



BG Group plc

2010 FOURTH QUARTER & FULL YEAR RESULTS

Full Year Highlights

- Business Performance^(a) earnings per share up 18%
- Strong cash flow from operations of \$8.4 billion
- Full year dividend increased by 10% to 21.60 cents per share (13.66 pence per share)
- Excellent progress on major projects in Australia, Brazil and the USA
- Three-year proved reserve replacement ratio of 223%
- Total reserves and resources increased by 1.7 billion boe to 16.2 billion boe

BG Group's Chief Executive, Frank Chapman said:

"BG Group delivered good financial results for 2010. The reserves replacement ratio is further evidence of our progress with the major projects underpinning our very strong growth programme to 2020."

BG Group issued its annual strategy update (available at www.bg-group.com) in conjunction with these results.

Fourth Quarter			Business Performance ^(a)	Full Year		
2010 \$m	2009 ^(b) \$m			2010 \$m	2009 ^(b) \$m	
1 802	1 756	+3%	Total operating profit including share of pre-tax operating results from joint ventures and associates	6 925	6 330	+9%
1 056	931	+13%	Earnings for the period	4 013	3 392	+18%
31.2c	27.6c	+13%	Earnings per share	118.7c	100.9c	+18%
11.78c	10.43c	+13%	Dividend per share	21.60c	19.63c	+10%
Total results for the period (including disposals, re-measurements and impairments)						
1 420	1 487	-5%	Operating profit before share of results from joint ventures and associates	5 562	5 889	-6%
1 534	1 591	-4%	Total operating profit including share of pre-tax operating results from joint ventures and associates	5 998	6 275	-4%
905	809	+12%	Earnings for the period continuing operations	3 383	3 311	+2%
35	(55)	–	Earnings for the period discontinued operations ^(c)	(32)	8	–
26.7c	24.0c	+11%	Earnings per share continuing operations	100.1c	98.5c	+2%
1.1c	(1.6c)	–	Earnings per share discontinued operations ^(c)	(1.0c)	0.2c	–

a) 'Business Performance' excludes discontinued operations and 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. During the fourth quarter, total results included a pre-tax charge of \$342 million in relation to mark-to-market movements on long-term commodity contracts and economic hedges (pre-tax charge of \$591 million for the full year). For further explanation of Business Performance and the presentation of results from joint ventures and associates, see Presentation of Non-GAAP measures (page 9), note 1 (page 17) and note 3 (page 20). For further details of the items included in disposals, re-measurements and impairments, see note 2 (page 19). Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

b) 2009 results have been restated: from Pounds Sterling to US Dollars; to reflect the application of IFRIC 12; and to reflect the presentation of the majority of the businesses that comprised the Power Generation segment as discontinued operations (see note 1, page 17).

c) For further information on discontinued operations see page 3, note 1 (page 17) and note 6 (page 23).



Business Review – Group

Fourth Quarter			Full Year		
2010 \$m	2009 Restated ^(a) \$m		2010 \$m	2009 Restated ^(a) \$m	
4 363	4 312	+1% Revenue and other operating income	17 363	15 667	+11%
		Total operating profit including share of pre-tax results from joint ventures and associates			
1 067	947	+13% Exploration and Production	3 766	3 223	+17%
550	591	-7% Liquefied Natural Gas	2 449	2 405	+2%
190	218	-13% Transmission and Distribution	711	721	-1%
(5)	–	– Other activities	(1)	(19)	-95%
1 802	1 756	+3%	6 925	6 330	+9%
(48)	(52)	-8% Net finance costs	(156)	(192)	-19%
(656)	(724)	-9% Taxation for the period	(2 606)	(2 595)	–
1 056	931	+13% Earnings for the period	4 013	3 392	+18%
31.2c	27.6c	+13% Earnings per share (cents)	118.7c	100.9c	+18%
1 813	2 177	-17% Cash generated by operations	8 370	7 597	+10%
2 497	1 780	+40% Capital investment ^(b)	9 247	8 076	+14%

a) See note 1 (page 17).

b) Includes capital investment relating to discontinued operations for the quarter of \$nil (2009 \$28 million) and for the full year of \$28 million (2009 \$44 million).

Fourth quarter

Revenue and other operating income increased by 1% to \$4 363 million, reflecting higher realised prices, partially offset by lower LNG managed volumes and E&P production volumes.

This increased revenue and other operating income, together with a lower exploration charge, resulted in a 3% increase in total operating profit to \$1 802 million.

Cash generated by operations was \$1 813 million (2009 \$2 177 million). Net finance costs were \$48 million.

Capital investment of \$2 497 million in the quarter comprised investment in E&P (\$2 071 million), LNG (\$337 million) and T&D (\$89 million) and reflected a ramp-up of activity in Australia, Brazil and the USA.

Full year

Revenue and other operating income increased by 11% to \$17 363 million and total operating profit increased by 9% to \$6 925 million, primarily reflecting the impact of higher commodity prices.

Net finance costs of \$156 million (2009 \$192 million) benefited from foreign exchange gains of \$82 million (2009 \$45 million gains).

The Group's effective tax rate (including BG Group's share of joint venture and associates' tax) was 38.5% (2009 42%) for the full year and included a credit of \$106 million in relation to a favourable settlement for a prior period.

Cash generated by operations increased by 10% to \$8 370 million (2009 \$7 597 million). As at 31 December 2010, net debt was \$6 973 million and the gearing ratio of the Group was 20%.

Capital investment in the year (including acquisitions of \$1 233 million) was \$9 247 million and included investment in E&P (\$7 092 million), LNG (\$1 868 million) and T&D (\$259 million).

In considering the dividend level the Board takes account of the outlook for earnings growth, cash flow and financial gearing. Taking these factors into account, the Board has recommended a final dividend of 11.78 cents per share (7.31 pence per share), bringing the full year dividend to 21.60 cents per share (13.66 pence per share), an increase of 10% compared with last year. The final dividend will be paid to shareholders in Pounds Sterling on 20 May 2011.

Discontinued operations – Power Generation

Following the disposal of the Group's power stations in the USA and UK earlier in the year, BG Group announced in September 2010 that it had agreed to sell its interests in the Santa Rita and San Lorenzo power stations in the Philippines subject to receiving necessary waivers and consents. Together, these power stations represented the majority of the Group's Power Generation business segment and were considered to be a separate major line of business for BG Group. As a result of these sales, these operations have been treated as discontinued operations for the year ended 31 December 2010.

The Power businesses that remain with BG Group have been allocated to other business segments based on their activity and location. Comparative information has also been restated. For further information on discontinued operations, see note 1 (page 17) and note 6 (page 23).

Disposals, re-measurements and impairments

A post-tax charge of \$152 million for the quarter and \$631 million for the full year was recorded in respect of disposals, re-measurements and impairments. The full year charge included a post-tax charge of \$407 million in relation to mark-to-market movements on long-term commodity contracts and economic hedges and a post-tax charge of \$224 million in relation to profits and losses on disposal of non-current assets and impairments. For further information, see note 2 (page 19).

Board change

In December, BG Group announced that Ashley Almanza will stand down from the Board and leave his role as Chief Financial Officer on 31 March 2011. BG Group also announced that Fabio de Oliveira Barbosa had joined the Group. It is intended that Mr Barbosa will join the Board as Chief Financial Officer on 31 March 2011.

Exploration and Production (E&P)

Fourth Quarter			Full Year		
2010 \$m	2009 Restated ^(a) \$m		2010 \$m	2009 Restated ^(a) \$m	
60.7	61.9	-2% Production volumes (mmboe)	235.7	234.9	–
2 284	2 152	+6% Revenue and other operating income	8 583	7 448	+15%
1 229	1 231	– Total operating profit before exploration charge	4 531	4 158	+9%
(162)	(284)	-43% Exploration charge	(765)	(935)	-18%
1 067	947	+13% Total operating profit	3 766	3 223	+17%
2 071	1 383	+50% Capital investment	7 092	6 757	+5%

a) See note 1 (page 17).

Additional operating and financial data is given on page 27.

Fourth quarter

Revenue and other operating income increased by 6% to \$2 284 million, reflecting the impact of higher realised prices, partially offset by a 2% fall in production volumes.

Total operating profit of \$1 067 million was 13% higher as a result of the increase in revenue and other operating income and a lower exploration charge, partially offset by higher unit operating costs and depreciation charges.

International gas realisations were 22% higher at 32.81 cents per produced therm, reflecting gas prices linked to higher oil market prices and favourable mix effects. The average UK realised gas price was 43.78 pence per produced therm, 18% higher than 2009.

The exploration charge of \$162 million was \$122 million lower as a result of lower well write-off.

Unit operating expenditure increased to \$7.32 per barrel of oil equivalent (2009 \$6.40 per barrel of oil equivalent), reflecting the impact of higher commodity prices and changes in the production mix.

Capital investment of \$2 071 million in the quarter comprised investment in the Americas (\$844 million), Africa, Middle East and Asia (\$521 million), Australia (\$481 million) and Europe and Central Asia (\$225 million).

Full year

Revenue and other operating income was 15% higher at \$8 583 million, reflecting higher commodity prices.

Total operating profit increased by 17% to \$3 766 million as a result of the increase in revenue and other operating income and a lower exploration charge.

Production volumes increased by 0.8 mmboe for the full year as production growth from the USA, Tunisia and Australia was largely offset by lower production in the UK, Egypt and India and planned maintenance activity, particularly in Kazakhstan.

International gas realisations for the full year increased by 17% to 32.81 cents per produced therm, reflecting gas prices linked to higher oil and Henry Hub market prices. The average realised gas price in the UK decreased to 36.86 pence per produced therm as a result of lower contract prices.

Unit operating expenditure increased to \$7.28 per barrel of oil equivalent (2009 \$5.97 per barrel of oil equivalent), reflecting the impact of higher maintenance activity, changes in the production mix and higher commodity prices.

The exploration charge fell by \$170 million to \$765 million as a result of lower well write-off.

Capital investment of \$7 092 million in the year comprised investment in the Americas (\$3 525 million, including \$1 233 million on acquisitions in the USA as part of the alliance with EXCO Resources, Inc.), Africa, Middle East and Asia (\$1 387 million), Australia (\$1 103 million) and Europe and Central Asia (\$1 077 million).

Fourth quarter business highlights

Brazil

In December, BG Group announced that its partner Petrobras, as the operator of block BM-S-11 (BG Group 25%) in the Santos Basin, filed the Declaration of Commerciality (DoC) with the Brazilian National Agency of Petroleum, Natural Gas and Biofuels for the accumulations of light oil and gas in the Tupi and Iracema areas. In the proposal sent to the regulatory body, the names "Lula" field and "Cernambi" field have been proposed for Tupi and Iracema respectively. The DoC is another significant milestone in the development of the Group's substantial interests in the region, marking the start of the commercial production phase for the fields and setting the licence period to run to 2037.

Further announcements were made in November 2010 and January 2011 regarding Floating Production, Storage and Offloading (FPSO) vessels for the Santos Basin developments. There are now 13 FPSOs being procured across the two blocks, with four currently allocated to BM-S-9 (BG Group 30%) which includes the Carioca and Guar areas and nine allocated to BM-S-11 which includes the Lula and Cernambi fields, as well as the Iara area. This will result in a gross production capacity of some 2.3 million boe per day onstream by 2017.

In December, BG Group provided additional data on operational and capital costs. The cost update related to the first two FPSO vessels on the Lula field and the first FPSO on the Guar field. Based on the new resources estimates for these fields previously released by BG Group in November 2010, the three FPSOs are expected to recover total gross reserves of approximately 2.2 billion boe – approximately 600 mmmboe net to BG Group – within the concession periods, utilising a total of approximately 40 production and injection wells. In light of the outstanding reservoir characteristics and high recovery per well, BG Group anticipates very low unit technical costs for this initial phase of development, amounting to: capital costs of \$5/boe and operating costs of \$9/boe.

In December, BG Group confirmed that the eleventh well on the BM-S-11 concession was successful. The well, encountered a 90-metre reservoir section on the western flank of Lula, which will help further delineate the size and quality of the field.

In December, BG Group announced that the initial Extended Well Test (EWT) on the Guar discovery in the BM-S-9 concession commenced. The EWT will last for about five months with gross daily production estimated to average about 20 000 bopd. Following completion of the EWT, commercial production on the discovery will commence in 2013 with wells connected to the FPSO Cidade de So Paulo which has a production capacity of 120 000 bopd and around 177 mmscfd.

In January 2011, BG Group confirmed a new discovery of light oil in a 200-metre reservoir section in block BM-S-9. The discovery well, known as Carioca North-East, is located nine kilometres north-east of the original Carioca discovery well. Drilling on Carioca North-East has been concluded and drill stem tests will be conducted in due course.

Tanzania

In December, BG Group announced that its second Tanzanian exploration well, Chewa-1, had also discovered gas. The well, located in Block 4 approximately 80 kilometres offshore southern Tanzania in a water depth of around 1 300 metres, is some eight kilometres north-west of BG Group's Pweza-1 gas discovery announced in October 2010. A third well is planned for early 2011.

China

In December, BG Group announced a discovery on Block 64/11 offshore China after the Lingshui 22-1-1 exploration well encountered gas-bearing sands. The well, the first drilled by BG Group in China, is in the deep-water Qiongdongnan Basin in the South China Sea, approximately 130 kilometres offshore and in a water depth of 1 338 metres. BG Group plans to continue its exploration programme in 2011 with a second well and the acquisition of 1 500 square kilometres of 3D seismic data on Block 63/16 later in the year.

Norway

In January 2011, BG Group submitted the Plan for Development and Operation for the Jordber field, to the Norwegian Ministry of Petroleum and Energy for approval. Jordber is an oil field in a water depth of 410 metres, situated in the Tampen North area in the Norwegian North Sea. It will be developed using a leased FPSO and first production is expected by the end of 2013.

UK

In February 2011, following the exercise of pre-emption rights under its joint operating agreements, BG Group completed its acquisition of Hess Limited's equity in the Everest and Lomond fields, located in the UK central North Sea. Following the transaction, BG Group increased its interests in Everest and Lomond to 99.1% and 100% respectively.

USA

In February 2011, BG Group acquired further Marcellus shale properties in partnership with EXCO Resources, Inc. for a consideration of approximately \$230 million, net to BG Group.

Bolivia

In January 2011, BG Group and partners in the Itaú consortium (BG Group 25%), submitted a field development plan (FDP) to the Bolivian national oil company (YPFB) for approval as part of Itaú Phase II. The FDP includes the drilling of a new well, the sidetrack of two existing wells and the construction of a new processing facility. This follows the project sanction by BG Group and congressional approval of the farm-in to Total's equity by Petrobras who becomes operator. First production from Phase II is expected in 2013.

Liquefied Natural Gas (LNG)

Fourth Quarter			Full Year		
2010 \$m	2009 Restated ^(a) \$m		2010 \$m	2009 Restated ^(a) \$m	
Business Performance					
1 487	1 527	-3%	Revenue and other operating income	6 521	6 032 +8%
Total operating profit					
484	546	-11%	Shipping and marketing	2 221	2 225 –
86	86	–	Liquefaction	326	326 –
(20)	(41)	-51%	Business development and other	(98)	(146) -33%
550	591	-7%		2 449	2 405 +2%
337	288	+17%	Capital investment	1 868	1 038 +80%

a) See note 1 (page 17).

Additional operating and financial data is given on page 27.

Fourth quarter

LNG total operating profit for the quarter was \$550 million.

Shipping and marketing total operating profit of \$484 million was 11% lower, reflecting fewer cargoes in the quarter.

BG Group's share of operating profit from liquefaction activities of \$86 million was in line with 2009.

Capital investment of \$337 million in the quarter included \$300 million in Australia and \$16 million in Chile.

Full year

LNG total operating profit increased by 2% to \$2 449 million.

Shipping and marketing total operating profit of \$2 221 million was in line with 2009.

BG Group's share of operating profit from liquefaction activities of \$326 million was in line with last year.

Capital investment of \$1 868 million in the year included \$944 million in Australia, \$492 million following the commissioning of a natural gas liquids-stripping facility at Lake Charles in the USA, \$320 million relating to LNG ships and \$40 million in Chile.

Fourth quarter business highlights

In January 2011, GNL Quintero S.A. (BG Group 40%) issued the declaration of full commercial operations. BG Group has a supply contract to certain Chilean gas buyers for up to 1.7 mtpa for 21 years from September 2009.

During the quarter, BG Group took delivery of two new-generation LNG ships. Both 170 000 cubic metre capacity ships have tri-fuel diesel electric (heavy fuel oil/gas/marine fuel) propulsion and reliquefaction capability. The ships are some of the first in the world to integrate onboard reliquefaction with the propulsion system, allowing natural gas boil-off to be consumed as fuel or reliquefied and returned to cargo tanks.

Transmission and Distribution (T&D)

Fourth Quarter			Full Year		
2010 \$m	2009 Restated ^(a) \$m		2010 \$m	2009 Restated ^(a) \$m	
Business Performance					
Revenue and other operating income					
612	595	+3% Comgás	2 298	2 030	+13%
215	189	+14% Other	783	651	+20%
827	784	+5%	3 081	2 681	+15%
Total operating profit					
135	171	-21% Comgás	554	593	-7%
55	47	+17% Other	157	128	+23%
190	218	-13%	711	721	-1%
89	81	+10% Capital investment	259	237	+9%

a) See note 1 (page 17).

Fourth quarter

Revenue and other operating income increased by 5% to \$827 million, reflecting higher volumes at Comgás in Brazil and at Gujarat Gas in India.

T&D total operating profit of \$190 million was 13% lower, reflecting the timing effect of gas cost recovery at Comgás.

The net recovery of gas costs at Comgás in the quarter was \$43 million compared with \$77 million in 2009. At the end of the quarter, \$137 million of net benefit is due to be passed back to customers in future periods. Excluding the timing effect of gas cost recovery, total operating profit at Comgás was 2% lower, as higher volumes were offset by changes in the sales mix and higher costs.

Full year

Revenue and other operating income increased by 15% to \$3 081 million, reflecting higher volumes at Comgás, following a recovery in demand within the industrial and power segments, and at Gujarat Gas in India.

T&D total operating profit for the full year was \$711 million.

The net recovery of gas costs at Comgás for the full year was \$149 million compared with \$252 million in 2009. Excluding the timing effect of gas cost recovery, operating profit at Comgás increased by 19% principally as a result of higher volumes and favourable foreign exchange movements.

Operating profit for other T&D activities increased by \$29 million to \$157 million, reflecting higher volumes and prices at Gujarat Gas.

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

Power Generation

Following the disposal of the majority of BG Group's power interests, the Group's remaining power assets have been re-allocated to other operating segments based on their activity and location.

Presentation of Non-GAAP measures

Business Performance

'Business Performance' excludes discontinued operations and 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 USA. 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 and where practical have been designated as formal hedges. However, IAS 39 does not always allow the matching of 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, together with any unrealised gains and losses associated with discontinued hedge accounting relationships that continue to represent economic hedges, are disclosed separately as 'disposals, re-measurements and impairments'.

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

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

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

For a reconciliation between the overall results and Business Performance and details of disposals, re-measurements and impairments, see the consolidated income statements (pages 11 and 12), note 2 (page 19) and note 3 (page 20).

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 20).

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 2009. 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.

Please note that these results should be read in conjunction with BG Group's 2011 Strategy Presentation which has also been issued today. The 2011 Strategy Presentation is available for viewing at www.bg-group.com

Consolidated Income Statement

Fourth Quarter

	Notes	2010			2009 Restated ^(a)		
		Business Performance ^(b) \$m	Disposals, re-measurements and impairments (Note 2) ^(b) \$m	Total Result \$m	Business Performance ^(b) \$m	Disposals, re-measurements and impairments (Note 2) ^(b) \$m	Total Result \$m
Group revenue		4 317	–	4 317	4 220	–	4 220
Other operating income	2	46	(342)	(296)	92	51	143
Group revenue and other operating income	3	4 363	(342)	4 021	4 312	51	4 363
Operating costs		(2 675)	–	(2 675)	(2 660)	–	(2 660)
Profits and losses on disposal of non-current assets and impairments	2	–	74	74	–	(216)	(216)
Operating profit/(loss)^(c)	3	1 688	(268)	1 420	1 652	(165)	1 487
Finance income	2, 4	38	(8)	30	23	(64)	(41)
Finance costs	2, 4	(72)	4	(68)	(59)	53	(6)
Share of post-tax results from joint ventures and associates	3	70	–	70	53	–	53
Profit/(loss) before tax		1 724	(272)	1 452	1 669	(176)	1 493
Taxation	2, 5	(626)	120	(506)	(689)	54	(635)
Profit/(loss) for the period from continuing operations	3	1 098	(152)	946	980	(122)	858
Profit/(loss) for the period from discontinued operations	6	–	35	35	–	(55)	(55)
Profit/(loss) for the period		1 098	(117)	981	980	(177)	803
Attributable to:							
BG Group shareholders (earnings)		1 056	(116)	940 ^(d)	931	(177)	754 ^(d)
Non-controlling interest		42	(1)	41	49	–	49
		1 098	(117)	981	980	(177)	803
Earnings per share continuing operations – basic	7	31.2c	(4.5c)	26.7c	27.6c	(3.6c)	24.0c
Earnings per share discontinued operations – basic		–	1.1c	1.1c	–	(1.6c)	(1.6c)
Earnings per share continuing operations – diluted	7	31.0c	(4.4c)	26.6c	27.4c	(3.6c)	23.8c
Earnings per share discontinued operations – diluted		–	1.0c	1.0c	–	(1.6c)	(1.6c)
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates^(e)	3	1 802	(268)	1 534	1 756	(165)	1 591

a) See note 1 (page 17).

b) See Presentation of Non-GAAP measures (page 9) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

d) Includes earnings from continuing operations of \$905 million (2009 \$809 million) and from discontinued operations of \$35 million (2009 \$(55) million).

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

Consolidated Income Statement

Full Year

	Notes	2010			2009 Restated ^(a)		
		Business Performance ^(b) \$m	Disposals, re-measurements and impairments (Note 2) ^(b) \$m	Total Result \$m	Business Performance ^(b) \$m	Disposals, re-measurements and impairments (Note 2) ^(b) \$m	Total Result \$m
Group revenue		17 166	–	17 166	15 441	–	15 441
Other operating income	2	197	(591)	(394)	226	161	387
Group revenue and other operating income	3	17 363	(591)	16 772	15 667	161	15 828
Operating costs		(10 874)	–	(10 874)	(9 723)	–	(9 723)
Profits and losses on disposal of non-current assets and impairments	2	–	(336)	(336)	–	(216)	(216)
Operating profit/(loss)^(c)	3	6 489	(927)	5 562	5 944	(55)	5 889
Finance income	2, 4	155	22	177	99	2	101
Finance costs	2, 4	(262)	(22)	(284)	(246)	(35)	(281)
Share of post-tax results from joint ventures and associates	3	275	–	275	246	–	246
Profit/(loss) before tax		6 657	(927)	5 730	6 043	(88)	5 955
Taxation	2, 5	(2 494)	296	(2 198)	(2 500)	7	(2 493)
Profit/(loss) for the year from continuing operations	3	4 163	(631)	3 532	3 543	(81)	3 462
Profit/(loss) for the year from discontinued operations	6	–	(32)	(32)	–	8	8
Profit/(loss) for the year		4 163	(663)	3 500	3 543	(73)	3 470
Attributable to:							
BG Group shareholders (earnings)		4 013	(662)	3 351 ^(d)	3 392	(73)	3 319 ^(d)
Non-controlling interest		150	(1)	149	151	–	151
		4 163	(663)	3 500	3 543	(73)	3 470
Earnings per share continuing operations – basic	7	118.7c	(18.6c)	100.1c	100.9c	(2.4c)	98.5c
Earnings per share discontinued operations – basic		–	(1.0c)	(1.0c)	–	0.2c	0.2c
Earnings per share continuing operations – diluted	7	118.0c	(18.5c)	99.5c	100.1c	(2.4c)	97.7c
Earnings per share discontinued operations – diluted		–	(1.0c)	(1.0c)	–	0.2c	0.2c
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates^(e)	3	6 925	(927)	5 998	6 330	(55)	6 275

a) See note 1 (page 17).

b) See Presentation of Non-GAAP measures (page 9) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

d) Includes earnings from continuing operations of \$3 383 million (2009 \$3 311 million) and from discontinued operations of \$(32) million (2009 \$8 million).

e) 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

Fourth Quarter			Full Year	
2010 \$m	2009 Restated ^(a) \$m		2010 \$m	2009 Restated ^(a) \$m
981	803	Profit for the period	3 500	3 470
(133)	(227)	Hedge adjustments net of tax ^(b)	(590)	(723)
5	(2)	Fair value movements on 'available-for-sale' assets net of tax ^(c)	4	4
545	421	Currency translation adjustments	1 180	2 455
417	192	Other comprehensive income, net of tax	594	1 736
1 398	995	Total comprehensive income for the period	4 094	5 206
Attributable to:				
1 352	939	BG Group shareholders	3 928	5 006
46	56	Non-controlling interest	166	200
1 398	995		4 094	5 206

a) See note 1 (page 17).

b) Income tax relating to hedge adjustments is a \$30 million credit for the quarter (2009 \$62 million credit) and a \$206 million credit for the full year (2009 \$252 million credit).

c) Income tax relating to fair value movements on 'available-for-sale' assets is a \$3 million charge for the quarter (2009 \$2 million credit) and a \$2 million charge for the full year (2009 \$2 million credit).



Consolidated Balance Sheet

	As at 31 Dec 2010 \$m	As at 31 Dec 2009 Restated ^(a) \$m	As at 1 Jan 2009 Restated ^(a) \$m
Assets			
Non-current assets			
Goodwill	820	781	600
Other intangible assets	7 193	9 290	6 422
Property, plant and equipment	28 263	20 131	15 146
Investments	2 824	2 953	2 345
Deferred tax assets	518	137	110
Trade and other receivables	206	125	136
Commodity contracts and other derivative financial instruments	283	608	1 345
	40 107	34 025	26 104
Current assets			
Inventories	655	769	808
Trade and other receivables	5 994	4 721	5 199
Current tax receivable	233	173	131
Commodity contracts and other derivative financial instruments	550	1 635	2 211
Cash and cash equivalents	2 533	1 119	1 485
	9 965	8 417	9 834
Assets classified as held for sale	227	–	–
Total assets	50 299	42 442	35 938
Liabilities			
Current liabilities			
Borrowings	(1 258)	(1 158)	(404)
Trade and other payables	(4 388)	(4 186)	(5 222)
Current tax liabilities	(1 814)	(1 579)	(1 614)
Commodity contracts and other derivative financial instruments	(1 426)	(1 390)	(2 088)
	(8 886)	(8 313)	(9 328)
Non-current liabilities			
Borrowings	(8 446)	(5 024)	(2 727)
Trade and other payables	(72)	(63)	(55)
Commodity contracts and other derivative financial instruments	(901)	(849)	(760)
Deferred income tax liabilities	(3 134)	(3 147)	(2 955)
Retirement benefit obligations	(260)	(279)	(256)
Provisions for other liabilities and charges	(1 812)	(1 537)	(1 333)
	(14 625)	(10 899)	(8 086)
Liabilities associated with assets classified as held for sale	(104)	–	–
Total liabilities	(23 615)	(19 212)	(17 414)
Net assets	26 684	23 230	18 524
Equity			
Total shareholders' equity	26 328	22 909	18 343
Non-controlling interest in equity	356	321	181
Total equity	26 684	23 230	18 524

a) See note 1 (page 17).

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	Non-con- trolling interest \$m	Total \$m
Equity as at 31 December 2009 (restated^(a))	574	444	150	1 697	2 710	17 334	22 909	321	23 230
Total comprehensive income for the year	–	–	(607)	1 180	–	3 355	3 928	166	4 094
Issue of shares	2	93	–	–	–	–	95	–	95
Purchase of own shares	–	–	–	–	–	(2)	(2)	–	(2)
Adjustment in respect of employee share schemes	–	–	–	–	–	82	82	–	82
Dividends on ordinary shares	–	–	–	–	–	(684)	(684)	–	(684)
Dividends to non-controlling interest	–	–	–	–	–	–	–	(131)	(131)
Equity as at 31 December 2010	576	537	(457)	2 877	2 710	20 085	26 328	356	26 684

	Called up share capital \$m	Share premium account \$m	Hedging reserve \$m	Translation reserve \$m	Other reserves \$m	Retained earnings \$m	Total \$m	Non-con- trolling interest \$m	Total \$m
Equity as at 31 December 2008 (restated^(a))	571	348	889	(725)	2 710	14 550	18 343	181	18 524
Total comprehensive income for the year	–	–	(739)	2 422	–	3 323	5 006	200	5 206
Issue of shares	3	96	–	–	–	–	99	–	99
Purchase of own shares	–	–	–	–	–	(4)	(4)	–	(4)
Adjustment in respect of employee share schemes	–	–	–	–	–	98	98	–	98
Dividends on ordinary shares	–	–	–	–	–	(633)	(633)	–	(633)
Dividends to non-controlling interest	–	–	–	–	–	–	–	(60)	(60)
Equity as at 31 December 2009 (restated^(a))	574	444	150	1 697	2 710	17 334	22 909	321	23 230

a) See note 1 (page 17).

Consolidated Cash Flow Statement

Fourth Quarter			Full Year	
2010 \$m	2009 Restated ^(a) \$m		2010 \$m	2009 Restated ^(a) \$m
Cash flows from operating activities				
1 490	1 394	Profit before tax ^(b)	5 609	5 923
(70)	(71)	Share of post-tax results from joint ventures and associates	(313)	(314)
564	459	Depreciation of property, plant and equipment and amortisation of intangible assets	2 155	1 750
365	(61)	Fair value movements in commodity based contracts	677	(169)
(116)	355	(Profits) and losses on disposal of non-current assets and impairments	514	355
63	163	Unsuccessful exploration expenditure written off	382	545
15	(10)	Increase/(decrease) in provisions	(54)	(71)
(30)	41	Finance income	(177)	(102)
70	6	Finance costs	289	281
18	20	Share-based payments	60	65
(556)	(119)	Increase in working capital	(772)	(666)
1 813	2 177	Cash generated by operations	8 370	7 597
(381)	(512)	Income taxes paid	(1 984)	(2 065)
1 432	1 665	Net cash inflow from operating activities	6 386	5 532
Cash flows from investing activities				
90	66	Dividends received from joint ventures and associates	198	227
407	2	Proceeds from disposal of property, plant and equipment and intangible assets	897	5
–	–	Proceeds from the sale of investments	468	–
(2 350)	(1 730)	Purchase of property, plant and equipment and intangible assets	(8 397)	(6 767)
30	(11)	Loans to and repayments from joint ventures and associates	92	(101)
(203)	(2)	Investments in subsidiaries, joint ventures and associates	(529)	(1 094)
(2 026)	(1 675)	Net cash outflow from investing activities	(7 271)	(7 730)
Cash flows from financing activities				
(72)	(55)	Net interest paid ^(c)	(229)	(166)
(6)	(5)	Dividends paid	(680)	(633)
(39)	(27)	Dividends paid to non-controlling interest	(108)	(57)
2 235	118	Net proceeds from issue and repayment of borrowings	3 211	2 572
29	45	Issue of shares	95	99
–	–	Purchase of own shares	(2)	(4)
2 147	76	Net cash inflow from financing activities	2 287	1 811
1 553	66	Net increase/(decrease) in cash and cash equivalents	1 402	(387)
984	1 058	Cash and cash equivalents at beginning of period	1 119	1 485
14	(5)	Effect of foreign exchange rate changes	30	21
2 551 ^(e)	1 119	Cash and cash equivalents at end of period^(d)	2 551 ^(e)	1 119

a) See note 1 (page 17).

b) Includes profit/(loss) before tax from discontinued operations for the fourth quarter of \$38 million (2009 \$(99) million) and for the full year of \$(121) million (2009 \$(32) million).

c) Includes capitalised interest for the fourth quarter of \$31 million (2009 \$18 million) and for the full year of \$79 million (2009 \$49 million).

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

e) The balance at 31 December 2010 includes cash and cash equivalents of \$2 533 million and cash included within assets held for sale of \$18 million.

Notes

1. Basis of preparation

These primary statements are the unaudited preliminary consolidated financial statements ('the financial statements') of BG Group plc for the quarter and the full year ended 31 December 2010. 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 2009 which have been prepared in accordance with IFRS 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 2009 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 Sections 498(2) or 498(3) of the Companies Act 2006. These financial statements 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 2009 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.

With effect from 1 January 2010, BG Group has presented its results in US Dollars. Accordingly, 2009 results have been translated from Pounds Sterling to US Dollars using monthly average rates of exchange. Comparative assets and liabilities have been translated from Pounds Sterling to US Dollars at closing rates of exchange. Further information on the procedures used to restate comparative information into US Dollars can be found on page 114 of the 2009 Annual Report and Accounts.

In September 2010, BG Group announced that it had agreed to sell its interests in Santa Rita and San Lorenzo power stations in the Philippines subject to receiving necessary waivers and consents. Accordingly, as at 31 December 2010, these assets were classified as held for sale at their carrying value. This agreement followed the disposal earlier in the year of power stations in the USA, Premier Power Limited in the UK and the Group's investment in the Seabank power station in the UK. Together, these power stations represented the majority of the Group's Power business segment and were considered to be a separate major line of business for BG Group. These operations have been treated as discontinued operations for the year ended 31 December 2010. The Power businesses that remain with BG Group have been allocated to other business segments based on their activity and location.

A single amount is presented on the income statement for discontinued operations, comprising the post-tax results of these businesses and the post-tax profit or loss recognised on re-measurement to fair value less costs to sell and on disposal of the businesses. Comparative information has also been restated to reflect the presentation of discontinued operations as a separate line item.

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 19), are excluded from Business Performance in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing businesses.

1. Basis of preparation *continued*

New accounting standards and interpretations

IFRIC 12 'Service Concession Arrangements' is applicable to BG Group for the period beginning 1 January 2010. This interpretation provides guidance on the accounting by operators for public-to-private service concession arrangements and requires infrastructure considered to be under the control of a regulator rather than an operator to be recognised as an intangible concession asset and amortised over the concession period. Prior to the adoption of IFRIC 12 such infrastructure was recognised as property, plant and equipment of the operator and depreciated over its useful economic life. The interpretation also requires additions to the infrastructure incurred by the operator to be accounted for as a construction contract with the regulator, with revenues and associated costs recognised in the income statement on a percentage of completion basis.

BG Group has concluded that the Comgás concession in Brazil falls within the scope of IFRIC 12 and has applied the interpretation from 1 January 2010, restating comparative information as necessary. On 1 January 2010, infrastructure associated with the transmission and distribution network operated by Comgás of approximately \$1.6 billion (1 January 2009 \$1.1 billion) was recognised as intangible assets resulting in a corresponding decrease to property, plant and equipment. The application of IFRIC 12 has resulted in an increase to revenue and operating costs of \$148 million in the full year to 31 December 2010 (2009 \$114 million). There has been no change to total operating profit or earnings for the Group.

A number of other amendments to accounting standards issued by the IASB are applicable from 1 January 2010. They have not had a material impact on the Group's financial statements for the full year ended 31 December 2010.

2. Disposals, re-measurements and impairments

Fourth Quarter			Full Year	
2010 \$m	2009 \$m		2010 \$m	2009 \$m
(342)	51	Revenue and other operating income – re-measurements of commodity based contracts	(591)	161
74	(216)	Profits and losses on disposal of non-current assets and impairments	(336)	(216)
(4)	(11)	Net finance costs – re-measurements of financial instruments	–	(33)
120	54	Taxation on disposals, re-measurements and impairments	296	7
(152)	(122)		(631)	(81)
1	–	Non-controlling interest	1	–
(151)	(122)	Impact on earnings – continuing operations	(630)	(81)

Fourth quarter and full year: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a charge of \$342 million for the quarter (2009 \$51 million credit), of which a charge of \$105 million (2009 \$17 million charge) represents non-cash mark-to-market movements on certain long-term UK gas contracts. For the full year, a charge of \$591 million in respect of re-measurements is included within revenue and other operating income (2009 \$161 million credit), of which a charge of \$132 million represents non-cash mark-to-market movements on certain long-term UK gas contracts (2009 \$73 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. In addition, re-measurements include a \$237 million charge for the quarter (2009 \$68 million credit) and a \$459 million charge for the full year (2009 \$88 million credit) representing unrealised mark-to-market movements associated with economic hedges.

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

In the second quarter of 2010, BG Group completed the disposal of its Canadian E&P assets, resulting in a pre-tax charge of \$40 million (post-tax charge of \$30 million) to the income statement.

In the second and third quarters of 2010, \$360 million of pre-tax impairment charges (post-tax \$262 million) were recognised against certain assets in the E&P segment.

Other disposals and impairments in 2010 resulted in a pre and post-tax \$74 million credit in the quarter and a pre-tax credit of \$64 million (post-tax credit of \$68 million) in the year.

During the fourth quarter of 2009, a pre-tax impairment charge of \$217 million (post-tax charge \$156 million) was recognised against certain assets in the E&P segment.

Also during the fourth quarter of 2009, plant write-offs and disposals resulted in a pre-tax credit to the income statement of \$1 million (post-tax credit \$2 million).

Fourth quarter and full year: Net finance costs

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



3. Segmental analysis

Profit for the period

Analysed by operating segment

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m
Fourth Quarter						
Group revenue^(a)						
Exploration and Production	2 279	2 133	–	–	2 279	2 133
Liquefied Natural Gas	1 446	1 454	–	–	1 446	1 454
Transmission and Distribution	827	784	–	–	827	784
Less: intra-group sales	(235)	(151)	–	–	(235)	(151)
Group revenue	4 317	4 220	–	–	4 317	4 220
Other operating income ^(b)	46	92	(342)	51	(296)	143
Group revenue and other operating income	4 363	4 312	(342)	51	4 021	4 363
Operating profit/(loss) before share of results from joint ventures and associates						
Exploration and Production	1 062	949	(54)	(236)	1 008	713
Liquefied Natural Gas	461	502	(214)	72	247	574
Transmission and Distribution	170	201	(1)	(1)	169	200
Other activities	(5)	–	1	–	(4)	–
	1 688	1 652	(268)	(165)	1 420	1 487
Pre-tax share of operating results of joint ventures and associates						
Exploration and Production	5	(2)	–	–	5	(2)
Liquefied Natural Gas	89	89	–	–	89	89
Transmission and Distribution	20	17	–	–	20	17
	114	104	–	–	114	104
Total operating profit/(loss)						
Exploration and Production	1 067	947	(54)	(236)	1 013	711
Liquefied Natural Gas	550	591	(214)	72	336	663
Transmission and Distribution	190	218	(1)	(1)	189	217
Other activities	(5)	–	1	–	(4)	–
	1 802	1 756	(268)	(165)	1 534	1 591
Net finance (costs)/income						
Finance income	38	23	(8)	(64)	30	(41)
Finance costs	(72)	(59)	4	53	(68)	(6)
Share of joint ventures and associates	(14)	(16)	–	–	(14)	(16)
	(48)	(52)	(4)	(11)	(52)	(63)
Taxation						
Taxation	(626)	(689)	120	54	(506)	(635)
Share of joint ventures and associates	(30)	(35)	–	–	(30)	(35)
	(656)	(724)	120	54	(536)	(670)
Profit/(loss) for the period from continuing operations	1 098	980	(152)	(122)	946	858

a) External sales are attributable to segments as follows: E&P \$2 044 million (2009 \$2 001 million), LNG \$1 446 million (2009 \$1 435 million) and T&D \$827 million (2009 \$784 million). Intra-group sales are attributable to segments as follows: E&P \$235 million (2009 \$132 million) and LNG \$nil (2009 \$19 million).

b) Business Performance Other operating income is attributable to segments as follows: E&P \$5 million (2009 \$19 million) and LNG \$41 million (2009 \$73 million).

3. Segmental analysis continued

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m
Full Year						
Group revenue^(a)						
Exploration and Production	8 558	7 413	–	–	8 558	7 413
Liquefied Natural Gas	6 349	5 841	–	–	6 349	5 841
Transmission and Distribution	3 081	2 681	–	–	3 081	2 681
Less: intra-group sales	(822)	(494)	–	–	(822)	(494)
Group revenue	17 166	15 441	–	–	17 166	15 441
Other operating income ^(b)	197	226	(591)	161	(394)	387
Group revenue and other operating income	17 363	15 667	(591)	161	16 772	15 828
Operating profit/(loss) before share of results from joint ventures and associates						
Exploration and Production	3 753	3 224	(374)	(125)	3 379	3 099
Liquefied Natural Gas	2 101	2 079	(551)	72	1 550	2 151
Transmission and Distribution	636	660	(3)	(2)	633	658
Other activities	(1)	(19)	1	–	–	(19)
	6 489	5 944	(927)	(55)	5 562	5 889
Pre-tax share of operating results of joint ventures and associates						
Exploration and Production	13	(1)	–	–	13	(1)
Liquefied Natural Gas	348	326	–	–	348	326
Transmission and Distribution	75	61	–	–	75	61
	436	386	–	–	436	386
Total operating profit/(loss)						
Exploration and Production	3 766	3 223	(374)	(125)	3 392	3 098
Liquefied Natural Gas	2 449	2 405	(551)	72	1 898	2 477
Transmission and Distribution	711	721	(3)	(2)	708	719
Other activities	(1)	(19)	1	–	–	(19)
	6 925	6 330	(927)	(55)	5 998	6 275
Net finance (costs)/income						
Finance income	155	99	22	2	177	101
Finance costs	(262)	(246)	(22)	(35)	(284)	(281)
Share of joint ventures and associates	(49)	(45)	–	–	(49)	(45)
	(156)	(192)	–	(33)	(156)	(225)
Taxation						
Taxation	(2 494)	(2 500)	296	7	(2 198)	(2 493)
Share of joint ventures and associates	(112)	(95)	–	–	(112)	(95)
	(2 606)	(2 595)	296	7	(2 310)	(2 588)
Profit/(loss) for the year from continuing operations	4 163	3 543	(631)	(81)	3 532	3 462

a) External sales are attributable to segments as follows: E&P \$7 781 million (2009 \$6 999 million), LNG \$6 304 million (2009 \$5 761 million) and T&D \$3 081 million (2009 \$2 681 million). Intra-group sales are attributable to segments as follows: E&P \$777 million (2009 \$414 million) and LNG \$45 million (2009 \$80 million).

b) Business Performance Other operating income is attributable to segments as follows: E&P \$25 million (2009 \$35 million) and LNG \$172 million (2009 \$191 million).



3. Segmental analysis continued

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m
Fourth Quarter						
Total operating profit/(loss)						
Exploration and Production	1 067	947	(54)	(236)	1 013	711
Liquefied Natural Gas	550	591	(214)	72	336	663
Transmission and Distribution	190	218	(1)	(1)	189	217
	1 807	1 756	(269)	(165)	1 538	1 591
Other activities	(5)	–	1	–	(4)	–
	1 802	1 756	(268)	(165)	1 534	1 591
Less: Pre-tax share of operating results of joint ventures and associates					(114)	(104)
Add: Share of post-tax results from joint ventures and associates					70	53
Net finance costs					(38)	(47)
Profit before tax					1 452	1 493
Taxation					(506)	(635)
Profit for the period from continuing operations					946	858

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m
Full Year						
Total operating profit/(loss)						
Exploration and Production	3 766	3 223	(374)	(125)	3 392	3 098
Liquefied Natural Gas	2 449	2 405	(551)	72	1 898	2 477
Transmission and Distribution	711	721	(3)	(2)	708	719
	6 926	6 349	(928)	(55)	5 998	6 294
Other activities	(1)	(19)	1	–	–	(19)
	6 925	6 330	(927)	(55)	5 998	6 275
Less: Pre-tax share of operating results of joint ventures and associates					(436)	(386)
Add: Share of post-tax results from joint ventures and associates					275	246
Net finance costs					(107)	(180)
Profit before tax					5 730	5 955
Taxation					(2 198)	(2 493)
Profit for the year from continuing operations					3 532	3 462

4. Net finance costs

Fourth Quarter			Full Year	
2010 \$m	2009 \$m		2010 \$m	2009 \$m
(55)	(41)	Interest payable	(162)	(144)
(28)	(21)	Interest on obligations under finance leases	(108)	(81)
31	18	Interest capitalised	79	49
(20)	(15)	Unwinding of discount on provisions ^(a)	(71)	(70)
4	53	Disposals, re-measurements and impairments (Note 2)	(22)	(35)
(68)	(6)	Finance costs	(284)	(281)
38	23	Interest receivable ^(b)	155	99
(8)	(64)	Disposals, re-measurements and impairments (Note 2)	22	2
30	(41)	Finance income	177	101
(38)	(47)	Net finance costs ^(c)	(107)	(180)

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) Includes foreign exchange gains for the quarter of \$18 million (2009 \$13 million) and foreign exchange gains for the full year of \$82 million (2009 \$45 million).

c) Excludes Group share of net finance costs from joint ventures and associates for the quarter of \$14 million (2009 \$16 million) and for the full year of \$49 million (2009 \$45 million).

5. Taxation

The taxation charge for the fourth quarter before disposals, re-measurements and impairments was \$626 million (2009 \$689 million) and the taxation charge including disposals, re-measurements and impairments was \$506 million (2009 \$635 million).

For the full year, the taxation charge before disposals, re-measurements and impairments was \$2 494 million (2009 \$2 500 million) and the taxation charge including disposals, re-measurements and impairments was \$2 198 million (2009 \$2 493 million).

The Group share of taxation from joint ventures and associates for the fourth quarter was \$30 million (2009 \$35 million) and for the full year was \$112 million (2009 \$95 million).

6. Discontinued operations

During 2010, the Group completed the disposal of its power plants in the USA, Premier Power Limited in the UK and its investment in the Seabank power plant in the UK.

The sale of the Group's investment in the Seabank power plant resulted in a pre and post-tax profit on disposal of \$167 million. The disposal of Premier Power Limited resulted in a pre-tax loss on disposal of \$24 million (post-tax loss of \$29 million).

During the year, the Group's power plants in the USA were revalued to their fair value less costs to sell and subsequently sold. This resulted in a pre-tax charge to the income statement of \$321 million (post-tax charge \$222 million).

In 2010, BG Group also signed a Sale and Purchase Agreement for the sale of its interests in both the Santa Rita and San Lorenzo power stations in the Philippines. Accordingly, these assets were reclassified as held for sale at their carrying value.

In 2009, a pre-tax impairment charge of \$139 million (post-tax charge \$89 million) was recognised against the Group's US power plants.

Excluding profits and losses on disposals and impairments, the post-tax profit/loss of the businesses comprising discontinued operations for the fourth quarter was a \$2 million loss (2009 \$34 million profit) and for the full year was a \$52 million profit (2009 \$97 million profit).

7. Earnings per ordinary share – continuing operations

Fourth Quarter					Full Year			
2010		2009			2010		2009	
\$m	cents per share	\$m	cents per share		\$m	cents per share	\$m	cents per share
1 056	31.2	931	27.6	Earnings – continuing operations excluding disposals, re-measurements and impairments	4 013	118.7	3 392	100.9
(151)	(4.5)	(122)	(3.6)	Disposals, re-measurements and impairments (after tax and non-controlling interest)	(630)	(18.6)	(81)	(2.4)
905	26.7	809	24.0	Earnings – continuing operations	3 383	100.1	3 311	98.5

Basic earnings per share calculations in 2010 are based on the weighted average number of shares in issue of 3 385 million for the quarter and 3 381 million for the full year. The earnings figure used to calculate diluted earnings per ordinary share is the same as that used to calculate earnings per ordinary share given above, divided by 3 407 million for the quarter and 3 402 million for the full year, being the weighted average number of ordinary shares in issue during the period as adjusted for dilutive equity instruments.

8. Reconciliation of net borrowings^(a) – Full Year

	\$m
Net borrowings as at 31 December 2009	(4 775)
Net increase in cash and cash equivalents	1 402
Cash inflow from changes in borrowings ^(b)	(3 211)
Inception of finance lease liabilities/assets	(358)
Foreign exchange and other re-measurements	(110)
Net borrowings classified as held for sale	79
Net borrowings as at 31 December 2010 ^{(a)(c)}	(6 973)

Net borrowings attributable to Comgás were \$798 million (31 December 2009 \$829 million).

As at 31 December 2010, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately \$1.7 billion, including BG Group shareholder loans of approximately \$1.3 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 29.

b) During 2010, BG Group issued €750 million and £750 million bonds maturing in 2019 and 2025 respectively, both under its Euro Medium Term Note Programme, and \$350 million and \$650 million bonds maturing in 2015 and 2020 respectively, pursuant to Rule 144A and Reg S under the US Securities Act of 1933, as amended.

c) Net borrowings comprise:

	As at 31 Dec 2010 \$m	As at 31 Dec 2009 \$m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	2 533	1 119
Overdrafts, loans and finance leases	(1 258)	(1 158)
Derivative financial instruments ^(d)	37	48
	1 312	9
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases ^(e)	(8 312)	(5 024)
Derivative financial instruments ^(d)	27	240
	(8 285)	(4 784)
Net borrowings	(6 973)	(4 775)

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

e) Includes finance lease receivable of \$134 million (2009 \$nil) included within non-current assets on the balance sheet.

8. Reconciliation of net borrowings – Full Year *continued*

Liquidity and Capital Resources

All the information below is as at 31 December 2010

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 \$2.0 billion US Commercial Paper Programme, of which \$1 176 million was unutilised, and a \$2.0 billion Eurocommercial Paper Programme, of which \$1 827 million was unutilised. BGEH also had a \$7.5 billion Euro Medium Term Note Programme, of which \$3.1 billion was unutilised.

BGEH had aggregate committed multicurrency revolving borrowing facilities of \$1.2 billion which expire in 2012 and \$2.3 billion which expire in 2013. There are no restrictions on the application of funds under these facilities, which were undrawn.

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

Comgás had committed borrowing facilities of Brazilian Real (BRL) 1 730.1 million, of which BRL 316.5 million was unutilised, and uncommitted borrowing facilities of BRL 200 million, of which BRL 150 million was unutilised.

9. Dividends

	Full Year			
	2010		2009	
	\$m	cents per share	\$m	cents per share
Prior year final dividend, paid in the year	352	10.43	323	9.61
Interim dividend, paid in the year	332	9.82	310	9.20
Total dividend paid in the year	684	20.25	633	18.81
Proposed final dividend for the year ended 31 December 2010	399	11.78		

The proposed final dividend for the year ended 31 December 2010 of 11.78c takes the 2010 full year dividend to 21.60c.

The final dividend of 10.43c (\$352 million) in respect of the year ended 31 December 2009 was paid on 21 May 2010 to shareholders on the register at the close of business on 16 April 2010. The interim dividend of 9.82c (\$332 million) in respect of the year ended 31 December 2010 was paid on 10 September 2010 to shareholders on the register as at 6 August 2010. The proposed final dividend of 11.78c (\$399 million) in respect of the year ended 31 December 2010 is payable on 20 May 2011 to shareholders on the register at the close of business on 15 April 2011.

10. Capital investment: geographical analysis

Fourth Quarter			Full Year	
2010	2009		2010	2009
\$m	\$m		\$m	\$m
227	330	Europe and Central Asia	1 114	1 247
954	682	Americas and Global LNG	4 668	3 369
535	375	Africa, Middle East and Asia	1 418	2 056
781	393	Australia	2 047	1 404
2 497^(a)	1 780 ^(a)		9 247^(a)	8 076 ^(a)

a) Includes capital investment relating to discontinued operations for the quarter of \$nil (2009 \$28 million) and for the full year of \$28 million (2009 \$44 million).

11. Post balance sheet events

BG Group has important businesses in Tunisia and Egypt. Recent events in these countries have had no material impact on BG Group and management continues to monitor developments closely.

12. Quarterly information: earnings and earnings per share

	2010 \$m	2009 \$m	2010 cents	2009 cents
First quarter				
Total Result – continuing operations	1 163	979	34.4	29.1
Total Result – discontinued operations	(203)	29	(6.0)	0.9
Business Performance	1 097	959	32.5	28.6
Second quarter				
Total Result – continuing operations	439	741	13.0	22.1
Total Result – discontinued operations	163	20	4.8	0.6
Business Performance	882	734	26.1	21.8
Third quarter				
Total Result – continuing operations	876	782	25.9	23.3
Total Result – discontinued operations	(27)	14	(0.8)	0.4
Business Performance	978	768	28.9	22.8
Fourth quarter				
Total Result – continuing operations	905	809	26.7	24.0
Total Result – discontinued operations	35	(55)	1.1	(1.6)
Business Performance	1 056	931	31.2	27.6
Full year				
Total Result – continuing operations	3 383	3 311	100.1	98.5
Total Result – discontinued operations	(32)	8	(1.0)	0.2
Business Performance	4 013	3 392	118.7	100.9

Supplementary information: Operating and financial data

Fourth Quarter		Third Quarter		Full Year	
2010	2009	2010		2010	2009
Production volumes (mmboe)					
7.6	8.6	6.5	– oil	29.1	30.8
8.9	9.2	7.7	– liquids	34.4	35.7
44.2	44.1	42.2	– gas	172.2	168.4
60.7	61.9	56.4	– total	235.7	234.9
Production volumes (boed in thousands)					
83	93	71	– oil	80	84
97	100	84	– liquids	94	98
480	480	458	– gas	472	462
660	673	613	– total	646	644
\$82.69	\$74.83	\$74.88	Average realised oil price per barrel	\$77.56	\$60.94
\$67.52	\$59.85	\$66.88	Average realised liquids price per barrel	\$65.83	\$49.22
69.25c (43.78p)	60.38c (37.00p)	46.58c (30.43p)	Average realised UK gas price per produced therm	57.54c (36.86p)	65.41c (43.07p)
32.81c	26.93c	32.45c	Average realised International gas price per produced therm	32.81c	28.08c
37.61c	32.30c	34.12c	Average realised gas price per produced therm	36.02c	34.07c
\$4.89	\$3.90	\$4.88	Lifting costs per boe	\$4.79	\$3.69
\$7.32	\$6.40	\$7.08	Operating expenditure per boe	\$7.28	\$5.97
1 432	743	1 314	Development expenditure (including acquisitions) (\$m)	4 359	3 415
Gross exploration expenditure (\$m)					
360	315	132	– capitalised expenditure (including acquisitions)	1 959	2 508
99	121	98	– other expenditure	383	390
459	436	230	– gross expenditure	2 342	2 898
Exploration expenditure charge (\$m)					
63	163	35	– capitalised expenditure written off	382	545
99	121	98	– other expenditure	383	390
162	284	133	– exploration charge	765	935
LNG cargoes					
7	14	13	– delivered to US	55	71
41	44	46	– delivered to global markets	160	151
48	58	59	– total	215	222
157.1	190.1	182.9	LNG managed volumes (Tbtu)	672.6	695.9

Supplementary information: Operating and financial data continued

BG Group's exposure to the oil price varies according to a number of factors including the mix of production and sales. Management estimates that, other factors being constant and assuming a constant relationship between commodity prices, a \$1.00 rise (or fall) in the Brent oil price would increase (or decrease) E&P business operating profit in 2011 by approximately \$70 million to \$100 million.

Management estimates that in 2011, other factors being constant, a 10 cent strengthening (or weakening) in the US Dollar/Pounds Sterling exchange rate would increase (or decrease) operating profit by approximately \$10 million to \$30 million.

Additional information: Exploration and Production – Reserves/Resource data

	As at 31 Dec 2010 mmboe	As at 31 Dec 2009 mmboe
Proved ^(a)	2 893	2 600
Probable	3 823	3 530
Discovered resources	5 757	4 931
Risked exploration	3 707	3 433
Total reserve/resource base	16 180	14 494

Total additions and revisions to proved reserves during the year were 529 mmboe. This includes revisions due to new data and improved reservoir performance (337 mmboe increase), extensions, discoveries and reclassifications (266 mmboe increase), acquisitions and disposals (12 mmboe decrease) and the net effect of price movements (62 mmboe decrease).

Total Proved Reserve Replacement Ratio (RRR):

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

For information:

	3 year	1 year
SEC data ^(a)	223%	224%

Organic Proved Reserve Replacement Ratio (RRR):

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

For information:

	3 year	1 year
SEC data ^(a)	190%	229%

Finding & Development Cost (F&D):

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

For information:

	3 year	1 year
SEC data ^(a)	\$16.1/boe	\$12.7/boe

a) SEC definitions have been applied to measure proved reserves.



Glossary

In BG Group's results some or all of the following definitions are used:

bboe	billion barrels of oil equivalent
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
Capital investment	Comprises expenditure on property, plant and equipment, other intangible assets and investments, including business combinations
E&P	Exploration and Production
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
IAS	International Accounting Standard issued by the IASB
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
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
Net borrowings/funds	Comprise cash, current asset investments, finance lease liabilities/assets, currency and interest rate derivative financial instruments and short and long-term borrowings
PJ	Petajoule (1 petajoule = 0.943 bcf)
PSC	production sharing contract
SEC	US Securities and Exchange Commission
T&D	Transmission and Distribution
Tbtu	trillion british thermal units
tcf	trillion cubic feet
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. 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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BG Group is listed on the US over-the-counter market known as the International OTCQX. Enquiries should be made to:

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Financial calendar

Ex-dividend for 2010 final dividend	13 April 2011
Record date for 2010 final dividend	15 April 2011
Announcement of 2011 first quarter results	10 May 2011
Payment of 2010 final dividend	20 May 2011

BG Group plc website: www.bg-group.com

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