### **UKCS**

On 31 August, BG Group completed the exchange of equity interests in North Sea production assets with subsidiaries of BP plc (BP). BG Group acquired BP's entire equity in the Everest, Lomond and Armada fields and part of BP's equity in the Erskine field. In return, BG Group transferred all of its equity interests in all fields in the southern North Sea to BP. BG Group also became operator of the Everest and Lomond fields.

**India**

In October, following India's New Exploration Licensing Policy (NELP) VIII licensing round, a consortium led by BG Group (30% and operator), was the successful bidder for an exploration block (KG-DWN-2009/1) in the deep water Krishna Godavari (KG) Basin. The deep water block which covers an area of approximately 1 800 square kilometres, is located off the east coast of India. A formal communication of the award is awaited from the Government of India and subject to approvals. BG Group will own interests in three licences in the KG Basin.



## Liquefied Natural Gas (LNG)

<b>Business Performance</b>	Third Quarter		
	2009 £m	2008 £m	
Revenue and other operating income	<b>797</b>	1 390	-43%
Total operating profit			
Shipping and marketing	<b>284</b>	351	-19%
Liquefaction	<b>45</b>	36	+25%
Business development and other	<b>(25)</b>	(20)	+25%
	<b>304</b>	367	-17%
Capital investment	<b>146</b>	58	+152%

Additional operating and financial data is given on page 23.

### Third quarter

LNG total operating profit for the quarter was £304 million.

Shipping and marketing operating profit of £284 million was 19% lower, a resilient performance against a backdrop of sharply lower gas prices, with the average Henry Hub price down 62%. This reflected the continued benefit of the Group's medium-term contract sales, the deployment of its flexible portfolio to the highest value markets and the effects of the stronger US\$/UK£ exchange rate.

BG Group's share of operating profit from liquefaction activities increased 25% to £45 million principally due to higher profits at Egyptian LNG and the effects of the stronger US\$/UK£ exchange rate.

Capital investment in the quarter included £89 million relating to LNG ships, £26 million in Australia, £18 million in the UK and £8 million in Chile.

### Third quarter business highlights

In August, the Environmental Impact Statement for the Queensland Curtis LNG project was released for public consultation. A decision from the Queensland and Australian Governmental authorities is expected in 2010. Good progress towards sanction is being made, with more than 150 wells drilled this year, tendering underway for the pipeline material and construction contracts, and Front End Engineering and Design for the upstream facilities and LNG plant progressing to plan.



## Transmission and Distribution (T&D)

	Third Quarter		
	2009 £m	2008 £m	
<b>Business Performance</b>			
Revenue and other operating income			
Comgás	304	362	-16%
Other	52	44	+18%
	<b>356</b>	406	-12%
Total operating profit			
Comgás	92	69	+33%
Other	11	11	–
	<b>103</b>	80	+29%
Capital investment	37	37	–

### Third quarter

T&D total operating profit for the quarter increased by £23 million to £103 million.

At Comgás, in Brazil, total operating profit increased by £23 million to £92 million reflecting the continuing recovery of past gas costs which more than offset lower demand in the industrial, power and vehicles segments.

At the end of the quarter, the cost of gas to be recovered in future periods was £58 million.

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

## Power Generation

	Third Quarter		
	2009 £m	2008 £m	
<b>Business Performance</b>			
Revenue and other operating income	115	157	-27%
Total operating profit			
Power Generation	34	22	+55%
Business development and other	(5)	(3)	+67%
	<b>29</b>	19	+53%
Capital investment	17	20	-15%

### Third quarter

Power total operating profit increased by £10 million to £29 million primarily due to the phasing of profits at BG Italia Power.



## **Presentation of Non-GAAP measures**

### **Business Performance**

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

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

### **Disposals, certain re-measurements and impairments**

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

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

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

Realised gains and losses relating to the instruments referred to above are included in Business Performance. This presentation best reflects the underlying performance of the business since it distinguishes between the temporary timing differences associated with re-measurements under IAS 39 rules and actual realised gains and losses.

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

For a reconciliation between the overall results and Business Performance and details of disposals, re-measurements and impairments, see the consolidated income statements, pages 10 and 11 and note 3, page 17.

### **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 17.

### **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 2008. 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, whether as a result of new information, future events or otherwise, except to the extent legally required.



## Consolidated Income Statement

### Third Quarter

	Notes	2009			2008		
		Business Performance <sup>(a)</sup> £m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> £m	Total Result £m	Business Performance <sup>(a)</sup> £m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> £m	Total Result £m
Group revenue		2 247	–	2 247	3 299	–	3 299
Other operating income	2	2	28	30	(8)	132	124
<b>Group revenue and other operating income</b>	3	<b>2 249</b>	<b>28</b>	<b>2 277</b>	3 291	132	3 423
Operating costs		(1 464)	–	(1 464)	(1 967)	–	(1 967)
Profits and losses on disposal of non-current assets and impairments	2	–	–	–	–	4	4
<b>Operating profit<sup>(b)</sup></b>	3	<b>785</b>	<b>28</b>	<b>813</b>	1 324	136	1 460
Finance income	2, 4	30	33	63	58	18	76
Finance costs	2, 4	(40)	(43)	(83)	(36)	(10)	(46)
Share of post-tax results from joint ventures and associates	3	45	–	45	38	–	38
<b>Profit before tax</b>		<b>820</b>	<b>18</b>	<b>838</b>	1 384	144	1 528
Taxation	2, 5	(324)	(8)	(332)	(590)	(64)	(654)
<b>Profit for the period</b>		<b>496</b>	<b>10</b>	<b>506</b>	794	80	874
<b>Attributable to:</b>							
BG Group shareholders (earnings)		474	10	484	777	80	857
Minority interest		22	–	22	17	–	17
		496	10	506	794	80	874
Earnings per share – basic	6	14.1p	0.3p	14.4p	23.2p	2.4p	25.6p
Earnings per share – diluted	6	14.0p	0.3p	14.3p	22.9p	2.4p	25.3p
<b>Total operating profit including share of pre-tax operating results from joint ventures and associates<sup>(c)</sup></b>	3	<b>856</b>	<b>28</b>	<b>884</b>	1 383	136	1 519

a) See Presentation of Non-GAAP measures, page 8, for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

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



## Consolidated Income Statement

### Nine Months

	Notes	2009			2008		
		Business Performance <sup>(a)</sup> £m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> £m	Total Result £m	Business Performance <sup>(a)</sup> £m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> £m	Total Result £m
Group revenue		<b>7 567</b>	–	<b>7 567</b>	9 611	–	9 611
Other operating income	2	<b>94</b>	<b>74</b>	<b>168</b>	2	19	21
<b>Group revenue and other operating income</b>	3	<b>7 661</b>	<b>74</b>	<b>7 735</b>	9 613	19	9 632
Operating costs		<b>(4 805)</b>	–	<b>(4 805)</b>	(5 575)	–	(5 575)
Profits and losses on disposal of non-current assets and impairments	2	–	–	–	–	(18)	(18)
<b>Operating profit<sup>(b)</sup></b>	3	<b>2 856</b>	<b>74</b>	<b>2 930</b>	4 038	1	4 039
Finance income	2, 4	<b>48</b>	<b>42</b>	<b>90</b>	150	19	169
Finance costs	2, 4	<b>(123)</b>	<b>(53)</b>	<b>(176)</b>	(113)	(15)	(128)
Share of post-tax results from joint ventures and associates	3	<b>161</b>	–	<b>161</b>	118	–	118
<b>Profit before tax</b>		<b>2 942</b>	<b>63</b>	<b>3 005</b>	4 193	5	4 198
Taxation	2, 5	<b>(1 204)</b>	<b>(31)</b>	<b>(1 235)</b>	(1 788)	(9)	(1 797)
<b>Profit/(loss) for the period</b>		<b>1 738</b>	<b>32</b>	<b>1 770</b>	2 405	(4)	2 401
<b>Attributable to:</b>							
BG Group shareholders (earnings)		<b>1 671</b>	<b>32</b>	<b>1 703</b>	2 373	(2)	2 371
Minority interest		<b>67</b>	–	<b>67</b>	32	(2)	30
		<b>1 738</b>	<b>32</b>	<b>1 770</b>	2 405	(4)	2 401
Earnings per share – basic	6	<b>49.7p</b>	<b>1.0p</b>	<b>50.7p</b>	70.9p	–	70.9p
Earnings per share – diluted	6	<b>49.3p</b>	<b>1.0p</b>	<b>50.3p</b>	70.2p	–	70.2p
<b>Total operating profit including share of pre-tax operating results from joint ventures and associates<sup>(c)</sup></b>	3	<b>3 103</b>	<b>74</b>	<b>3 177</b>	4 216	1	4 217

a) See Presentation of Non-GAAP measures, page 8, for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

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



## Consolidated Statement of Comprehensive Income

Third Quarter			Nine Months	
2009 £m	2008 £m		2009 £m	2008 £m
<b>506</b>	874	Profit for the period	<b>1 770</b>	2 401
<b>7</b>	41	Hedge adjustments net of tax <sup>(a)</sup>	<b>(329)</b>	(125)
<b>(2)</b>	(41)	Fair value movements on 'available-for-sale' assets net of tax <sup>(b)</sup>	<b>4</b>	30
<b>774</b>	213	Currency translation adjustments	<b>(61)</b>	328
<b>779</b>	213	Other comprehensive income/(expense), net of tax	<b>(386)</b>	233
<b>1 285</b>	1 087	Total comprehensive income for the period	<b>1 384</b>	2 634
<b>Attributable to:</b>				
<b>1 250</b>	1 075	BG Group shareholders	<b>1 307</b>	2 602
<b>35</b>	12	Minority interest	<b>77</b>	32
<b>1 285</b>	1 087		<b>1 384</b>	2 634

a) Income tax relating to hedge adjustments is a £2 million charge for the quarter (2008 £17 million charge) and a £128 million credit for the nine months (2008 £48 million credit).

b) Income tax relating to fair value movements on 'available-for-sale' assets is £nil for the quarter (2008 £15 million credit) and £nil for the nine months (2008 £12 million charge).



## Consolidated Balance Sheet

	As at 30 Sept 2009 £m	As at 31 Dec 2008 £m	As at 30 Sept 2008 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	490	417	419
Other intangible assets	5 256	3 713	1 233
Property, plant and equipment	12 401	11 288	8 739
Investments	1 825	1 631	1 533
Deferred tax assets	79	77	86
Trade and other receivables	86	95	70
Commodity contracts and other derivative financial instruments	371	935	320
	<b>20 508</b>	<b>18 156</b>	<b>12 400</b>
<b>Current assets</b>			
Inventories	424	562	428
Trade and other receivables	2 527	3 616	2 833
Current tax receivable	154	91	132
Commodity contracts and other derivative financial instruments	1 227	1 538	917
Cash and cash equivalents	664	1 033	2 198
	<b>4 996</b>	<b>6 840</b>	<b>6 508</b>
<b>Total assets</b>	<b>25 504</b>	<b>24 996</b>	<b>18 908</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	(698)	(281)	(137)
Trade and other payables	(2 187)	(3 632)	(2 262)
Current tax liabilities	(1 142)	(1 122)	(1 054)
Commodity contracts and other derivative financial instruments	(982)	(1 453)	(1 280)
	<b>(5 009)</b>	<b>(6 488)</b>	<b>(4 733)</b>
<b>Non-current liabilities</b>			
Borrowings	(3 096)	(1 897)	(1 652)
Trade and other payables	(38)	(38)	(32)
Commodity contracts and other derivative financial instruments	(460)	(528)	(467)
Deferred income tax liabilities	(1 911)	(2 056)	(1 458)
Retirement benefit obligations	(170)	(178)	(174)
Provisions for other liabilities and charges	(902)	(927)	(722)
	<b>(6 577)</b>	<b>(5 624)</b>	<b>(4 505)</b>
<b>Total liabilities</b>	<b>(11 586)</b>	<b>(12 112)</b>	<b>(9 238)</b>
<b>Net assets</b>	<b>13 918</b>	<b>12 884</b>	<b>9 670</b>
<b>Equity</b>			
Total shareholders' equity	13 735	12 758	9 535
Minority interest in equity	183	126	135
<b>Total equity</b>	<b>13 918</b>	<b>12 884</b>	<b>9 670</b>



## Consolidated Cash Flow Statement

Third Quarter			Nine Months	
2009	2008		2009	2008
£m	£m		£m	£m
<b>Cash flows from operating activities</b>				
838	1 528	Profit before tax	3 005	4 198
(45)	(38)	Share of post-tax results from joint ventures and associates	(161)	(118)
269	207	Depreciation and impairments of property, plant and equipment and amortisation of intangible assets	849	629
(8)	(178)	Fair value movements in commodity based contracts	(74)	(58)
–	(4)	(Profits) and losses on disposal of non-current assets and impairments	–	18
70	54	Unsuccessful exploration expenditure written off	251	150
(35)	1	(Decrease)/increase in provisions	(37)	(9)
(63)	(76)	Finance income	(90)	(169)
83	46	Finance costs	176	128
10	9	Share-based payments	29	23
67	(351)	Decrease/(increase) in working capital	(382)	(440)
<b>1 186</b>	<b>1 198</b>	<b>Cash generated by operations</b>	<b>3 566</b>	<b>4 352</b>
(288)	(592)	Income taxes paid	(1 030)	(1 228)
<b>898</b>	<b>606</b>	<b>Net cash inflow from operating activities</b>	<b>2 536</b>	<b>3 124</b>
<b>Cash flows from investing activities</b>				
30	34	Dividends received from joint ventures and associates	105	77
–	14	Proceeds from disposal of subsidiary undertakings and investments	–	15
–	–	Proceeds from disposal of property, plant and equipment and intangible assets	2	2
(1 273)	(623)	Purchase of property, plant and equipment and intangible assets	(3 266)	(1 934)
(25)	(43)	Loans to joint ventures and associates	(58)	(84)
(193)	(2)	Business combinations and investments	(735)	(176)
<b>(1 461)</b>	<b>(620)</b>	<b>Net cash outflow from investing activities</b>	<b>(3 952)</b>	<b>(2 100)</b>
<b>Cash flows from financing activities</b>				
(24)	3	Net interest (paid)/received <sup>(a)</sup>	(72)	(5)
(186)	(155)	Dividends paid	(404)	(346)
(7)	(9)	Dividends paid to minority	(20)	(28)
1 399	10	Net proceeds from issue of new borrowings	2 273	164
(608)	(10)	Repayment of borrowings	(735)	(337)
17	8	Issue of shares	35	15
–	–	Purchase of own shares	(3)	(197)
<b>591</b>	<b>(153)</b>	<b>Net cash inflow/(outflow) from financing activities</b>	<b>1 074</b>	<b>(734)</b>
<b>28</b>	<b>(167)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(342)</b>	<b>290</b>
624	2 350	Cash and cash equivalents at beginning of period	1 033	1 881
12	15	Effect of foreign exchange rate changes	(27)	27
<b>664</b>	<b>2 198</b>	<b>Cash and cash equivalents at end of period<sup>(b)</sup></b>	<b>664</b>	<b>2 198</b>

a) Includes capitalised interest for the third quarter of £10 million (2008 £4 million) and for the nine months of £20 million (2008 £17 million).

b) 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 interim consolidated financial statements ('the financial statements') of BG Group plc for the quarter ended 30 September 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 are Interim Management Statements and have been prepared in accordance with the requirements of the Disclosure and Transparency Rules issued by the Financial Services Authority and the accounting policies set out in the 2008 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 16, 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.

### 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'.

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

Third Quarter			Nine Months	
2009 £m	2008 £m		2009 £m	2008 £m
28	132	Revenue and other operating income – re-measurements of commodity based contracts	74	19
–	4	Profits and losses on disposal of non-current assets and impairments	–	(18)
(10)	8	Net finance costs – re-measurements of financial instruments	(11)	4
(8)	(64)	Taxation	(31)	(9)
–	–	Minority interest	–	2
10	80	Impact on earnings	32	(2)

### Third quarter and nine months: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a credit of £28 million for the quarter (2008 £132 million credit), of which a credit of £16 million (2008 £122 million credit) represents non-cash mark-to-market movements on certain long-term UK gas contracts. For the nine months, a credit of £74 million in respect of re-measurements is included within revenue and other operating income (2008 £19 million credit), of which a credit of £62 million represents non-cash mark-to-market movements on certain long-term UK gas contracts (2008 £17 million credit). Whilst the activity surrounding these contracts involves the physical delivery of gas, the contracts fall within the scope of IAS 39 and meet the definition of a derivative instrument.

### Third quarter and nine months: Net finance costs

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

### 2008 nine months: Disposals of non-current assets

During the third quarter of 2008, 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 the third quarter of 2008, other disposals resulted in a pre-tax charge to the income statement of £1 million. A tax credit of £1 million arose on these disposals.

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
<b>Third Quarter</b>						
<b>Group revenue</b>						
Exploration and Production	1 048	1 494	–	–	1 048	1 494
Liquefied Natural Gas	806	1 365	–	–	806	1 365
Transmission and Distribution	356	406	–	–	356	406
Power Generation	111	158	–	–	111	158
Other activities	–	1	–	–	–	1
Less: intra-group sales	(74)	(125)	–	–	(74)	(125)
<b>Group revenue</b>	<b>2 247</b>	<b>3 299</b>	<b>–</b>	<b>–</b>	<b>2 247</b>	<b>3 299</b>
Other operating income <sup>(a)</sup>	2	(8)	28	132	30	124
<b>Group revenue and other operating income</b>	<b>2 249</b>	<b>3 291</b>	<b>28</b>	<b>132</b>	<b>2 277</b>	<b>3 423</b>
<b>Operating profit/(loss) before share of results from joint ventures and associates</b>						
Exploration and Production	434	917	28	132	462	1 049
Liquefied Natural Gas	260	333	–	–	260	333
Transmission and Distribution	96	72	–	(1)	96	71
Power Generation	10	2	–	–	10	2
Other activities	(15)	–	–	5	(15)	5
	<b>785</b>	<b>1 324</b>	<b>28</b>	<b>136</b>	<b>813</b>	<b>1 460</b>
<b>Pre-tax share of operating results of joint ventures and associates</b>						
Exploration and Production	1	–	–	–	1	–
Liquefied Natural Gas	44	34	–	–	44	34
Transmission and Distribution	7	8	–	–	7	8
Power Generation	19	17	–	–	19	17
	<b>71</b>	<b>59</b>	<b>–</b>	<b>–</b>	<b>71</b>	<b>59</b>
<b>Total operating profit/(loss)</b>						
Exploration and Production	435	917	28	132	463	1 049
Liquefied Natural Gas	304	367	–	–	304	367
Transmission and Distribution	103	80	–	(1)	103	79
Power Generation	29	19	–	–	29	19
Other activities	(15)	–	–	5	(15)	5
	<b>856</b>	<b>1 383</b>	<b>28</b>	<b>136</b>	<b>884</b>	<b>1 519</b>
<b>Net finance (costs)/income</b>						
Finance income	30	58	33	18	63	76
Finance costs	(40)	(36)	(43)	(10)	(83)	(46)
Share of joint ventures and associates	(10)	(11)	–	–	(10)	(11)
	<b>(20)</b>	<b>11</b>	<b>(10)</b>	<b>8</b>	<b>(30)</b>	<b>19</b>
<b>Taxation</b>						
Taxation	(324)	(590)	(8)	(64)	(332)	(654)
Share of joint ventures and associates	(16)	(10)	–	–	(16)	(10)
	<b>(340)</b>	<b>(600)</b>	<b>(8)</b>	<b>(64)</b>	<b>(348)</b>	<b>(664)</b>
<b>Profit for the period</b>	<b>496</b>	<b>794</b>	<b>10</b>	<b>80</b>	<b>506</b>	<b>874</b>

a) Business Performance Other operating income is attributable to segments as follows: E&P £7 million (2008 £(32) million), LNG £(9) million (2008 £25 million) and Power £4 million (2008 £(1) million).



### 3. Segmental analysis continued

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
<b>Nine Months</b>						
<b>Group revenue</b>						
Exploration and Production	3 481	4 421	–	–	3 481	4 421
Liquefied Natural Gas	2 909	4 096	–	–	2 909	4 096
Transmission and Distribution	1 040	1 022	–	–	1 040	1 022
Power Generation	362	451	–	–	362	451
Other activities	–	4	–	–	–	4
Less: intra-group sales	(225)	(383)	–	–	(225)	(383)
<b>Group revenue</b>	<b>7 567</b>	<b>9 611</b>	<b>–</b>	<b>–</b>	<b>7 567</b>	<b>9 611</b>
Other operating income <sup>(a)</sup>	94	2	74	19	168	21
<b>Group revenue and other operating income</b>	<b>7 661</b>	<b>9 613</b>	<b>74</b>	<b>19</b>	<b>7 735</b>	<b>9 632</b>
<b>Operating profit/(loss) before share of results from joint ventures and associates</b>						
Exploration and Production	1 507	2 835	75	19	1 582	2 854
Liquefied Natural Gas	1 036	1 034	–	–	1 036	1 034
Transmission and Distribution	290	145	(1)	(2)	289	143
Power Generation	34	35	–	–	34	35
Other activities	(11)	(11)	–	(16)	(11)	(27)
	<b>2 856</b>	<b>4 038</b>	<b>74</b>	<b>1</b>	<b>2 930</b>	<b>4 039</b>
<b>Pre-tax share of operating results of joint ventures and associates</b>						
Exploration and Production	1	–	–	–	1	–
Liquefied Natural Gas	157	95	–	–	157	95
Transmission and Distribution	20	21	–	–	20	21
Power Generation	69	62	–	–	69	62
	<b>247</b>	<b>178</b>	<b>–</b>	<b>–</b>	<b>247</b>	<b>178</b>
<b>Total operating profit/(loss)</b>						
Exploration and Production	1 508	2 835	75	19	1 583	2 854
Liquefied Natural Gas	1 193	1 129	–	–	1 193	1 129
Transmission and Distribution	310	166	(1)	(2)	309	164
Power Generation	103	97	–	–	103	97
Other activities	(11)	(11)	–	(16)	(11)	(27)
	<b>3 103</b>	<b>4 216</b>	<b>74</b>	<b>1</b>	<b>3 177</b>	<b>4 217</b>
<b>Net finance (costs)/income</b>						
Finance income	48	150	42	19	90	169
Finance costs	(123)	(113)	(53)	(15)	(176)	(128)
Share of joint ventures and associates	(33)	(33)	–	–	(33)	(33)
	<b>(108)</b>	<b>4</b>	<b>(11)</b>	<b>4</b>	<b>(119)</b>	<b>8</b>
<b>Taxation</b>						
Taxation	(1 204)	(1 788)	(31)	(9)	(1 235)	(1 797)
Share of joint ventures and associates	(53)	(27)	–	–	(53)	(27)
	<b>(1 257)</b>	<b>(1 815)</b>	<b>(31)</b>	<b>(9)</b>	<b>(1 288)</b>	<b>(1 824)</b>
<b>Profit for the period</b>	<b>1 738</b>	<b>2 405</b>	<b>32</b>	<b>(4)</b>	<b>1 770</b>	<b>2 401</b>

a) Business Performance Other operating income is attributable to segments as follows: E&P £11 million (2008 £(28) million), LNG £68 million (2008 £25 million) and Power £15 million (2008 £5 million).



### 3. Segmental analysis continued

<b>Total Result</b>	<b>Business Performance</b>		<b>Disposals, re-measurements and impairments</b>		<b>Total Result</b>	
	<b>2009 £m</b>	<b>2008 £m</b>	<b>2009 £m</b>	<b>2008 £m</b>	<b>2009 £m</b>	<b>2008 £m</b>
<b>Third Quarter</b>						
Exploration and Production	435	917	28	132	463	1 049
Liquefied Natural Gas	304	367	–	–	304	367
Transmission and Distribution	103	80	–	(1)	103	79
Power Generation	29	19	–	–	29	19
Other activities	(15)	–	–	5	(15)	5
	<b>856</b>	<b>1 383</b>	<b>28</b>	<b>136</b>	<b>884</b>	<b>1 519</b>
Less: Pre-tax share of operating results of joint ventures and associates					(71)	(59)
Add: Share of post-tax results from joint ventures and associates					45	38
Net finance (costs)/income					(20)	30
Profit before tax					838	1 528
Taxation					(332)	(654)
Profit for the period					506	874

<b>Total Result</b>	<b>Business Performance</b>		<b>Disposals, re-measurements and impairments</b>		<b>Total Result</b>	
	<b>2009 £m</b>	<b>2008 £m</b>	<b>2009 £m</b>	<b>2008 £m</b>	<b>2009 £m</b>	<b>2008 £m</b>
<b>Nine Months</b>						
Exploration and Production	1 508	2 835	75	19	1 583	2 854
Liquefied Natural Gas	1 193	1 129	–	–	1 193	1 129
Transmission and Distribution	310	166	(1)	(2)	309	164
Power Generation	103	97	–	–	103	97
Other activities	(11)	(11)	–	(16)	(11)	(27)
	<b>3 103</b>	<b>4 216</b>	<b>74</b>	<b>1</b>	<b>3 177</b>	<b>4 217</b>
Less: Pre-tax share of operating results of joint ventures and associates					(247)	(178)
Add: Share of post-tax results from joint ventures and associates					161	118
Net finance (costs)/income					(86)	41
Profit before tax					3 005	4 198
Taxation					(1 235)	(1 797)
Profit for the period					1 770	2 401



#### 4. Net finance (costs)/income

Third Quarter			Nine Months	
2009 £m	2008 £m		2009 £m	2008 £m
(25)	(20)	Interest payable	(67)	(66)
(13)	(13)	Interest on obligations under finance leases	(40)	(41)
10	4	Interest capitalised	20	17
(12)	(7)	Unwinding of discount on provisions <sup>(a)</sup>	(36)	(23)
(43)	(10)	Disposals, re-measurements and impairments (Note 2)	(53)	(15)
(83)	(46)	Finance costs	(176)	(128)
30	58	Interest receivable	48	150
33	18	Disposals, re-measurements and impairments (Note 2)	42	19
63	76	Finance income	90	169
(20)	30	Net finance (costs)/income <sup>(b)</sup>	(86)	41

a) 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.

b) Excludes Group share of net finance costs from joint ventures and associates for the quarter of £10 million (2008 £11 million) and for the nine months of £33 million (2008 £33 million).

#### 5. Taxation

The taxation charge for the third quarter before disposals, re-measurements and impairments was £324 million (2008 £590 million) and the taxation charge including disposals, re-measurements and impairments was £332 million (2008 £654 million).

For the nine months, the taxation charge before disposals, re-measurements and impairments was £1 204 million (2008 £1 788 million) and the taxation charge including disposals, re-measurements and impairments was £1 235 million (2008 £1 797 million).

The Group share of taxation from joint ventures and associates for the third quarter was £16 million (2008 £10 million) and for the nine months was £53 million (2008 £27 million).

#### 6. Earnings per ordinary share

Third Quarter				Nine Months			
2009		2008		2009		2008	
£m	Pence per share	£m	Pence per share	£m	Pence per share	£m	Pence per share
484	14.4	857	25.6	1 703	50.7	2 371	70.9
(10)	(0.3)	(80)	(2.4)	(32)	(1.0)	2	–
474	14.1	777	23.2	1 671	49.7	2 373	70.9

Basic earnings per share calculations in 2009 are based on the weighted average number of shares in issue of 3 363 million for the quarter and 3 360 million for the nine months.

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 3 390 million for the quarter and 3 388 million for the nine months, 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>(a)</sup> – Nine Months

	£m
Net borrowings as at 31 December 2008	<b>(972)</b>
Net decrease in cash and cash equivalents	<b>(342)</b>
Cash inflow from changes in borrowings	<b>(1 538)</b>
Inception of finance leases	<b>(62)</b>
Foreign exchange and other re-measurements	<b>(36)</b>
Net borrowings as at 30 September 2009 <sup>(a) (b)</sup>	<b>(2 950)</b>

Net borrowings attributable to Comgás were £551 million (31 December 2008 £443 million).

As at 30 September 2009, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately £1.3 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.

a) Net borrowings/funds are defined on page 25.

b) Net borrowings/funds comprise:

	As at 30 Sept 2009 £m	As at 31 Dec 2008 £m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	<b>664</b>	1 033
Overdrafts, loans and finance leases	<b>(698)</b>	(281)
Derivative financial instruments <sup>(c)</sup>	<b>57</b>	(49)
	<b>23</b>	703
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases	<b>(3 096)</b>	(1 897)
Derivative financial instruments <sup>(c)</sup>	<b>123</b>	222
	<b>(2 973)</b>	(1 675)
<b>Net borrowings</b>	<b>(2 950)</b>	(972)

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



## 8. Capital investment: geographical analysis

Third Quarter			Nine Months	
2009 £m	2008 £m		2009 £m	2008 £m
<b>274</b>	211	Europe and Central Asia	<b>592</b>	607
<b>1 042</b>	184	Americas and Global LNG	<b>1 702</b>	504
<b>212</b>	329	Africa, Middle East and Asia	<b>1 126</b>	890
<b>91</b>	6	Australia	<b>692</b>	326
<b>1 619</b>	730		<b>4 112</b>	2 327

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

	2009 £m	2008 £m	2009 pence	2008 pence
First quarter				
including disposals, re-measurements and impairments	<b>706</b>	767	<b>21.0</b>	22.9
excluding disposals, re-measurements and impairments	<b>690</b>	789	<b>20.5</b>	23.6
Second quarter				
including disposals, re-measurements and impairments	<b>513</b>	747	<b>15.3</b>	22.3
excluding disposals, re-measurements and impairments	<b>507</b>	807	<b>15.1</b>	24.1
Third quarter				
including disposals, re-measurements and impairments	<b>484</b>	857	<b>14.4</b>	25.6
excluding disposals, re-measurements and impairments	<b>474</b>	777	<b>14.1</b>	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



**Supplementary information: Operating and financial data**

Third Quarter		Second Quarter		Nine Months	
2009	2008	2009		2009	2008
<b>Production volumes (mmboe)</b>					
<b>6.1</b>	7.5	8.0	– oil	<b>22.2</b>	22.6
<b>8.5</b>	8.1	9.4	– liquids	<b>26.5</b>	26.6
<b>42.0</b>	38.4	41.1	– gas	<b>124.3</b>	120.2
<b>56.6</b>	54.0	58.5	– total	<b>173.0</b>	169.4
<b>Production volumes (boed in thousands)</b>					
<b>66</b>	82	88	– oil	<b>81</b>	82
<b>92</b>	88	103	– liquids	<b>97</b>	97
<b>457</b>	417	452	– gas	<b>456</b>	439
<b>615</b>	587	643	– total	<b>634</b>	618
<b>£41.54</b>	£59.81	£39.57	Average realised oil price per barrel	<b>£36.75</b>	£56.54
<b>(\$68.31)</b>	(\$115.26)	(\$59.27)		<b>(\$56.02)</b>	(\$111.28)
<b>£34.94</b>	£47.43	£31.93	Average realised liquids price per barrel	<b>£30.01</b>	£45.74
<b>(\$57.45)</b>	(\$91.41)	(\$47.82)		<b>(\$45.75)</b>	(\$90.02)
<b>30.78p</b>	35.63p	36.23p	Average realised UK gas price per produced therm	<b>45.18p</b>	35.99p
<b>16.01p</b>	23.83p	16.50p	Average realised International gas price per produced therm	<b>18.68p</b>	21.25p
<b>17.90p</b>	25.62p	20.03p	Average realised gas price per produced therm	<b>23.06p</b>	24.12p
<b>£2.66</b>	£2.13	£2.23	Lifting costs per boe	<b>£2.37</b>	£1.84
<b>(\$4.37)</b>	(\$4.10)	(\$3.34)		<b>(\$3.62)</b>	(\$3.63)
<b>£4.04</b>	£3.59	£3.62	Operating expenditure per boe	<b>£3.82</b>	£3.19
<b>(\$6.65)</b>	(\$6.91)	(\$5.42)		<b>(\$5.82)</b>	(\$6.29)
<b>526</b>	447	632	Development expenditure (excluding acquisitions) (£m)	<b>1 559</b>	1 260
<b>Gross exploration expenditure (£m)</b>					
<b>117</b>	134	223	– capitalised expenditure (excluding acquisitions)	<b>642</b>	460
<b>51</b>	61	62	– other expenditure	<b>177</b>	156
<b>168</b>	195	285	– gross expenditure	<b>819</b>	616
<b>Exploration expenditure charge (£m)</b>					
<b>70</b>	54	68	– capitalised expenditure written off	<b>251</b>	150
<b>51</b>	61	62	– other expenditure	<b>177</b>	156
<b>121</b>	115	130	– exploration charge	<b>428</b>	306
<b>LNG cargoes</b>					
<b>22</b>	20	26	– delivered to US	<b>57</b>	43
<b>31</b>	37	30	– delivered to global markets	<b>107</b>	135
<b>53</b>	57	56	– total	<b>164</b>	178
<b>161.2</b>	185.5	164.4	LNG managed volumes (Tbtu)	<b>505.8</b>	549.3



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## **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
E&P	Exploration and Production
EBITDA	earnings before interest, tax, depreciation and amortisation
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
mmboe	million barrels of oil equivalent
mmbtu	million british thermal units
mmcfd	million cubic feet per day
mmcmd	million cubic metres per day
mmscfd	million standard cubic feet per day
mmscm	million standard cubic metres
mmscmd	million standard cubic metres per day
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
PSA	production sharing agreement
SEC	US Securities and Exchange Commission
T&D	Transmission and Distribution
Tbtu	trillion british thermal units
Total operating profit	Group operating profit plus share of pre-tax operating results of joint ventures and associates
UKCS	United Kingdom Continental Shelf
Unit operating expenditure per boe	Production costs and royalties incurred over the period divided by the net production for the period. Production costs and royalties (other operating costs) for the period are disclosed under 'results of operations' in the Supplementary information – Oil and Gas disclosures in BG Group's Annual Report & Accounts for the period. This measure does not include the impact of depreciation and amortisation costs and exploration costs as they are not considered to be costs associated with the operation of producing assets.
Unit lifting costs per boe	'Unit operating expenditure' as defined above, excluding royalty, tariff and insurance costs incurred over the period divided by the net production for the period.



## Enquiries

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

Announcement of 2009 fourth quarter and full year results and annual strategy presentation 4 February 2010

Announcement of 2010 first quarter results 29 April 2010

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

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