



BG Group plc

2011 THIRD QUARTER & NINE MONTHS RESULTS

Third Quarter Key Points

- Total operating profit up 17% year-on-year to \$1.9 billion
- Cash flow from operations up 59% year-on-year to \$2.7 billion
- Production up 1%, held back by outages at UK facilities which are now back onstream
- 2011 LNG total operating profit now expected to be above guidance at some \$2.4 billion
- Long-term LNG supply agreement signed with Gujarat State Petroleum Corporation, India
- Lula to Mexilhão gas pipeline, offshore Brazil, commenced operations
- All 13 first phase FPSO vessels now committed for BM-S-9 and BM-S-11, offshore Brazil
- Good progress on the QCLNG project, with \$1.3 billion invested in the quarter
- In October, \$3 billion of bonds issued with maturities from five to thirty years

Third Quarter			Business Performance ^(a)	Nine Months		
2011 \$m	2010 \$m			2011 \$m	2010 \$m	
1 943	1 667	+17%	Total operating profit including share of pre-tax operating results from joint ventures and associates	6 060	5 123	+18%
1 021	978	+4%	Earnings for the period before prior period taxation	3 155	2 957	+7%
–	–	–	Prior period taxation ^(b)	(195)	–	–
1 021	978	+4%	Earnings for the period after prior period taxation	2 960	2 957	–
30.1c	28.9c	+4%	Earnings per share	87.4c	87.5c	–
Total results for the period (including disposals, re-measurements and impairments)						
1 892	1 447	+31%	Operating profit before share of results from joint ventures and associates	5 563	4 142	+34%
2 013	1 550	+30%	Total operating profit including share of pre-tax operating results from joint ventures and associates	5 930	4 464	+33%
1 060	876	+21%	Earnings for the period continuing operations before prior period taxation	3 048	2 478	+23%
–	–	–	Prior period taxation ^(b)	(148)	–	–
1 060	876	+21%	Earnings for the period continuing operations after prior period taxation	2 900	2 478	+17%
31.3c	25.9c	+21%	Earnings per share continuing operations	85.6c	73.3c	+17%

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 information see Presentation of Non-GAAP measures (page 11) and notes 1 to 3 (pages 18 to 22). Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

b) Prior period taxation represents the revision of deferred tax balances at 1 January 2011 due to changes in UK taxation rates.

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

"Our third quarter total operating profit was up 17% year-on-year to \$1.9 billion driven by higher realised prices and a one percent increase in E&P volumes."

"In LNG, we now expect total operating profit for 2011 to be some \$2.4 billion, exceeding previous guidance."

Sir Frank said, "we are advancing our growth programme with material progress, particularly in Brazil and Australia, alongside work to improve longer term production from existing assets."

"In Australia, where we have invested \$1.3 billion in the quarter", he said, "engineering procurement and construction are all moving ahead in line with a 2014 first production goal for our Queensland Curtis LNG (QCLNG) project. Upstream, we drilled 51 wells and progressed construction on water and compression facilities. Site preparation for the LNG plant is complete and construction of foundations for the LNG storage tanks is underway", he added, "progress is being made with the harbour dredging and the main 42 inch steel pipeline is in location, ready for welding and trenching."

"We are therefore making good progress with our strategic objective to globalise our LNG business through this Asia-Pacific equity LNG position."

"In Brazil, we made significant advances in the quarter. Commercial production at the first permanent FPSO on Lula field increased, with over 35 000 barrels of oil equivalent per day (boed) from one producing well being achieved. Further wells are due onstream by year end."

Sir Frank added, "construction of the next two FPSO modules is on track at around 70% complete. We have also signed letters of intent for a further two 150 000 barrels of oil per day (bopd) modules which means that all of the 13 first phase FPSOs, which will deliver an aggregate production capacity of some 2.3 million boed by 2017, have now been committed."

"Similar progress and delivery is being mirrored across our global portfolio. In India, one of the world's fastest growing energy markets, we reached a landmark agreement for long-term LNG sales to Gujarat State Petroleum Corporation. In Egypt, the successful commencement of Phase 8a in the West Delta Deep Marine concession represents a further milestone in the development of our interests there - excellent progress especially in light of the civil unrest earlier in the year. Elsewhere in the portfolio, other projects continued to make progress, with new facilities for the Bongkot South development in Thailand on schedule and, in the UK, we saw good results from drilling at the Jasmine field and facilities construction advanced. Finally, in the US, the Department of Energy granted authorisation for potential LNG export from the Lake Charles terminal."

"In the UK North Sea, all facilities are now back onstream following outages that marred production in the first nine months of the year. Outside the UK, overall production has grown in line with plans."

Sir Frank concluded, "I am pleased with the progress we are making on delivering our key growth projects, underpinned by our strong resource base, and also on the work being undertaken to improve future production performance from existing assets."



Business Review – Group

Third Quarter			Nine Months		
2011 \$m	2010 \$m		2011 \$m	2010 \$m	
5 397	4 446	+21%	15 315	13 000	+18%
Business Performance					
Total operating profit including share of pre-tax results from joint ventures and associates					
1 183	761	+55%	3 861	2 699	+43%
620	725	-14%	1 743	1 899	-8%
130	197	-34%	442	521	-15%
10	(16)	–	14	4	+250%
1 943	1 667	+17%	6 060	5 123	+18%
(50)	(123)	-59%	(188)	(108)	+74%
(851)	(520)	+64%	(2 642)	(1 950)	+35%
1 021	978	+4%	3 155	2 957	+7%
–	–	–	(195)	–	–
1 021	978	+4%	2 960	2 957	–
30.1c	28.9c	+4%	87.4c	87.5c	–
2 738	1 726	+59%	7 118	6 557	+9%
2 900	2 079	+39%	7 733	6 750	+15%

a) Includes capital investment relating to discontinued operations for the quarter of \$nil (2010 \$1 million) and for the nine months of \$nil (2010 \$28 million).

Third quarter

Revenue and other operating income increased by 21% to \$5 397 million, reflecting the benefit of higher realised prices and a 1% increase in E&P production volumes.

As a result of the above, total operating profit increased by 17% to \$1 943 million.

Cash generated by operations increased by 59% to \$2 738 million reflecting higher profits and, as anticipated, the continued reversal of prior period margin calls on the Group's hedged LNG contracts.

As of 30 September 2011, the Group's net debt was \$10 845 million with an average maturity of around 7 years, and the gearing ratio was 27%. In October 2011, BG Group issued \$3 billion of bonds into the US debt market, demonstrating the attractiveness of BG Group's credit and providing material, long-term funding for the Group. The bonds were issued in tranches of \$750 million, \$1 350 million and \$900 million maturing in 2016, 2021 and 2041, respectively. These bonds were rated mid-single A by each of Moody's, Standard & Poor's and Fitch. Management remain committed to take necessary actions to maintain the Group's mid-single A rating. The Group's undrawn committed facilities have been increased to \$5.75 billion, with maturities ranging from 2012 to 2018.

The \$73 million decrease in net finance costs was driven primarily by changes in foreign exchange (2011 foreign exchange gains of \$1 million compared with a \$58 million loss in 2010).

Capital investment of \$2 900 million in the quarter comprised investment in E&P (\$2 100 million), LNG (\$712 million) and T&D (\$88 million). This investment focused primarily on the Group's major projects in Australia, Brazil, the USA and the UK, and represents a 39% increase in underlying organic capital investment compared with third quarter 2010. More details on project developments are provided in the third quarter business highlights section.

Nine months

Revenue and other operating income of \$15 315 million was 18% higher than the same period in 2010, reflecting the benefit of higher realised prices. This revenue performance, combined with a lower exploration charge, was the main contributor to the 18% increase in total operating profit from \$5 123 million to \$6 060 million.

Cash generated by operations of \$7 118 million was 9% higher than last year as a result of higher profits, partly offset by an increase in working capital.

The \$80 million increase in net finance costs was driven primarily by changes in foreign exchange (2011 foreign exchange losses of \$14 million compared with a \$64 million gain in 2010).

The Group's effective tax rate (including BG Group's share of joint venture and associates' tax, but excluding prior period taxation) for the full year is expected to be 45% (2010 38.5%). The year-on-year increase reflects the higher UK North Sea taxation announced in March 2011 as well as the recognition in third quarter 2010 of a \$106m credit relating to a favourable settlement for a prior period.

The Group's extensive investment programme to deliver growth continues and capital investment in the nine months was \$7 733 million (including acquisitions of \$432 million) and comprised investment in E&P (\$5 844 million), LNG (\$1 648 million) and T&D (\$241 million). This investment focused primarily on the Group's major projects in Australia, Brazil, the USA and the UK, and represents a 32% increase in underlying organic capital investment compared with 2010. This expenditure is in line with the Group's previous guidance of \$10 billion for the full year at reference conditions. For BG Group's reference conditions, see Glossary (page 31).

Disposals, re-measurements and impairments – continuing operations

A post-tax gain of \$38 million for the quarter (2010 \$102 million charge) and a post-tax charge of \$62 million for the nine months (2010 \$479 million charge) was recorded in respect of disposals, re-measurements and impairments. For further information, see note 2 (page 19).

Third quarter business highlights

Australia

Activity on the LNG plant, the 540 kilometre pipeline and the upstream wells and facilities of the QCLNG project continues to advance.

On Curtis Island, site preparation is complete, a second concrete batching plant has been commissioned and the construction of the LNG storage tank foundations has commenced, alongside the start of construction of the worker's living quarters. Construction of modules for the LNG plant is progressing at fabrication yards in Thailand with steelwork assembly of the first propane condenser underway, along with pre-assembly work for the next three propane condenser modules.

Land access for the gas collection header network is complete, with over 95% of land access secured for the export pipeline from the gas fields to Curtis Island. The 42 inch steel pipe has been coated, shipped and hauled to infield locations ready for welding and trenching.

In the gas fields, 51 development wells were drilled in the quarter, utilising four drilling rigs. Drilling activity continues to build, with up to 12 drilling rigs planned for 2012. Four petroleum leases have been granted in the quarter, with the majority of environmental authorities already in place. Work continues on the Kenya water treatment plant and construction has commenced on the first two field compression stations. An engineering and procurement contract has been signed for the Northern water treatment plant along with a contract for the supply of polyethylene pipes for gas gathering and water supply.

In the third quarter, BG Group spent \$1.3 billion in Australia on the QCLNG project. The Group is entering a phase where an increasing amount of the QCLNG project expenditure is being incurred in Australian dollars, in which currency around 70% of the total cost of the project will be incurred.

In July, BG Group executed agreements to farm into ATP940, a Queensland Cooper Basin exploration permit, acquiring a 60% interest. ATP940, which covers about 2 500 square kilometres, is considered prospective for shale and tight gas.

Meanwhile, BG Group also spudded in August its first Bowen Basin conventional tight gas exploration well. These target sands underlie the Surat Basin coal measures being developed for QCLNG. The Group will drill several wells over the next 18 months, to depths of up to 5 kilometres.

Third quarter business highlights (continued)

Brazil

There were significant advances in the quarter with the growth programme in Brazil. Production at the first permanent module on the Lula field increased, with one current producer delivering over 35 000 boed. Further wells are planned to be onstream by year end.

Construction of the next two FPSO modules advanced to around 70% complete, in line with plans. Letters of intent for the supply, charter and operation of two further 150 000 barrels of oil per day (bopd) modules were signed in the quarter. One vessel will be deployed on block BM-S-9 (Guará area), with delivery scheduled for the third quarter of 2014. The other vessel will be deployed on block BM-S-11 (Cernambi area), with delivery scheduled for the fourth quarter of 2014. The initial 13 FPSO vessels for BM-S-9 and BM-S-11, having an aggregate production capacity of 2.3 million boed, have now all been committed and are all due onstream by 2017.

In July, BG Group and partners completed drilling of the second extension well, Guará Sul, in BM-S-9 in the Santos Basin. The well was drilled in a water depth of 2 156 metres and is located 315 kilometres off the coast of the state of São Paulo. Preliminary analyses confirm lateral continuity and the hydraulic communication of the reservoir. Further evaluation activity continues.

At the end of July, the Guará Extended Well Test (EWT) was concluded with a total cumulative production of 2.8 mboe. Daily production averaged 16 000 bopd, before being raised to 30 000 bopd by the end of the test.

In October, the EWT on Carioca North East commenced utilising the *Dynamic Producer* FPSO. Current gross production has reached 15 000 bopd, constrained by facilities.

In September, delivery of natural gas to the Brazilian market commenced from the pre-salt fields, through the gas pipeline connecting the Lula field to the Mexilhão platform. The 350 million standard cubic feet per day capacity Lula-Mexilhão pipeline has a length of 216 kilometres and diameter of 18 inches, with an operating pressure of 250 bar. This gas pipeline starts at a depth of 2 145 metres, where the *Cidade de Angra dos Reis* FPSO is located in the Lula field, and climbs to a depth of 172 metres at Mexilhão.

BG Group has taken a step towards the development of its global technology centre by securing an area of 3 000 square metres in the Technological Park at the Rio de Janeiro Federal University. This facility will be a significant resource for delivery of Group-wide technological development.

Egypt

In October, gas production from Phase 8a of the West Delta Deep Marine (WDDM) Deepwater Development Project commenced. This \$1 billion (gross) investment, located approximately 90 kilometres offshore the Nile Delta, will add nine subsea wells to the existing deepwater subsea infrastructure and represents another successful milestone in the phased development of the WDDM concession.

India

In September, BG Group signed a heads of agreement (HoA) with Gujarat State Petroleum Corporation (GSPC) for the long-term supply of up to 2.5 million tonnes per annum of LNG. The HoA sets out the basis on which BG Group will sell LNG to GSPC for up to a 20-year period, beginning in 2014. The LNG will be sourced from the Group's current and future global supply portfolio.

USA

In July, the US Department of Energy granted authorisation for LNG export by vessel from the Lake Charles terminal, to countries with which the US has a free trade agreement for a period of 25 years from the earlier of date of first export or July 2021.



Exploration and Production (E&P)

Third Quarter			Nine Months		
2011 \$m	2010 \$m		2011 \$m	2010 \$m	
Business Performance					
56.8	56.4	+1%	173.9	175.0	-1%
2 497	1 946	+28%	7 794	6 299	+24%
1 310	894	+47%	4 292	3 302	+30%
(127)	(133)	-5%	(431)	(603)	-29%
1 183	761	+55%	3 861	2 699	+43%
2 100	1 544	+36%	5 844	5 021	+16%

Additional operating and financial data is given on page 29.

Third quarter

Revenue and other operating income increased by 28% to \$2 497 million, reflecting the benefit of higher realised prices and a 1% increase in production volumes. Total operating profit of \$1 183 million was 55% higher as a result of the increase in revenue and other operating income, partially offset by higher operating costs.

In the quarter, production volumes were 1% higher, as increased production across the Group's portfolio was largely offset by the impact of shutdowns, third party operated infrastructure restrictions and plant commissioning activities in the UK North Sea. Production from the UK in the quarter was approximately 4 mmboe (39%) lower than BG Group's 2011 plans. Buzzard, where new facilities are being commissioned, operated at significantly less than full capacity during the quarter; and shutdowns, largely for asset integrity maintenance, were completed at a number of fields including Armada, Everest and Lomond.

International gas price realisations were 20% higher at 39.06 cents per produced therm, reflecting changes in the production mix and the effects of higher oil prices. The average realised gas price in the UK increased by 28% to 38.96 pence per produced therm as a result of higher contract and market prices.

For the 2011/2012 UK gas year, BG Group expects to sell approximately 60% of its North Sea gas production at an average price of around 44 pence per therm.

The exploration charge of \$127 million was broadly in line with 2010.

Unit operating expenditure increased to \$8.96 per barrel of oil equivalent, reflecting the impact of the UK North Sea shutdowns, higher commodity prices and changes in the production mix.

Capital investment of \$2 100 million in the quarter comprised investment in Australia (\$638 million), the Americas (\$597 million), Europe and Central Asia (\$495 million) and Africa, Middle East and Asia (\$370 million).

Nine months

Revenue and other operating income increased by 24% to \$7 794 million as a result of higher realised prices. Total operating profit increased by 43% to \$3 861 million, reflecting the increase in revenue and other operating income and a lower exploration charge, partially offset by higher operating costs.

In the first nine months of 2011, production from the UK North Sea was approximately 11 mmboe (29%) lower than BG Group's plans. With Buzzard production now re-established UK facilities are back onstream, with BG Group net output from the North Sea some 90 000 boed higher than the average in September. Achievement of the Group's annual production growth guidance will largely depend on the North Sea performance continuing for the remainder of the fourth quarter. Excluding the UK North Sea, production volumes for the Group were 6% higher than 2010, consistent with the Group's 2011 plan, with the effects on production of civil unrest in North Africa and flooding in Queensland being successfully offset.

The Group's average realised gas price per produced therm increased by 15% to 40.95 cents, reflecting higher market prices and changes in the production mix.

Unit operating expenditure increased to \$8.63 per barrel of oil equivalent, reflecting the impact of the UK North Sea shutdowns, higher commodity prices and changes in the production mix, including higher than portfolio average costs associated with production start-up activities in Brazil.

Capital investment of \$5 844 million in the nine months comprised investment in the Americas (\$2 047 million, including \$376 million on acquisitions), Australia (\$1 537 million), Europe and Central Asia (\$1 293 million, including \$56 million on acquisitions) and Africa, Middle East and Asia (\$967 million).



Liquefied Natural Gas (LNG)

Third Quarter			Business Performance			Nine Months		
2011 \$m	2010 \$m					2011 \$m	2010 \$m	
2 235	1 879	+19%	Revenue and other operating income			5 776	5 034	+15%
			Total operating profit					
572	674	-15%	Shipping and marketing			1 567	1 737	-10%
81	76	+7%	Liquefaction			249	240	+4%
(33)	(25)	+32%	Business development and other			(73)	(78)	-6%
620	725	-14%				1 743	1 899	-8%
712	473	+51%	Capital investment			1 648	1 531	+8%

Additional operating and financial data is given on page 29.

Third quarter

LNG total operating profit for the quarter of \$620 million was 14% lower than last year, but ahead of the Group's expectations as a result of favourable market conditions. BG Group diverted 89% of cargoes (2010 78%) to global markets outside the USA including 35 to Asia, 12 to South America and 2 to Europe.

BG Group's share of operating profit from liquefaction activities increased by 7% to \$81 million.

As a result of continued strong performance and at current market conditions, total operating profit for the LNG segment in 2011 is now expected to be above guidance at some \$2.4 billion.

Capital investment of \$712 million in the quarter comprised investment in Australia (\$681 million) associated with the development of the Queensland Curtis LNG (QCLNG) project, the Americas (\$29 million) and Africa, Middle East and Asia (\$2 million).

Nine months

LNG total operating profit of \$1 743 million was 8% lower than last year. During the nine months, BG Group diverted 86% of cargoes (2010 71%) to global markets outside the USA including 76 to Asia, 35 to South America and 21 to Europe.

BG Group's share of operating profit from liquefaction activities increased by 4% to \$249 million.

Capital investment of \$1 648 million in the nine months comprised investment in Australia (\$1 556 million), the Americas (\$89 million) and Africa, Middle East and Asia (\$3 million).



Transmission and Distribution (T&D)

Third Quarter			Business Performance			Nine Months		
2011 \$m	2010 \$m					2011 \$m	2010 \$m	
			Revenue and other operating income					
685	606	+13%	Comgás			1 857	1 686	+10%
250	200	+25%	Other			731	568	+29%
935	806	+16%				2 588	2 254	+15%
			Total operating profit					
153	108	+42%	Comgás before gas cost recovery			404	313	+29%
(72)	67		– Comgás gas cost recovery			(137)	106	–
81	175	-54%	Comgás			267	419	-36%
49	22	+123%	Other			175	102	+72%
130	197	-34%				442	521	-15%
88	61	+44%	Capital investment			241	170	+42%

Additional operating and financial data is given on page 29.

Third quarter

Revenue and other operating income increased by 16% to \$935 million, principally reflecting favourable foreign exchange movements at Comgás in Brazil and higher volumes and prices at Gujarat Gas in India.

T&D total operating profit for the quarter of \$130 million was 34% lower, largely as a result of the timing effect of gas cost recovery at Comgás.

At Comgás, excluding the timing effect of gas cost recovery, total operating profit increased by 42% as a result of higher margins and favourable foreign exchange movements. In the quarter, \$72 million was passed back to customers compared with a \$67 million net recovery of gas costs in 2010. At the end of the quarter, \$4 million remained to be passed back to customers in future periods.

Other T&D activities' operating profit increased by \$27 million principally as a result of higher profits at Gujarat Gas.

Nine months

Revenue and other operating income increased by 15% to \$2 588 million, reflecting favourable sales mix and foreign exchange movements at Comgás and higher volumes and prices at Gujarat Gas.

T&D total operating profit for the nine months of \$442 million was 15% lower, as the increase in revenue and other operating income was more than offset by the timing effect of gas cost recovery at Comgás.

At Comgás, excluding the timing effect of gas cost recovery, total operating profit was 29% higher, reflecting higher margins and favourable sales mix and foreign exchange movements. In the nine months, \$137 million was passed back to customers compared with a \$106 million net recovery of gas costs in 2010.

Other T&D activities' operating profit increased by \$73 million to \$175 million, principally reflecting higher profits at Gujarat Gas and the phasing of profits at BG Italia Power.

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

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 2010. 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.



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 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 12 and 13), 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

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



Consolidated Income Statement

Third Quarter

	Notes	2011			2010		
		Business Performance ^(a) \$m	Disposals, re-measurements and impairments (Note 2) ^(a) \$m	Total Result \$m	Business Performance ^(a) \$m	Disposals, re-measurements and impairments (Note 2) ^(a) \$m	Total Result \$m
Group revenue		5 394	–	5 394	4 407	–	4 407
Other operating income	2	3	71	74	39	54	93
Group revenue and other operating income	3	5 397	71	5 468	4 446	54	4 500
Operating costs		(3 575)	–	(3 575)	(2 882)	–	(2 882)
Profits and losses on disposal of non-current assets and impairments	2	–	(1)	(1)	–	(171)	(171)
Operating profit/(loss)^(b)	3	1 822	70	1 892	1 564	(117)	1 447
Finance income	2, 4	23	(51)	(28)	(42)	(73)	(115)
Finance costs	2, 4	(57)	40	(17)	(69)	68	(1)
Share of post-tax results from joint ventures and associates	3	73	–	73	59	–	59
Profit/(loss) before tax		1 861	59	1 920	1 512	(122)	1 390
Taxation	2, 5	(819)	(21)	(840)	(488)	20	(468)
Profit/(loss) for the period from continuing operations	3	1 042	38	1 080	1 024	(102)	922
Profit/(loss) for the period from discontinued operations	6	–	(2)	(2)	–	(27)	(27)
Profit/(loss) for the period		1 042	36	1 078	1 024	(129)	895
Attributable to:							
BG Group shareholders (earnings)		1 021	37	1 058 ^(c)	978	(129)	849 ^(c)
Non-controlling interest		21	(1)	20	46	–	46
		1 042	36	1 078	1 024	(129)	895
Earnings per share continuing operations – basic	7	30.1c	1.2c	31.3c	28.9c	(3.0c)	25.9c
Earnings per share discontinued operations – basic		–	(0.1c)	(0.1c)	–	(0.8c)	(0.8c)
Earnings per share continuing operations – diluted	7	29.9c	1.2c	31.1c	28.7c	(2.9c)	25.8c
Earnings per share discontinued operations – diluted		–	(0.1c)	(0.1c)	–	(0.8c)	(0.8c)
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates^(d)	3	1 943	70	2 013	1 667	(117)	1 550

a) See Presentation of Non-GAAP measures (page 11) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

c) Comprises earnings from continuing operations of \$1 060 million (2010 \$876 million) and from discontinued operations of \$(2) million (2010 \$(27) million).

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

The notes on pages 18 to 28 form an integral part of these condensed financial statements.



Consolidated Income Statement

Nine Months

	Notes	2011			2010		
		Business Performance ^(a) \$m	Disposals, re-measurements and impairments (Note 2) ^(a) \$m	Total Result \$m	Business Performance ^(a) \$m	Disposals, re-measurements and impairments (Note 2) ^(a) \$m	Total Result \$m
Group revenue		15 303	–	15 303	12 849	–	12 849
Other operating income	2	12	(148)	(136)	151	(249)	(98)
Group revenue and other operating income	3	15 315	(148)	15 167	13 000	(249)	12 751
Operating costs		(9 622)	–	(9 622)	(8 199)	–	(8 199)
Profits and losses on disposal of non-current assets and impairments	2	–	18	18	–	(410)	(410)
Operating profit/(loss)^(b)	3	5 693	(130)	5 563	4 801	(659)	4 142
Finance income	2, 4	62	19	81	117	30	147
Finance costs	2, 4	(204)	(55)	(259)	(190)	(26)	(216)
Share of post-tax results from joint ventures and associates	3	227	–	227	205	–	205
Profit/(loss) before tax		5 778	(166)	5 612	4 933	(655)	4 278
Taxation	2, 5	(2 743)	104	(2 639)	(1 868)	176	(1 692)
Profit/(loss) for the period from continuing operations	3	3 035	(62)	2 973	3 065	(479)	2 586
Profit/(loss) for the period from discontinued operations	6	–	(2)	(2)	–	(67)	(67)
Profit/(loss) for the period		3 035	(64)	2 971	3 065	(546)	2 519
Attributable to:							
BG Group shareholders (earnings)		2 960	(62)	2 898 ^(c)	2 957	(546)	2 411 ^(c)
Non-controlling interest		75	(2)	73	108	–	108
		3 035	(64)	2 971	3 065	(546)	2 519
Earnings per share continuing operations – basic	7	87.4c	(1.8c)	85.6c	87.5c	(14.2c)	73.3c
Earnings per share discontinued operations – basic		–	(0.1c)	(0.1c)	–	(2.0c)	(2.0c)
Earnings per share continuing operations – diluted	7	86.8c	(1.7c)	85.1c	87.0c	(14.1c)	72.9c
Earnings per share discontinued operations – diluted		–	(0.1c)	(0.1c)	–	(2.0c)	(2.0c)
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates^(d)	3	6 060	(130)	5 930	5 123	(659)	4 464

a) See Presentation of Non-GAAP measures (page 11) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

c) Comprises earnings from continuing operations of \$2 900 million (2010 \$2 478 million) and from discontinued operations of \$(2) million (2010 \$(67) million).

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

The notes on pages 18 to 28 form an integral part of these condensed financial statements.

For information on dividends paid in the period, see note 9 (page 26).

Consolidated Statement of Comprehensive Income

Third Quarter			Nine Months	
2011 \$m	2010 \$m		2011 \$m	2010 \$m
1 078	895	Profit for the period	2 971	2 519
197	(297)	Hedge adjustments net of tax ^(a)	(51)	(457)
6	(2)	Fair value movements on 'available-for-sale' assets net of tax ^(b)	3	(1)
(943)	1 036	Currency translation adjustments	(674)	635
(740)	737	Other comprehensive (expense)/income, net of tax	(722)	177
338	1 632	Total comprehensive income for the period	2 249	2 696
Attributable to:				
352	1 568	BG Group shareholders	2 201	2 576
(14)	64	Non-controlling interest	48	120
338	1 632		2 249	2 696

a) Income tax relating to hedge adjustments is a \$72 million charge for the quarter (2010 \$126 million credit) and a \$5 million credit for the nine months (2010 \$176 million credit).

b) Income tax relating to fair value movements on 'available-for-sale' assets is a \$3 million charge for the quarter (2010 \$nil) and a \$1 million charge for the nine months (2010 \$1 million credit).

The notes on pages 18 to 28 form an integral part of these condensed financial statements.



Consolidated Balance Sheet

	As at 30 Sept 2011 \$m	As at 31 Dec 2010 \$m	As at 30 Sept 2010 \$m
Assets			
Non-current assets			
Goodwill	765	820	798
Other intangible assets	7 267	7 193	9 482
Property, plant and equipment	32 940	28 263	23 902
Investments	2 969	2 824	2 613
Deferred tax assets	481	518	196
Trade and other receivables	722	206	202
Commodity contracts and other derivative financial instruments	487	283	343
	45 631	40 107	37 536
Current assets			
Inventories	727	655	644
Trade and other receivables	7 377	5 994	4 662
Current tax receivable	284	233	401
Commodity contracts and other derivative financial instruments	377	550	724
Cash and cash equivalents	1 627	2 533	969
	10 392	9 965	7 400
Assets classified as held for sale	192	227	238
Total assets	56 215	50 299	45 174
Liabilities			
Current liabilities			
Borrowings	(3 976)	(1 258)	(1 461)
Trade and other payables	(5 388)	(4 388)	(3 708)
Current tax liabilities	(1 716)	(1 814)	(1 664)
Commodity contracts and other derivative financial instruments	(1 517)	(1 426)	(1 263)
	(12 597)	(8 886)	(8 096)
Non-current liabilities			
Borrowings	(8 838)	(8 446)	(6 132)
Trade and other payables	(77)	(72)	(70)
Commodity contracts and other derivative financial instruments	(722)	(901)	(587)
Deferred income tax liabilities	(3 656)	(3 134)	(3 007)
Retirement benefit obligations	(217)	(260)	(267)
Provisions for other liabilities and charges	(1 855)	(1 812)	(1 630)
	(15 365)	(14 625)	(11 693)
Liabilities associated with assets classified as held for sale	(102)	(104)	(107)
Total liabilities	(28 064)	(23 615)	(19 896)
Net assets	28 151	26 684	25 278
Equity			
Total shareholders' equity	27 844	26 328	24 931
Non-controlling interest in equity	307	356	347
Total equity	28 151	26 684	25 278

The notes on pages 18 to 28 form an integral part of these condensed financial statements.



Consolidated Statement of Changes in Equity

	Called up share capital \$m	Share premium account \$m	Hedging reserve \$m	Translation reserve \$m	Other reserves \$m	Retained earnings \$m	Total \$m	Non-con- trolling interest \$m	Total \$m
Equity as at 31 December 2010	576	537	(457)	2 877	2 710	20 085	26 328	356	26 684
Total comprehensive income for the period	–	–	(48)	(652)	–	2 901	2 201	48	2 249
Issue of shares	1	33	–	–	–	–	34	–	34
Purchase of own shares	–	–	–	–	–	(25)	(25)	–	(25)
Adjustment in respect of employee share schemes	–	–	–	–	–	66	66	–	66
Dividends on ordinary shares	–	–	–	–	–	(760)	(760)	–	(760)
Dividends to non-controlling interest	–	–	–	–	–	–	–	(97)	(97)
Equity as at 30 September 2011	577	570	(505)	2 225	2 710	22 267	27 844	307	28 151

	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	574	444	150	1 697	2 710	17 334	22 909	321	23 230
Total comprehensive income for the period	–	–	(505)	671	–	2 410	2 576	120	2 696
Issue of shares	1	65	–	–	–	–	66	–	66
Purchase of own shares	–	–	–	–	–	(2)	(2)	–	(2)
Adjustment in respect of employee share schemes	–	–	–	–	–	66	66	–	66
Dividends on ordinary shares	–	–	–	–	–	(684)	(684)	–	(684)
Dividends to non-controlling interest	–	–	–	–	–	–	–	(94)	(94)
Equity as at 30 September 2010	575	509	(355)	2 368	2 710	19 124	24 931	347	25 278

The notes on pages 18 to 28 form an integral part of these condensed financial statements.

Consolidated Cash Flow Statement

Third Quarter			Nine Months	
2011	2010		2011	2010
\$m	\$m		\$m	\$m
		Cash flows from operating activities		
1 918	1 364	Profit before tax ^(a)	5 611	4 119
(73)	(72)	Share of post-tax results from joint ventures and associates	(227)	(243)
573	552	Depreciation of property, plant and equipment and amortisation of intangible assets	1 706	1 591
(53)	(63)	Fair value movements in commodity based contracts	200	312
1	212	Profits and losses on disposal of non-current assets and impairments	(18)	630
61	35	Unsuccessful exploration expenditure written off	184	319
(52)	(50)	Decrease in provisions	(118)	(69)
28	115	Finance income	(82)	(147)
17	–	Finance costs	259	219
18	17	Share-based payments	58	42
300	(384)	Decrease/(increase) in working capital	(455)	(216)
2 738	1 726	Cash generated by operations	7 118	6 557
(843)	(594)	Income taxes paid	(2 210)	(1 603)
1 895	1 132	Net cash inflow from operating activities	4 908	4 954
		Cash flows from investing activities		
13	71	Dividends received from joint ventures and associates	108	108
1	145	Proceeds from disposal of property, plant and equipment, intangible assets and investments	196	958
(2 770)	(1 944)	Purchase of property, plant and equipment and intangible assets	(7 726)	(6 047)
(16)	66	Loans to and repayments from joint ventures and associates	(54)	62
(58)	(32)	Business combinations and investments	(171)	(326)
(2 830)	(1 694)	Net cash outflow from investing activities	(7 647)	(5 245)
		Cash flows from financing activities		
(50)	(68)	Net interest paid ^(b)	(178)	(157)
(362)	(329)	Dividends paid	(768)	(674)
(56)	(37)	Dividends paid to non-controlling interest	(93)	(69)
860	138	Net proceeds from issue and repayment of borrowings	2 912	976
7	13	Issue of shares	34	66
–	–	Purchase of own shares	(25)	(2)
399	(283)	Net cash inflow/(outflow) from financing activities	1 882	140
(536)	(845)	Net decrease in cash and cash equivalents^(c)	(857)	(151)
2 204	1 779	Cash and cash equivalents at beginning of period ^(d)	2 551	1 119
(41)	50	Effect of foreign exchange rate changes	(67)	16
1 627	984	Cash and cash equivalents at end of period^(d)	1 627	984

a) Includes profit/(loss) before tax from discontinued operations for the quarter of \$(2) million (2010 \$(26) million) and for the nine months of \$(1) million (2010 \$(159) million).

b) Includes capitalised interest for the quarter of \$51 million (2010 \$20 million) and for the nine months of \$118 million (2010 \$48 million).

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

d) The balance at 30 September 2011 includes cash and cash equivalents of \$1 627million (31 December 2010 \$2 533 million) and cash included within assets held for sale of \$nil (31 December 2010 \$18 million).

The notes on pages 18 to 28 form an integral part of these condensed financial statements.

Notes

1. Basis of preparation

These primary statements are the condensed financial statements ('the financial statements') of BG Group plc for the quarter ended and the nine months ended 30 September 2011. 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 2010 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 2010 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 IAS 34 'Interim Financial Reporting' as adopted by the EU and the accounting policies, methods of computation and presentation as set out in the 2010 Annual Report and Accounts.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

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.

New accounting standards and interpretations

A number of amendments to accounting standards issued by the IASB are applicable from 1 January 2011. They have not had a material impact on the Group's financial statements for the quarter ended and nine months ended 30 September 2011.

2. Disposals, re-measurements and impairments

Third Quarter			Nine Months	
2011 \$m	2010 \$m		2011 \$m	2010 \$m
71	54	Revenue and other operating income – re-measurements of commodity based contracts	(148)	(249)
(1)	(171)	Profits and losses on disposal of non-current assets and impairments	18	(410)
(11)	(5)	Net finance (costs)/income – re-measurements of financial instruments	(36)	4
(21)	20	Taxation	104	176
38	(102)		(62)	(479)
1	–	Non-controlling interest	2	–
39	(102)	Impact on earnings – continuing operations	(60)	(479)

Third quarter and nine months: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a credit of \$71 million for the quarter (2010 \$54 million credit), of which a credit of \$6 million (2010 \$4 million charge) represents non-cash mark-to-market movements on certain long-term UK gas contracts. For the nine months, a charge of \$148 million in respect of re-measurements is included within revenue and other operating income (2010 \$249 million charge), of which a credit of \$3 million represents non-cash mark-to-market movements on certain long-term UK gas contracts (2010 \$27 million charge). Whilst the activity surrounding these contracts involves the physical delivery of gas, the contracts fall within the scope of IAS 39 and meet the definition of a derivative instrument. In addition, re-measurements include a \$65 million credit for the quarter (2010 \$58 million credit) and a \$151 million charge for the nine months (2010 \$222 million charge) representing unrealised mark-to-market movements associated with economic hedges.

Third quarter and nine months: Disposals and impairments of non-current assets

During the third quarter of 2011, disposals and write-offs resulted in a pre and post-tax charge to the income statement of \$1 million.

In April 2011, BG Group signed and completed a Sale and Purchase Agreement (SPA) with its partners in Genting Sanyen Power in Malaysia for them to acquire the Group's 20% interest in the power plant. This resulted in a pre and post-tax profit of \$28 million in the second quarter of 2011. Other disposals and write-offs resulted in a pre and post-tax charge of \$4 million in the second quarter.

During the first quarter of 2011, disposals and write-offs resulted in a pre-tax charge to the income statement of \$5 million (post-tax \$8 million credit).

During the first quarter of 2010, BG Group committed to sell its Canadian E&P assets. Accordingly, these assets were reclassified as held for sale and revalued to the lower of their carrying amount and fair value less costs to sell. This resulted in a pre-tax impairment charge of \$52 million (post-tax charge \$37 million) against these assets.

During the second quarter of 2010, BG Group completed the disposal of its Canadian E&P assets. This resulted in a pre-tax profit on disposal of \$12 million (post-tax \$7 million) in the quarter. Also during the second quarter of 2010, a pre-tax impairment charge of \$191 million (post-tax charge \$138 million) was recognised against certain assets in the E&P segment. Other disposals and impairments resulted in a pre-tax charge of \$8 million (post-tax \$4 million) in the quarter.

During the third quarter of 2010, a pre-tax impairment charge of \$169 million (post-tax \$124 million) was recognised against certain exploration assets in the E&P segment. Other fixed asset disposals resulted in a pre and post-tax charge of \$2 million in the quarter.

Third quarter and nine months: 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.

Third quarter and nine months: Taxation

During the first quarter of 2011, taxation includes a \$47 million credit which primarily relates to the impact of the increase in UK North Sea taxation on re-measurement balances.



3. Segmental analysis

Profit for the period

Analysed by operating segment

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m
Third Quarter						
Group revenue						
Exploration and Production	2 501	1 954	–	–	2 501	1 954
Liquefied Natural Gas	2 228	1 832	–	–	2 228	1 832
Transmission and Distribution	935	806	–	–	935	806
Less: intra-group sales	(270)	(185)	–	–	(270)	(185)
Group revenue	5 394	4 407	–	–	5 394	4 407
Other operating income ^(a)	3	39	71	54	74	93
Group revenue and other operating income	5 397	4 446	71	54	5 468	4 500
Operating profit/(loss) before share of results from joint ventures and associates						
Exploration and Production	1 172	760	25	(43)	1 197	717
Liquefied Natural Gas	527	642	46	(72)	573	570
Transmission and Distribution	113	178	(1)	(2)	112	176
Other activities	10	(16)	–	–	10	(16)
	1 822	1 564	70	(117)	1 892	1 447
Pre-tax share of operating results of joint ventures and associates						
Exploration and Production	11	1	–	–	11	1
Liquefied Natural Gas	93	83	–	–	93	83
Transmission and Distribution	17	19	–	–	17	19
	121	103	–	–	121	103
Total operating profit/(loss)						
Exploration and Production	1 183	761	25	(43)	1 208	718
Liquefied Natural Gas	620	725	46	(72)	666	653
Transmission and Distribution	130	197	(1)	(2)	129	195
Other activities	10	(16)	–	–	10	(16)
	1 943	1 667	70	(117)	2 013	1 550
Net finance (costs)/income						
Finance income	23	(42)	(51)	(73)	(28)	(115)
Finance costs	(57)	(69)	40	68	(17)	(1)
Share of joint ventures and associates	(16)	(12)	–	–	(16)	(12)
	(50)	(123)	(11)	(5)	(61)	(128)
Taxation						
Taxation	(819)	(488)	(21)	20	(840)	(468)
Share of joint ventures and associates	(32)	(32)	–	–	(32)	(32)
	(851)	(520)	(21)	20	(872)	(500)
Profit/(loss) for the period from continuing operations	1 042	1 024	38	(102)	1 080	922
Attributable to:						
BG Group shareholders (earnings)	1 021	978	39	(102)	1 060	876
Non-controlling interest	21	46	(1)	–	20	46
	1 042	1 024	38	(102)	1 080	922

a) Business Performance Other operating income is attributable to segments as follows: E&P \$(4) million (2010 \$(8) million) and LNG \$7 million (2010 \$47 million).



3. Segmental analysis continued

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m
Nine Months						
Group revenue^(a)						
Exploration and Production	7 804	6 279	–	–	7 804	6 279
Liquefied Natural Gas	5 754	4 903	–	–	5 754	4 903
Transmission and Distribution	2 588	2 254	–	–	2 588	2 254
Less: intra-group sales	(843)	(587)	–	–	(843)	(587)
Group revenue	15 303	12 849	–	–	15 303	12 849
Other operating income ^(b)	12	151	(148)	(249)	(136)	(98)
Group revenue and other operating income	15 315	13 000	(148)	(249)	15 167	12 751
Operating profit/(loss) before share of results from joint ventures and associates						
Exploration and Production	3 836	2 691	23	(320)	3 859	2 371
Liquefied Natural Gas	1 453	1 640	(180)	(337)	1 273	1 303
Transmission and Distribution	390	466	27	(2)	417	464
Other activities	14	4	–	–	14	4
	5 693	4 801	(130)	(659)	5 563	4 142
Pre-tax share of operating results of joint ventures and associates						
Exploration and Production	25	8	–	–	25	8
Liquefied Natural Gas	290	259	–	–	290	259
Transmission and Distribution	52	55	–	–	52	55
	367	322	–	–	367	322
Total operating profit/(loss)						
Exploration and Production	3 861	2 699	23	(320)	3 884	2 379
Liquefied Natural Gas	1 743	1 899	(180)	(337)	1 563	1 562
Transmission and Distribution	442	521	27	(2)	469	519
Other activities	14	4	–	–	14	4
	6 060	5 123	(130)	(659)	5 930	4 464
Net finance (costs)/income						
Finance income	62	117	19	30	81	147
Finance costs	(204)	(190)	(55)	(26)	(259)	(216)
Share of joint ventures and associates	(46)	(35)	–	–	(46)	(35)
	(188)	(108)	(36)	4	(224)	(104)
Taxation						
Taxation	(2 743)	(1 868)	104	176	(2 639)	(1 692)
Share of joint ventures and associates	(94)	(82)	–	–	(94)	(82)
	(2 837)	(1 950)	104	176	(2 733)	(1 774)
Profit/(loss) for the period from continuing operations	3 035	3 065	(62)	(479)	2 973	2 586
Attributable to:						
BG Group shareholders (earnings)	2 960	2 957	(60)	(479)	2 900	2 478
Non-controlling interest	75	108	(2)	–	73	108
	3 035	3 065	(62)	(479)	2 973	2 586

a) External sales are attributable to segments as follows: E&P \$6 961 million (2010 \$5 726 million), LNG \$5 754 million (2010 \$4 869 million) and T&D \$2 588 million (2010 \$2 254 million). Intra-group sales are attributable to segments as follows: E&P \$843 million (2010 \$553 million) and LNG \$nil (2010 \$34 million).

b) Business Performance Other operating income is attributable to segments as follows: E&P \$(10) million (2010 \$20 million) and LNG \$22 million (2010 \$131 million).

3. Segmental analysis continued

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m
Third Quarter						
Total operating profit/(loss)						
Exploration and Production	1 183	761	25	(43)	1 208	718
Liquefied Natural Gas	620	725	46	(72)	666	653
Transmission and Distribution	130	197	(1)	(2)	129	195
	1 933	1 683	70	(117)	2 003	1 566
Other activities	10	(16)	–	–	10	(16)
	1 943	1 667	70	(117)	2 013	1 550
Less: Pre-tax share of operating results of joint ventures and associates					(121)	(103)
Add: Share of post-tax results from joint ventures and associates					73	59
Net finance costs					(45)	(116)
Profit before tax					1 920	1 390
Taxation					(840)	(468)
Profit for the period from continuing operations					1 080	922

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m
Nine Months						
Total operating profit/(loss)						
Exploration and Production	3 861	2 699	23	(320)	3 884	2 379
Liquefied Natural Gas	1 743	1 899	(180)	(337)	1 563	1 562
Transmission and Distribution	442	521	27	(2)	469	519
	6 046	5 119	(130)	(659)	5 916	4 460
Other activities	14	4	–	–	14	4
	6 060	5 123	(130)	(659)	5 930	4 464
Less: Pre-tax share of operating results of joint ventures and associates					(367)	(322)
Add: Share of post-tax results from joint ventures and associates					227	205
Net finance costs					(178)	(69)
Profit before tax					5 612	4 278
Taxation					(2 639)	(1 692)
Profit for the period from continuing operations					2 973	2 586

4. Net finance costs

Third Quarter			Nine Months	
2011 \$m	2010 \$m		2011 \$m	2010 \$m
(71)	(45)	Interest payable ^(a)	(199)	(107)
(27)	(27)	Interest on obligations under finance leases	(80)	(80)
51	20	Interest capitalised	118	48
(10)	(17)	Unwinding of discount on provisions ^(b)	(43)	(51)
40	68	Disposals, re-measurements and impairments ^(c)	(55)	(26)
(17)	(1)	Finance costs	(259)	(216)
23	(42)	Interest receivable ^(a)	62	117
(51)	(73)	Disposals, re-measurements and impairments ^(c)	19	30
(28)	(115)	Finance income	81	147
(45)	(116)	Net finance costs ^(d)	(178)	(69)

- a) In 2011, interest payable includes foreign exchange gains of \$1 million for the quarter and foreign exchange losses for the nine months of \$14 million. In 2010, interest receivable includes foreign exchange losses of \$58 million for the quarter and foreign exchange gains for the nine months of \$64 million.
- b) 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.
- c) Net finance (costs)/income on disposals, re-measurements and impairments for the quarter of \$(11) million (2010 \$(5) million) and for the nine months of \$(36) million (2010 \$4 million) is included in note 2 (page 19) and principally reflects mark-to-market movements on certain derivatives used to hedge foreign exchange and interest rate risk, partly offset by foreign exchange movements on certain borrowings.
- d) Excludes Group share of net finance costs from joint ventures and associates for the quarter of \$16 million (2010 \$12 million) and for the nine months of \$46 million (2010 \$35 million).

5. Taxation

The tax charge for the third quarter was as follows:

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m
Third Quarter						
Tax charge/(credit) for the period excluding share of taxation from joint ventures and associates	819	488	21	(20)	840	468
Share of taxation from joint ventures and associates	32	32	–	–	32	32
Total including share of taxation from joint ventures and associates	851	520	21	(20)	872	500

The tax charge for the nine months was as follows:

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m
Nine Months						
Tax charge/(credit) for the period	2 548	1 868	(57)	(176)	2 491	1 692
Prior period taxation ^(a)	195	–	(47)	–	148	–
Total excluding share of taxation from joint ventures and associates	2 743	1 868	(104)	(176)	2 639	1 692
Share of taxation from joint ventures and associates	94	82	–	–	94	82
Total including share of taxation from joint ventures and associates	2 837	1 950	(104)	(176)	2 733	1 774

- a) Prior period taxation relates to the revision of deferred tax balances at 1 January 2011, primarily as a result of the increase in UK North Sea taxation announced in March 2011.

Business Performance taxation for the nine months, excluding prior period taxation but including share of taxation from joint ventures and associates, was \$2 642 million (2010 \$1 950 million). The effective tax rate for the nine months is based on the best estimate of the weighted average annual income tax rate expected for the full year.



6. Discontinued operations

The post-tax profit/loss of the businesses comprising discontinued operations for the third quarter, including profits and losses on disposals and impairments, was a \$2 million loss (2010 \$27 million loss) and for the nine months was a \$2 million loss (2010 \$67 million loss).

During the first quarter of 2010, BG Group signed a Sale and Purchase Agreement (SPA) for the sale of its power plants in the USA and its investment in the Seabank power plant in the UK. Accordingly, these assets were reclassified as held for sale and revalued to the lower of their carrying amount and fair value less costs to sell. This resulted in a pre-tax impairment charge of \$325 million (post-tax charge \$226 million) against the Group's US power plants.

During the second quarter of 2010, BG Group completed the disposal of its power plants in the USA. This resulted in a pre and post-tax profit on disposal of \$4 million. The Group also completed the sale of its investment in the Seabank power plant in the UK, which resulted in a pre and post-tax profit on disposal of \$142 million.

During the third quarter of 2010, BG Group completed the disposal of Premier Power Limited. This resulted in a pre and post-tax loss on disposal of \$41 million in the quarter. In September 2010, BG Group signed a SPA 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 April 2011, the SPA for the sale of BG Group's 40% interests in both the Santa Rita and San Lorenzo power stations in the Philippines was terminated as certain consents and waivers were not received. BG Group's holding in these assets will continue to be classified as held for sale and treated as discontinued operations.

7. Earnings per ordinary share – continuing operations

Third Quarter				Nine Months			
2011		2010		2011		2010	
\$m	cents per share	\$m	cents per share	\$m	cents per share	\$m	cents per share
1 021	30.1	978	28.9	2 960	87.4	2 957	87.5
39	1.2	(102)	(3.0)	(60)	(1.8)	(479)	(14.2)
1 060	31.3	876	25.9	2 900	85.6	2 478	73.3

Basic earnings per share calculations in 2011 are based on the weighted average number of shares in issue of 3 390 million for the quarter and 3 388 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 3 412 million for the quarter and 3 410 million for the nine months, 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) – Nine Months

	\$m
Net borrowings as at 31 December 2010	(6 973)
Net decrease in cash and cash equivalents ^(b)	(839)
Cash inflow from changes in borrowings ^(c)	(2 914)
Inception of finance lease assets	55
Foreign exchange and other re-measurements	(174)
Net borrowings as at 30 September 2011 ^(d)	(10 845)

Net borrowings attributable to Comgás were \$887 million (31 December 2010 \$798 million).

As at 30 September 2011, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately \$1.8 billion, including BG Group shareholder loans of approximately \$1.5 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 are defined on page 31.

b) Excludes \$18 million relating to a decrease in cash and cash equivalents classified as held for sale.

c) Excludes \$2 million relating to a decrease in borrowings classified as held for sale.

d) Net borrowings comprise:

	As at 30 Sept 2011 \$m	As at 31 Dec 2010 \$m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	1 627	2 533
Overdrafts, loans and finance leases	(3 976)	(1 258)
Derivative financial instruments ^(e)	(96)	37
	(2 445)	1 312
<i>Amounts receivable/(due) after more than one year</i>		
Loans and finance leases ^(f)	(8 649)	(8 312)
Derivative financial instruments ^(e)	249	27
	(8 400)	(8 285)
Net borrowings	(10 845)	(6 973)

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

f) Includes finance lease receivable of \$189 million (2010 \$134 million) included within non-current assets on the balance sheet.

8. Reconciliation of net borrowings – Nine Months *continued*

Liquidity and Capital Resources

All the information below is as at 30 September 2011

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 \$4.0 billion US Commercial Paper Programme, of which \$990 million was unutilised, and a \$2.0 billion Eurocommercial Paper Programme, of which \$1 257 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 \$5.75 billion, of which \$1 billion expires in 2012, \$2.32 billion in 2013, \$2.18 billion in 2016 and \$250 million in 2018. There are no restrictions on the application of funds under these facilities, which were undrawn as at 30 September 2011.

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) 1 573 million, of which BRL 193 million was unutilised, and uncommitted borrowing facilities of BRL 252 million, of which BRL 100 million was unutilised.

9. Dividends

	Nine Months			
	2011		2010	
	\$m	cents per share	\$m	cents per share
Prior year final dividend, paid in the period	401	11.78	352	10.43
Interim dividend, paid in the period	359	10.80	332	9.82
Total dividend paid in the period	760	22.58	684	20.25

The final dividend of 11.78 cents per share (\$401 million) in respect of the year ended 31 December 2010 was paid on 20 May 2011 to shareholders on the register at the close of business on 15 April 2011. The interim dividend of 10.80 cents per share (\$359 million) in respect of the year ended 31 December 2011 was paid on 8 September 2011 to shareholders on the register as at 5 August 2011.



10. Quarterly information: earnings and earnings per share

	2011 \$m	2010 \$m	2011 cents	2010 cents
First quarter				
Total Result – continuing operations	595	1 163	17.5	34.4
Total Result – discontinued operations	2	(203)	0.1	(6.0)
Business Performance	819	1 097	24.2	32.5
Second quarter				
Total Result – continuing operations	1 245	439	36.8	13.0
Total Result – discontinued operations	(2)	163	(0.1)	4.8
Business Performance	1 120	882	33.1	26.1
Third quarter				
Total Result – continuing operations	1 060	876	31.3	25.9
Total Result – discontinued operations	(2)	(27)	(0.1)	(0.8)
Business Performance	1 021	978	30.1	28.9
Fourth quarter				
Total Result – continuing operations		905		26.7
Total Result – discontinued operations		35		1.1
Business Performance		1 056		31.2
Full year				
Total Result – continuing operations		3 383		100.1
Total Result – discontinued operations		(32)		(1.0)
Business Performance		4 013		118.7

11. Commitments and contingencies

Details of the Group's commitments and contingent liabilities as at 31 December 2010 can be found in note 25, page 122 of the 2010 Annual Report and Accounts.

Capital commitments in respect of the Group and its joint ventures and associates have increased by \$4.0 billion in the nine month period to 30 September 2011 reflecting the ongoing development of the Group's major growth projects. There have been no material changes to the Group's other commitments and contingent liabilities in the nine month period to 30 September 2011.

12. Related party transactions

The Group provides goods and services to, and receives goods and services from, its joint ventures and associates. In addition, the Group provides financing to some of these parties by way of loans. Details of related party transactions for the year ended 31 December 2010 can be found in note 26, page 124, of the 2010 Annual Report and Accounts. There have been no material changes in these relationships in the period ending 30 September 2011. No related party transactions have taken place in the first nine months of the current financial year that have materially affected the financial position or the performance of the Group during that period.

13. Business combinations

On 1 February 2011, the Group exercised pre-emption rights to increase its equity stakes in the Everest and Lomond fields in the UK to 99.13% and 100% respectively and, as a result, obtained control of these fields.

The cash consideration was \$56 million. The fair value of the Group's interest in the Everest and Lomond fields before the business combination was \$260 million and the \$7 million pre-tax loss on re-measuring this pre-existing interest to fair value is included in 'Profits and losses on disposal of non-current assets and impairments' in the 'Disposals, re-measurements and impairments' column in the consolidated income statement.

Goodwill of \$24 million arose following the recognition of a deferred tax liability on the assets acquired. None of the goodwill is expected to be deductible for tax purposes.

Details of the acquisition balance sheet and fair value consideration are as follows:

	\$m
<i>Non-current assets</i>	
Property, plant and equipment	574
	574
<i>Non-current liabilities</i>	
Deferred income tax liabilities	(24)
Provisions for other liabilities and charges	(258)
	(282)
Total identifiable net assets	292
Cash consideration	56
Fair value of the Group's pre-existing interest	260
Total consideration	316
Less: total identifiable net assets	(292)
Goodwill	24

Since 1 February 2011, revenue of \$171 million and an operating profit of \$28 million attributable to the Everest and Lomond fields were included in the consolidated income statement. Had the business combination occurred on 1 January 2011, the revenue and operating profit of the Group would not have been materially different.

Supplementary information: Operating and financial data

Third Quarter		Second Quarter		Nine Months	
2011	2010	2011		2011	2010
Production volumes (mmboe)					
5.4	6.5	6.2	Oil	18.2	21.5
8.2	7.7	8.8	Liquids	25.7	25.5
43.2	42.2	43.9	Gas	130.0	128.0
56.8	56.4	58.9	Total	173.9	175.0
Production volumes (boed in thousands)					
58	71	68	Oil	67	79
89	84	97	Liquids	94	93
470	458	482	Gas	476	469
617	613	647	Total	637	641
\$113.71	\$74.88	\$117.95	Average realised oil price per barrel	\$113.27	\$75.78
\$96.01	\$66.88	\$98.32	Average realised liquids price per barrel	\$92.51	\$65.24
63.09c (38.96p)	46.58c (30.43p)	72.46c (44.43p)	Average realised UK gas price per produced therm	68.40c (42.42p)	53.41c (34.42p)
39.06c	32.45c	39.02c	Average realised International gas price per produced therm	38.05c	32.81c
40.62c	34.12c	42.75c	Average realised gas price per produced therm	40.95c	35.46c
\$5.66	\$4.88	\$5.83	Lifting costs per boe	\$5.58	\$4.75
\$8.96	\$7.08	\$8.93	Operating expenditure per boe	\$8.63	\$7.26
1 785	1 314	1 541	Development expenditure (including acquisitions) (\$m)	4 521	2 927
Gross exploration expenditure (\$m)					
193	132	238	Capitalised expenditure (including acquisitions)	945	1 599
66	98	80	Other expenditure	247	284
259	230	318	Total	1 192	1 883
Exploration expenditure charge (\$m)					
61	35	40	Capitalised expenditure written off	184	319
66	98	80	Other expenditure	247	284
127	133	120	Total	431	603
Total capital investment (\$m)^(a)					
495	291	443	Europe and Central Asia	1 294	887
710	753	776	Americas	2 361	3 714
376	329	313	Africa, Middle East and Asia	985	883
1 319	706	1 005	Australia	3 093	1 266
2 900	2 079	2 537	Total	7 733	6 750

a) Total capital investment includes acquisitions for the third quarter of \$nil (third quarter 2010 \$nil; second quarter 2011 \$113 million) and for the nine months of \$432 million (2010 \$1 233 million).

Supplementary information: Operating and financial data continued

Third Quarter		Second Quarter		Nine Months	
2011	2010	2011		2011	2010
E&P capital investment (\$m)^(a)					
495	288	443	Europe and Central Asia	1 293	852
597	611	673	Americas	2 047	2 681
370	326	306	Africa, Middle East and Asia	967	866
638	319	496	Australia	1 537	622
2 100	1 544	1 918	Total	5 844	5 021

a) E&P capital investment includes acquisitions for the third quarter of \$nil (third quarter 2010 \$nil; second quarter 2011 \$113 million) and for the nine months of \$432 million (2010 \$1 233 million).

LNG capital investment (\$m)					
–	2	–	Europe and Central Asia	–	7
29	84	27	Americas and Global LNG	89	880
2	–	1	Africa, Middle East and Asia	3	–
681	387	509	Australia	1 556	644
712	473	537	Total	1 648	1 531

T&D and other capital investment (\$m)^(b)					
–	1	–	Europe and Central Asia	1	1
84	58	76	Americas	225	153
4	2	6	Africa, Middle East and Asia	15	16
88	61	82	Total	241	170

b) Excludes capital investment relating to discontinued operations for the third quarter of \$nil (third quarter 2010 \$1 million; second quarter 2011 \$nil) and for the nine months of \$nil (2010 \$28 million).

Depreciation and amortisation (\$m)					
485	476	504	Exploration and Production	1 443	1 343
88	76	89	Other	263	248
573	552	593	Total	1 706	1 591

LNG cargoes					
6	13	8	USA	22	48
35	20	20	Asia	76	58
2	9	8	Europe	21	22
12	14	13	South America	35	29
1	3	1	Other	2	10
56	59	50	Total	156	167
3,433	3,538	3,061	LNG managed volumes (thousand tonnes)	9,598	9,972

Historical supplementary information is available on the BG Group plc website: www.bg-group.com



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
BG Group's reference conditions	Brent oil price \$70 per barrel; Henry Hub price \$5.5 per mmbtu; US/UK exchange rate \$1.5:£1; and US/AUD exchange rate \$1:A\$1.2.
boe	barrels of oil equivalent
boed	barrels of oil equivalent per day
bopd	barrels of oil per day
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
mamboe	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	Comprise cash, current asset investments, finance lease liabilities/assets, currency and interest rate derivative financial instruments and short and long-term borrowings
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	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

Announcement of 2011 fourth quarter and full year results and annual strategy presentation 9 February 2012

Announcement of 2012 first quarter results 3 May 2012

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