

# BG Group plc

## 2015 SECOND QUARTER & HALF YEAR RESULTS

31 July 2015

### Second Quarter Key Points

- E&P production up 19% at 703 kboed; full year guidance moved to the upper half of 650 - 690 kboed range
- Australia and Brazil average E&P production more than doubled to 80 kboed and 143 kboed, respectively
- QCLNG pipeline disposal completed with gross proceeds of \$4.6 billion; Train 2 start-up in July
- Upstream EBITDA down 39% to \$1 138 million; lower commodity prices partially offset by higher volumes
- LNG Shipping & Marketing EBITDA down 66% to \$263 million; lower margins partially offset by higher volumes
- Business Performance EPS down 65% to 12.6 cents; Total EPS up 63% to 65.2 cents, reflecting profit on disposal of QCLNG pipeline
- Interim dividend declared of 14.38 cents per share (9.22 pence per share)
- Unconditional anti-trust approval of the Shell offer from Brazil in July; one of five pre-conditions to the offer

### BG Group's Chief Executive, Helge Lund said:

"We achieved a number of key milestones during the quarter while continuing to deliver on our cost and efficiency programmes. Production reached record levels, more than doubling in both Australia and Brazil, and we now expect output for the year to be in the upper half of our forecast range. In Australia, we assumed operational control of the first train at QCLNG, which is now operating at plateau, and produced first LNG from the second train earlier this month. In Brazil, our share of production is now exceeding 150 kboed and the sixth FPSO was recently moored on location. Our LNG business has again produced a robust operating performance to deliver 58 cargoes in the quarter.

"This performance reflects our actions to stabilise and de-risk the business and our teams remain focused on delivering our 2015 commitments."

Second Quarter			Business Performance <sup>(a)</sup>	Half Year		
2015 \$m	2014 \$m			2015 \$m	2014 \$m	
<b>1 372</b>	2 649	-48%	Earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>(b)</sup>	<b>2 963</b>	5 368	-45%
<b>627</b>	1 959	-68%	Earnings before interest and tax (EBIT) <sup>(b)</sup>	<b>1 572</b>	3 929	-60%
<b>429</b>	1 209	-65%	Earnings for the period	<b>994</b>	2 361	-58%
<b>12.6c</b>	35.5c	-65%	Earnings per share	<b>29.1c</b>	69.3c	-58%
<b>14.38c</b>	14.38c	–	Interim dividend per share	<b>14.38c</b>	14.38c	–
<b>Total results for the period (including disposals, re-measurements and impairments)</b>						
<b>3 103</b>	2 049	+51%	Earnings before interest and tax (EBIT) <sup>(b)</sup>	<b>3 895</b>	3 978	-2%
<b>2 225</b>	1 367	+63%	Earnings for the period continuing operations	<b>2 458</b>	2 469	–
<b>65.2c</b>	40.1c	+63%	Earnings per share continuing operations	<b>72.0c</b>	72.5c	-1%

a) 'Business Performance' excludes disposals, certain re-measurements and impairments and certain other exceptional items 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 21) and notes 1 to 3 (pages 29 to 32). Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

b) Including share of post-tax results from joint ventures and associates.



## Business Review – Group

Second Quarter			Half Year		
2015 \$m	2014 \$m		2015 \$m	2014 \$m	
<b>Business Performance</b>					
<b>3 979</b>	5 501	-28% Revenue and other operating income	<b>7 972</b>	10 562	-25%
<b>1 138</b>	1 854	-39% Upstream	<b>2 008</b>	3 851	-48%
<b>263</b>	785	-66% LNG Shipping & Marketing	<b>971</b>	1 515	-36%
<b>(29)</b>	10	– Other activities	<b>(16)</b>	2	–
<b>1 372</b>	2 649	-48% <b>EBITDA<sup>(a)</sup></b>	<b>2 963</b>	5 368	-45%
<b>422</b>	1 202	-65% Upstream	<b>675</b>	2 491	-73%
<b>236</b>	748	-68% LNG Shipping & Marketing	<b>916</b>	1 438	-36%
<b>(31)</b>	9	– Other activities	<b>(19)</b>	–	–
<b>627</b>	1 959	-68% <b>EBIT<sup>(a)</sup></b>	<b>1 572</b>	3 929	-60%
<b>(55)</b>	(7)	-686% Net finance costs	<b>(99)</b>	(58)	-71%
<b>(143)</b>	(743)	+81% Taxation for the period <sup>(b)</sup>	<b>(479)</b>	(1 510)	+68%
<b>429</b>	1 209	-65% Earnings for the period	<b>994</b>	2 361	-58%
<b>12.6c</b>	35.5c	-65% Earnings per share (cents)	<b>29.1c</b>	69.3c	-58%
<b>Cash flow and balance sheet</b>					
<b>926</b>	2 125	-56% Net cash flow from operating activities	<b>1 884</b>	4 485	-58%
<b>(1 470)</b>	(2 476)	+41% Capital investment on a cash basis <sup>(a)</sup>	<b>(3 123)</b>	(4 759)	+34%
<b>(663)</b>	(507)	-31% Free cash flow <sup>(a)</sup>	<b>(1 355)</b>	(354)	-283%
		Net debt <sup>(a)</sup>	<b>8 540</b>	10 377	+18%
		Gearing % <sup>(a)</sup>	<b>21.7%</b>	23.0%	
		ROACE (12 month) % <sup>(a)</sup>	<b>5.9%</b>	10.0%	

a) For a definition see the Glossary on page 41.

b) Profit before tax for the quarter excluding joint ventures and associates was \$530 million (2014 \$1 890 million) giving an effective tax rate of 27.0% (2014 39.3%) and for the half year was \$1 369 million (2014 \$3 745 million) giving an effective tax rate of 35.0% (2014 40.3%).

### Second quarter

Revenue and other operating income decreased 28% to \$3 979 million, reflecting a significant fall in realised sales prices impacting both the Upstream and LNG Shipping & Marketing segments. The impact of lower prices was partly offset by higher volumes in both segments, with E&P production volumes up 19% and LNG delivered volumes up 17%.

EBITDA decreased 48% to \$1 372 million. In the Upstream segment, EBITDA fell 39% to \$1 138 million reflecting the lower revenues. In the LNG Shipping & Marketing segment, EBITDA fell 66% to \$263 million, driven by lower revenues and a higher proportion of relatively higher cost supply from spot cargoes.

EBIT decreased by \$1 332 million to \$627 million, reflecting the reduced EBITDA and higher DD&A charges primarily as a result of increased E&P production and the start-up of QCLNG Train 1 in December 2014.

## **Business Review – Group continued**

### **Second quarter continued**

Net finance costs of \$55 million included foreign exchange losses of \$23 million (2014 net finance costs of \$7 million included realised foreign exchange hedge gains of \$29 million and other foreign exchange gains of \$5 million).

The tax charge for the quarter reduced to \$143 million and reflects the lower profit before tax and a reduction in the Group's expected 2015 full year effective tax rate (excluding BG Group's share of joint ventures and associates' results and tax) to 35.0%. This is lower than the previous guidance of 40.0% primarily as a result of changes in the expected mix of profits.

Group earnings of \$429 million and EPS of 12.6 cents both decreased 65%, with the reduction in EBIT being only partially offset by the reduction in the Group's effective tax rate.

Net cash flow from operating activities decreased 56% to \$926 million, reflecting the lower operating results.

Capital investment on a cash basis was 41% lower at \$1 470 million and was entirely in the Upstream segment, consisting of \$1 317 million on development and other activities, and \$153 million on exploration. The development spend was concentrated primarily in Brazil (\$569 million) and Australia (\$330 million).

Free cash flow decreased by \$156 million to a \$663 million outflow, primarily reflecting the decrease in net cash flow from operating activities, largely offset by the reduction in capital investment. The total cash inflow for the quarter was \$2 385 million, including \$4 597 million gross proceeds from the disposal of the QCLNG pipeline.

### **Half year**

Revenue and other operating income decreased 25% to \$7 972 million, reflecting a significant fall in realised sales prices impacting both the Upstream and LNG Shipping & Marketing segments. The impact of lower prices was partly offset by weather-related gains in North America in the LNG Shipping & Marketing segment and higher volumes in both segments, with E&P production volumes up 10% and LNG delivered volumes up 34%.

EBITDA decreased 45% to \$2 963 million, primarily driven by lower revenues in the Upstream segment, where EBITDA fell 48% to \$2 008 million. LNG Shipping & Marketing EBITDA reduced 36% to \$971 million, driven by lower revenues and a higher proportion of relatively higher cost supply from spot cargoes.

EBIT decreased by \$2 357 million to \$1 572 million, primarily reflecting the reduction in EBITDA.

Net finance costs of \$99 million included foreign exchange losses of \$21 million (2014 net finance costs of \$58 million included realised foreign exchange hedge gains of \$17 million and other foreign exchange gains of \$4 million).

The tax charge for the half year reduced to \$479 million and reflects the lower profit before tax and the reduction in the Group's expected 2015 full year effective tax rate (excluding BG Group's share of joint ventures and associates' results and tax) to 35.0% (2014 40.3%).

Group earnings of \$994 million and EPS of 29.1 cents both decreased 58%, with the reduction in EBIT being only partially offset by the reduction in the Group's effective tax rate.

Net cash flow from operating activities decreased 58% to \$1 884 million, primarily reflecting the lower operating results.

Capital investment on a cash basis was 34% lower at \$3 123 million and was entirely in the Upstream segment, consisting of \$2 827 million on development and other activities, and \$296 million on exploration. The development spend was concentrated primarily in Brazil (\$1 264 million) and Australia (\$696 million).

Free cash flow decreased by \$1 001 million to a \$1 355 million outflow, primarily reflecting the decrease in net cash flow from operating activities, partly offset by the lower capital investment. The total cash inflow for the half year was \$2 167 million, including \$4 597 million gross proceeds from the disposal of the QCLNG pipeline.

Net debt of \$8 540 million fell by \$1 837 million as a result of the QCLNG pipeline disposal, which also reduced gearing to 21.7%.

Return on average capital employed reduced to 5.9% reflecting the lower Business Performance results.

## **Business Review – Group** continued

### **Interim dividend**

The Board has approved the payment of an interim dividend of 14.38 cents per share. This is half of the 2014 total dividend, in accordance with the Board's established policy and the conditions set out in the Rule 2.7 announcement on 8 April (see page 5 and [www.bg-group.com/shelloffer](http://www.bg-group.com/shelloffer)). The interim dividend has been converted to Sterling at the average of the daily spot rates for the three business days prior to the business day before this announcement and will be paid on 11 September 2015 as 9.22 pence per share to shareholders on the register as at 14 August 2015.

### **Total Results (including disposals, re-measurements and impairments)**

#### **Second quarter**

Total earnings for the second quarter of 2015 were \$2 225 million (65.2 cents per share) and included a post-tax gain of \$1 796 million in respect of disposals, re-measurements and impairments primarily associated with the gain on sale of the QCLNG pipeline. Total earnings in the second quarter of 2014 were \$1 367 million (40.1 cents per share) and included a post-tax gain of \$158 million in respect of disposals, re-measurements and impairments, including a gain of \$170 million arising from the sale of six LNG vessels.

#### **Half year**

Total earnings for the first half of 2015 were \$2 458 million (72.0 cents per share) and included a post-tax gain of \$1 464 million in respect of disposals, re-measurements and impairments primarily associated with the gain on sale of the QCLNG pipeline. Total earnings for the first half of 2014 were \$2 469 million (72.5 cents per share) and included a post-tax gain of \$108 million in respect of disposals, re-measurements and impairments.

For further information see Presentation of Non-GAAP measures (page 21) and notes 1 to 3 (pages 29 to 32).



## Recommended cash and share offer for BG Group plc by Royal Dutch Shell plc

On 8 April, the Boards of Royal Dutch Shell plc (Shell) and BG Group plc announced that they had reached agreement on the terms of a recommended cash and share offer to be made by Shell for the entire issued and to be issued share capital of BG Group plc.

Under the terms of the Combination, which will be subject to certain pre-conditions and conditions, BG Group plc shareholders will be entitled to receive, for each BG Group plc share, 383 pence in cash and 0.4454 Shell B Shares.

Please refer to the Rule 2.7 announcement at [www.bg-group.com/shelloffer](http://www.bg-group.com/shelloffer) for further details.

Anti-trust regulatory clearances for the transaction were received from the United States Federal Trade Commission in June and the Brazilian Conselho Administrativo de Defesa Econômica (CADE) in July. The clearance from CADE is one of five pre-conditions to be satisfied in relation to the Combination.

The transaction is expected to complete in early 2016.

## Second quarter business highlights

### Overview

E&P production was 703 thousand barrels of oil equivalent per day (kboed), up 19% from the second quarter of 2014, with production for the first half of 2015 averaging 671 kboed, up 10%. Growth in the second quarter was driven by Australia and Brazil, where volumes in both more than doubled to an average of 80 kboed for Australia and 143 kboed for Brazil, along with the ramp-up at Knarr in Norway and a higher net entitlement in Kazakhstan. This growth was partially offset by declines in Egypt, down 13 kboed to 44 kboed, the UK, down 10 kboed to 102 kboed, and the USA, down 7 kboed to 33 kboed.

The LNG Shipping & Marketing segment delivered 58 cargoes (3.6 million tonnes) in the quarter, eight more cargoes than the second quarter of 2014 (0.5 million additional tonnes). Increased supply was driven by 13 cargoes from QCLNG and four additional spot cargoes, partially offset by nine fewer cargoes from the Group's other long-term supply contracts. Of the 58 cargoes (2014 50), 42 were supplied to Asian markets (2014 32).

### Australia

In May, BG Group assumed operational control of Train 1 which marked the start of commercial operations at its QCLNG facility. Train 1 is running at plateau, producing approximately five cargoes per month. During the second quarter, BG Group shipped 16 cargoes and delivered 13 cargoes from the QCLNG facility.

In July, the Group commenced operations at the second LNG train, shipping its first 2 cargoes by the end of the month.

E&P production in Australia has continued to ramp-up according to plan, achieving its highest level in a single day of around 100 kboed in July and averaging 80 kboed for the quarter, net to BG Group. During the quarter, less than 20% of the gas supplied to QCLNG was from third-party gas contracts, in line with expectations during the ramp-phase.

Around 2 520 coal seam gas wells have been drilled as at the end of the second quarter, with around 2 110 available for production or de-watering. Average flow rates continue to be in line with expectations.

The integrated project remains on track to reach plateau production in mid-2016.

### Brazil

In July, BG Group achieved record net production from the Santos Basin, reaching 159 kboed. Gross production from FPSO 4 (*Cidade de Ilhabela*) has averaged around 88 kbopd with three producer wells and one injector well and FPSO 5 (*Cidade de Mangaratiba*) has averaged around 130 kbopd from four producer and three injector wells. Production will continue to increase from both FPSOs through 2015 as additional wells are connected.

The 150 kbopd *Cidade de Itaguaí* (FPSO 6) for Iracema North is now moored on location with well connection activity underway. The operator expects start-up in the third quarter of 2015. FPSO 7 is in the Brasa shipyard in Brazil and final integration works have commenced, FPSO 8 is completing its current integration phase in China and is due to sail away in the coming weeks, while FPSO 9 integration works continue in Singapore. FPSOs 7 to 9 are due onstream in 2016.

The operator's 5-year business plan, published in June, reflected the anticipated delays to the replicant FPSOs and included a 16<sup>th</sup> FPSO to be contracted for deployment on Lula West for start-up in 2020.

## Second quarter business highlights continued

### **Brazil** continued

At the end of June, the BM-S-11 consortium submitted the initial field development plans for the proposed Atapú, Sururu and Berbigão areas within the wider Iara area. This minimum development requirement incorporates two replicant FPSOs on Atapú due onstream in 2018, and one assigned to Berbigão/Sururu due onstream in 2019. First production from Sururu will be via the connection of wells to the FPSO planned to be deployed on Berbigão. This initial development plan may be amended and adjusted as additional information is acquired from the first FPSOs.

For all replicant FPSOs, the consortium continues to closely monitor developments, including any potential impacts of the Lava Jato investigation, establishing and implementing mitigation plans where necessary.

In April 2015, Petrobras issued its final audited 2014 financial statements which included a write-off in respect of overpayments on the acquisition of property, plant and equipment incorrectly capitalised according to testimony obtained as part of the Lava Jato investigations. The impact of this write-off, if any, on BG Group's various interests remains unknown.

### **Kazakhstan**

In June, the Karachaganak partners agreed a 15-year extension to the Karachaganak Gas Sales Agreement from 2023 to January 2038. This agreement helps extend the liquid production plateau into the next decade and underpins the implementation of the next phase of development, which partners are looking to progress into front-end engineering and design.

### **Egypt**

At the end of the second quarter, the amount owed by the Egyptian government was \$1.1 billion, with \$0.9 billion overdue. Discussions continue with the Egyptian government regarding potential future gas development programmes, subject to the negotiation of a higher domestic gas price and resolution of the outstanding receivables.

### **Portfolio management**

In June, BG Group completed the sale of the QCLNG pipeline, with gross proceeds of \$4.6 billion received. The proceeds reflect indexation movements to the long-term tariff payable since the transaction announcement on 10 December 2014. The sale proceeds have been used to reduce net debt.

Tariffs payable on the pipeline are set to provide a fixed rate of return on the asset base with the primary tariff components escalating annually with US inflation indices. On an annualised basis, the gross pipeline tariff is approximately \$360 million.

In April, BG Group agreed to farm down a further 10% equity on four frontier exploration blocks in the Barreirinhas Basin, northern Brazil, to Mitsui E&P Brasil. This transaction remains subject to approval by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP), having been approved by CADE in June. BG Group will retain operatorship with 65% equity post farm down.

## Second quarter business highlights continued

### 2015 outlook

BG Group now expects 2015 E&P production volumes to be in the upper half of the 650 - 690 kboed range, excluding any changes to the portfolio. The Group expects third quarter production to be broadly similar to the average for the first half of 2015, with continued growth in Brazil and Australia being offset by a lower net entitlement in Kazakhstan and planned shutdowns, before increasing again in the fourth quarter.

In Australia, Train 1 at the Group's QCLNG project has now reached plateau output of around 4 million tonnes per annum (mtpa) and Train 2 started up in July. Upstream production continues to ramp-up as planned, and the Group continues to expect up to 20% of gas for the two trains to be supplied by third-party contracts during this ramp-up phase. The integrated project remains on track to reach plateau production in mid-2016.

In Brazil, the fourth and fifth FPSOs, *Cidade de Ilhabela* and *Cidade de Mangaratiba* respectively, will continue to ramp-up during 2015 with additional well connections. With the sixth FPSO, *Cidade de Itaguaí*, on location in July, the operator expects this to be onstream in the third quarter of 2015.

LNG Shipping & Marketing EBITDA guidance remains in the range of \$1.3 - 1.5 billion for 2015 based on mid-July forward commodity price curves (see page 37 for further details). Supply volumes are still expected to be slightly lower than 2014, excluding the purchase of spot cargoes and the impact of new volumes from QCLNG. As previously disclosed, the majority of the contribution from QCLNG will be reported in the Upstream segment of the business.

With cash capital expenditure of \$3.1 billion in the first half of the year, 2015 will be significantly lower than 2014, as projects complete and the Group reacts to a lower oil price environment. Capital expenditure on a cash basis is still expected to be around 30% lower than 2014 at between \$6 - 7 billion in 2015.

The Group's 2015 full year effective tax rate (ETR), excluding BG Group's share of joint ventures and associates' results and tax, is currently expected to be 35%. In the current low commodity price environment, the 2015 full year ETR remains sensitive to movements in the Group's profits by jurisdiction and could therefore be subject to further movements during the remainder of the year.

The Group continues to expect a significant increase in Business Performance net finance costs in the second half of 2015 as a result of a material reduction in assets under construction following the start-up of QCLNG. This is expected to reduce the amount of interest on borrowings that can be capitalised by approximately 50% (see note 4, page 34).

BG Group's sensitivity to a \$1 per barrel movement in the oil price is still expected to be between \$60 - 70 million at an earnings level and between \$70 - 80 million on post-tax operating cash flow, both on an annualised basis for 2015 only.



**Upstream**

Second Quarter			Business Performance	Half Year		
2015 \$m	2014 \$m			2015 \$m	2014 \$m	
64.01	53.78	+19%	<b>E&amp;P production volumes (mmboe)</b>	121.41	110.79	+10%
2 374	3 088	-23%	E&P	4 243	6 205	-32%
183	81	+126%	Liquefaction	326	216	+51%
2 557	3 169	-19%	<b>Upstream revenue and other operating income</b>	4 569	6 421	-29%
(529)	(451)	-17%	Lifting costs	(1 027)	(900)	-14%
(386)	(378)	-2%	Royalties and other operating costs	(717)	(768)	+7%
(915)	(829)	-10%	<b>E&amp;P operating costs</b>	(1 744)	(1 668)	-5%
(241)	(320)	+25%	Other E&P costs	(311)	(526)	+41%
10	8	+25%	JV and associates (post-tax)	26	8	+225%
1 228	1 947	-37%	<b>E&amp;P EBITDA before exploration charge</b>	2 214	4 019	-45%
(146)	(117)	-25%	Exploration charge	(272)	(278)	+2%
1 082	1 830	-41%	<b>E&amp;P EBITDA</b>	1 942	3 741	-48%
(132)	(79)	-67%	Liquefaction operating costs	(292)	(212)	-38%
25	41	-39%	JV and associates (post-tax)	62	97	-36%
(20)	(19)	-5%	Business development	(30)	9	-
56	24	+133%	<b>Liquefaction EBITDA</b>	66	110	-40%
1 138	1 854	-39%	<b>Upstream EBITDA</b>	2 008	3 851	-48%
(632)	(595)	-6%	E&P DD&A	(1 169)	(1 252)	+7%
(34)	-	-	Liquefaction DD&A	(66)	-	-
(50)	(57)	+12%	Sundry depreciation	(98)	(108)	+9%
422	1 202	-65%	<b>Upstream EBIT</b>	675	2 491	-73%
1 470	2 475	-41%	Capital investment on a cash basis	3 123	4 746	-34%

  

Second Quarter		First Quarter	E&P unit costs and margins	Half Year	
2015 \$/boe	2014 \$/boe	2015 \$/boe		2015 \$/boe	2014 \$/boe
37.08	57.42	32.57	<b>Revenue and other operating income</b>	34.95	56.01
(8.27)	(8.39)	(8.68)	Lifting costs	(8.46)	(8.12)
(6.03)	(7.03)	(5.76)	Royalties and other operating costs	(5.90)	(6.94)
(14.30)	(15.42)	(14.44)	<b>E&amp;P operating costs</b>	(14.36)	(15.06)
(3.76)	(5.95)	(1.23)	Other E&P costs	(2.56)	(4.74)
0.16	0.15	0.28	JV and associates (post-tax)	0.21	0.07
19.18	36.20	17.18	<b>E&amp;P EBITDA margin<sup>(a)</sup></b>	18.24	36.28
(9.87)	(11.06)	(9.36)	DD&A	(9.63)	(11.30)
9.31	25.14	7.82	<b>E&amp;P EBIT margin<sup>(a)</sup></b>	8.61	24.98
(27.93)	(32.43)	(25.03)	<b>E&amp;P unit costs</b>	(26.55)	(31.10)

a) Margins calculated on the basis of E&P EBIT or EBITDA before exploration charge, based on E&P production volumes. Additional operating and financial data is given on page 39.

## Upstream continued

Second Quarter		First Quarter		Half Year	
2015	2014	2015		2015	2014
<b>E&amp;P production volumes (mmboe)</b>					
<b>18.20</b>	12.27	15.30	Oil	<b>33.50</b>	23.84
<b>8.39</b>	7.83	8.00	Liquids	<b>16.39</b>	16.63
<b>37.42</b>	33.68	34.10	Gas	<b>71.52</b>	70.32
<b>64.01</b>	53.78	57.40	<b>Total</b>	<b>121.41</b>	110.79

<b>E&amp;P sales volumes (mmboe)</b>					
<b>17.94</b>	12.73	11.36	Oil	<b>29.30</b>	23.36
<b>8.39</b>	7.83	8.00	Liquids	<b>16.39</b>	16.63
<b>36.18</b>	31.82	33.26	Gas <sup>(a)</sup>	<b>69.44</b>	66.41
<b>62.51</b>	52.38	52.62	<b>Total</b>	<b>115.13</b>	106.40

<b>E&amp;P production volumes (kboed)</b>					
<b>200</b>	135	170	Oil	<b>185</b>	132
<b>92</b>	86	89	Liquids	<b>91</b>	92
<b>411</b>	370	379	Gas	<b>395</b>	388
<b>703</b>	591	638	<b>Total</b>	<b>671</b>	612

<b>E&amp;P production volumes by country (kboed)</b>					
<b>80</b>	30	56	Australia	<b>68</b>	28
<b>51</b>	51	50	Bolivia	<b>51</b>	49
<b>143</b>	68	123	Brazil	<b>133</b>	62
<b>44</b>	57	52	Egypt	<b>48</b>	61
<b>16</b>	20	17	India	<b>17</b>	19
<b>93</b>	86	98	Kazakhstan	<b>96</b>	92
<b>10</b>	2	1	Norway	<b>5</b>	2
<b>42</b>	37	40	Thailand	<b>41</b>	40
<b>59</b>	60	59	Trinidad and Tobago	<b>59</b>	67
<b>30</b>	28	30	Tunisia	<b>30</b>	32
<b>102</b>	112	77	UK	<b>89</b>	119
<b>33</b>	40	35	USA	<b>34</b>	41
<b>703</b>	591	638	<b>Total</b>	<b>671</b>	612

<b>E&amp;P average realised prices</b>					
<b>\$60.42</b>	\$110.21	\$52.16	Oil price per barrel	<b>\$57.22</b>	\$109.64
<b>\$50.03</b>	\$91.33	\$46.89	Liquids price per barrel	<b>\$48.50</b>	\$89.89
<b>37.58c</b>	47.90c	41.31c	Average realised gas price per produced therm	<b>39.37c</b>	50.18c

a) Excludes fuel gas.

## Upstream continued

### Second quarter

Production volumes increased 19% reflecting the ramp-up in Brazil and Australia, partly offset by lower production in Egypt, the UK and the USA.

Revenue and other operating income decreased 19% to \$2 557 million, reflecting significantly lower commodity prices, especially oil and liquids, partly offset by higher volumes and an improved product mix with additional oil, particularly from Brazil.

E&P EBITDA before exploration was 37% lower at \$1 228 million, primarily reflecting the decrease in revenue. Lifting costs increased by 17% to \$529 million following the ramp-up of production in Brazil and Australia, although this was offset by Other E&P costs which decreased 25% to \$241 million, including the impact in Brazil of movements in the volume of oil held in stock, with around 6.7 mmmboe of oil in stock at the end of the quarter.

E&P DD&A increased 6% to \$632 million, as the impact of higher production volumes was partly offset by favourable changes in the mix of fields.

The Group's average realised oil price decreased 45% to \$60.42 per barrel, the liquids price decreased 45% to \$50.03 per barrel, and the realised gas price per produced therm decreased 22% to 37.58 cents, reflecting reductions in market prices. Consequently, unit revenues reduced \$20.34 per boe to \$37.08 per boe.

Unit operating expenditure decreased to \$14.30 per boe (2014 \$15.42 per boe), mainly due to a reduction in royalty costs per boe reflecting the lower commodity prices. Lifting costs per boe also decreased slightly as a result of the overall increase in production volumes, combined with changes in the mix of producing fields. Other E&P unit costs decreased to \$3.76 per boe (2014 \$5.95 per boe).

Consequently, the Group's unit E&P EBITDA margin was \$17.02 per boe lower at \$19.18 per boe.

The unit DD&A charge decreased to \$9.87 per boe (2014 \$11.06 per boe) as a result of changes in the production mix, with lower production from higher rate fields in the UK and increased production from lower rate fields in Brazil, together with the effect of impairments recognised in the fourth quarter of 2014 in Tunisia and the USA.

The E&P EBIT margin was \$15.83 per boe lower at \$9.31 per boe.

The exploration charge of \$146 million increased 25% due to higher well write offs. Gross exploration expenditure decreased 27% to \$238 million and included spend in Trinidad and Tobago (\$77 million), Australia (\$49 million), Tanzania (\$28 million), the UK (\$23 million) and Honduras (\$17 million).

Liquefaction EBITDA increased \$32 million to \$56 million, with QCLNG recording a profit for the second quarter due to an increase in the tariffs charged to the E&P business following the start of commercial operations at Train 1 in May.

Capital investment on a cash basis of \$1 470 million consisted of \$1 317 million on development and other activities, and \$153 million on exploration. The development spend was concentrated primarily on projects in Brazil (\$569 million) and Australia (\$330 million), together with investments in the UK (\$78 million), Tunisia (\$62 million), Kazakhstan (\$58 million) and Trinidad and Tobago (\$50 million).

### Half year

Production volumes increased 10% primarily as a result of the ramp-up in Brazil and Australia, partly offset by lower production in the UK and Egypt.

Revenue and other operating income decreased 29% to \$4 569 million, reflecting significantly lower commodity prices, especially oil and liquids, partly offset by an improved product mix with additional oil, particularly from Brazil.

E&P EBITDA before exploration was 45% lower at \$2 214 million, reflecting the decrease in revenue and higher lifting costs, partially offset by lower royalties and Other E&P costs. Lifting costs increased 14% to \$1 027 million, reflecting the ramp-up of production in Brazil and Australia. Royalty and other operating costs decreased 7% following the lower commodity prices. Other E&P costs decreased 41% to \$311 million, including the impacts in Brazil of movements in the volume of oil held in stock. The first half of 2014 also included the elimination of profit associated with the Lula extended well test.

E&P DD&A decreased 7% to \$1 169 million, with favourable changes in the mix of fields and the effect of impairments recorded in 2014 being partly offset by the higher production volumes.

## Upstream continued

### Half year continued

The Group's average realised oil price decreased 48% to \$57.22 per barrel and the liquids price decreased 46% to \$48.50 per barrel, reflecting reductions in market prices. The average realised gas price per produced therm decreased 22% to 39.37 cents, reflecting lower market prices and a lower proportion of production from the UK. Consequently, unit revenues reduced \$21.06 per boe to \$34.95 per boe.

Unit operating expenditure decreased to \$14.36 per boe (2014 \$15.06 per boe), as higher lifting costs per boe were more than offset by lower royalties per boe. Lifting costs were adversely impacted by the shut-ins and planned asset integrity programme in the UK in the first quarter, and the ramp-up of production in Brazil and Australia. Lower commodity prices led to a decrease in royalty costs, although this was partly offset by an increased proportion of production from royalty paying fields, principally in Brazil. Other E&P unit costs decreased to \$2.56 per boe (2014 \$4.74 per boe).

Consequently, the Group's unit E&P EBITDA margin was \$18.04 per boe lower at \$18.24 per boe.

The unit DD&A charge decreased to \$9.63 per boe (2014 \$11.30 per boe) as a result of a change in the mix of production, with lower production from higher rate fields in the UK and increased production from lower rate fields in Brazil, together with the effect of impairments recognised in the fourth quarter of 2014 in Tunisia and the USA.

The E&P EBIT margin was \$16.37 per boe lower at \$8.61 per boe.

The exploration charge was marginally lower at \$272 million. Gross exploration expenditure decreased 30% to \$430 million and included spend in Trinidad and Tobago (\$111 million), Australia (\$87 million), the UK (\$65 million), Norway (\$41 million), Tanzania (\$32 million) and Uruguay (\$27 million).

Liquefaction EBITDA decreased \$44 million to \$66 million, with no cargoes lifted from Egyptian LNG and lower prices and volumes at Atlantic LNG, partially offset by the ramp-up of profits from QCLNG during the second quarter.

Capital investment on a cash basis of \$3 123 million consisted of \$2 827 million on development and other activities, and \$296 million on exploration. The development spend was concentrated primarily on projects in Brazil (\$1 264 million) and Australia (\$696 million), together with investments in the UK (\$187 million), Kazakhstan (\$119 million) and Trinidad and Tobago (\$104 million).

## LNG Shipping & Marketing

Second Quarter			Business Performance	Half Year		
2015 \$m	2014 \$m			2015 \$m	2014 \$m	
3 633	3 102	+17%	<b>LNG delivered volumes (thousand tonnes)</b>	7 445	5 549	+34%
1 737	2 445	-29%	<b>Revenue and other operating income</b>	3 974	4 417	-10%
324	796	-59%	Shipping and marketing	1 047	1 555	-33%
1	5	-80%	JV and associates (post-tax)	4	9	-56%
(62)	(16)	-288%	Business development and other	(80)	(49)	-63%
263	785	-66%	<b>LNG Shipping &amp; Marketing EBITDA</b>	971	1 515	-36%
(27)	(37)	+27%	DD&A	(55)	(77)	+29%
236	748	-68%	<b>LNG Shipping &amp; Marketing EBIT</b>	916	1 438	-36%
–	1	–	Capital investment on a cash basis	–	8	–
72	253	-72%	<b>LNG Shipping &amp; Marketing EBITDA margin (\$/tonne)</b>	130	273	-52%

Second Quarter		First Quarter	LNG cargo supply by source	Half Year	
2015	2014	2015		2015	2014
14	16	16	Atlantic LNG	30	31
–	1	–	Egyptian LNG	–	1
10	14	18	Equatorial Guinea	28	28
8	10	9	Nigeria	17	18
32	41	43	<b>Atlantic Basin supply</b>	75	78
13	–	7	QCLNG	20	–
13	9	11	Spot purchases	24	12
58	50	61	<b>Total</b>	119	90

Additional operating and financial data is given on page 39.

## LNG Shipping & Marketing continued

Second Quarter		First Quarter	Half Year	
2015	2014	2015	2015	2014
<b>LNG cargo deliveries by country</b>				
<b>10</b>	5	9	<b>19</b>	8
<b>4</b>	–	3	<b>7</b>	–
<b>15</b>	12	10	<b>25</b>	19
<b>1</b>	1	–	<b>1</b>	1
<b>6</b>	7	8	<b>14</b>	14
<b>5</b>	4	12	<b>17</b>	12
<b>1</b>	2	1	<b>2</b>	3
<b>–</b>	1	–	<b>–</b>	1
<b>42</b>	32	43	<b>85</b>	58
<b>–</b>	–	–	<b>–</b>	1
<b>1</b>	–	–	<b>1</b>	–
<b>–</b>	1	–	<b>–</b>	1
<b>–</b>	–	2	<b>2</b>	1
<b>1</b>	1	2	<b>3</b>	3
<b>–</b>	2	4	<b>4</b>	3
<b>–</b>	2	4	<b>4</b>	3
<b>1</b>	3	2	<b>3</b>	5
<b>14</b>	12	10	<b>24</b>	21
<b>15</b>	15	12	<b>27</b>	26
<b>58</b>	50	61	<b>119</b>	90

### Second quarter

Delivered volumes increased 17% with 13 cargoes from QCLNG and four additional spot cargoes more than offsetting nine fewer cargoes from the Group's other long-term supply contracts, which included the impact of planned maintenance in Equatorial Guinea.

Revenue and other operating income was down 29% as a result of lower LNG sales prices, only partially offset by the higher delivered volumes.

LNG Shipping & Marketing EBITDA decreased 66% to \$263 million, driven by the lower revenue and a greater proportion of relatively higher cost supply from spot cargoes. The majority of EBITDA associated with new supply from QCLNG is recorded in the Upstream segment.

LNG Shipping & Marketing EBITDA unit margin fell 72% to \$72 per tonne.

Business development and other costs include expenditure on the Lake Charles liquefaction project.

DD&A decreased 27% to \$27 million following the sale and leaseback of six LNG vessels in 2014, and the sale of two further vessels in the first quarter of 2015.

LNG Shipping & Marketing EBIT decreased to \$236 million, as the fall in EBITDA was partly offset by the lower DD&A charges.

## **LNG Shipping & Marketing continued**

### **Half year**

Delivered volumes increased 34% with 20 cargoes from QCLNG, 12 additional spot cargoes and three fewer cargoes from the Group's other long-term supply contracts.

Revenue and other operating income was down 10%, with lower LNG sales prices partially offset by the higher delivered volumes and weather-related gains in the Group's North American gas marketing business due to particularly cold weather.

LNG Shipping & Marketing EBITDA decreased 36% to \$971 million, driven by the lower revenue and a greater proportion of relatively high cost supply from spot cargoes. The majority of EBITDA associated with new supply from QCLNG is recorded in the Upstream segment.

LNG Shipping & Marketing EBITDA unit margin fell 52% to \$130 per tonne.

Business development and other costs include expenditure on the Lake Charles liquefaction project.

DD&A decreased 29% to \$55 million following the sale and leaseback of six LNG vessels in 2014 and the sale of two further vessels in the first quarter of 2015.

LNG Shipping & Marketing EBIT decreased to \$916 million, as the fall in EBITDA was partly offset by the lower DD&A charges.

## Interim Management Report

This results announcement also represents BG Group's half-yearly financial report for the purposes of the Disclosure and Transparency Rules (DTR) made by the UK Financial Conduct Authority. In order to comply with the requirements of the DTR, this announcement must contain an Interim Management Report which must include (a) an indication of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and (b) a description of the principal risks and uncertainties for the remaining six months of the financial year. The principal risks and uncertainties for the remaining six months of the financial year are set out on pages 18 to 19. The important events that occurred during the first six months of the year are set out on pages 1 to 14 and should be read in conjunction with the important events that occurred during the first quarter of the year as set out in BG Group's First Quarter Results released on 8 May 2015. The relevant sections of the Group's First Quarter Results are repeated below without amendment. Where necessary, further updates have been provided in the Second quarter business highlights on pages 4 to 6. Together with the Principal Risks and Uncertainties on pages 18 to 19, and information on the Group's related party transactions on page 36, they form BG Group's Interim Management Report for the purposes of the DTR.

### First quarter business highlights

#### Overview

E&P production was 638 thousand barrels of oil equivalent per day (kboed), up 1% from the first quarter of 2014. Production in both Australia and Brazil more than doubled year-on-year to an average of 56 kboed for Australia and 123 kboed for Brazil. Growth in these areas was primarily offset by the UK, down to 77 kboed, as the Armada, Everest, Lomond and Erskine fields were shut in for the quarter as a result of the asset integrity programme on Lomond and repairs to a valve on the CATS Riser Tower which shut in the main gas export route. Production was also lower in Trinidad and Tobago, down to 59 kboed, and in Egypt, down to 52 kboed. Production in Kazakhstan was flat year-on-year, although benefited from a higher than planned PSC entitlement.

The LNG Shipping & Marketing segment supplied 61 cargoes (3.8 million tonnes) in the quarter. This was 21 more than the first quarter of 2014 (2.4 million tonnes), with eight additional spot cargoes, seven cargoes from QCLNG and six additional cargoes from long-term supply contracts in Equatorial Guinea, Trinidad and Tobago and Nigeria. Of the 61 cargoes, 43 were supplied to Asian markets (2014 26).

#### Australia

Following the start-up of QCLNG in December 2014, net E&P production has continued to ramp-up according to plan, with a total for the quarter of 56 kboed. During the quarter, less than 20% of the gas supplied to QCLNG was under the Group's third-party gas contracts, in line with expectations during the ramp-phase. BG Group shipped nine cargoes from QCLNG, of which seven had been sold by the end of the quarter.

Commissioning of Train 1 continued, with the successful execution of the planned shutdown. Subject to completion of ongoing reliability testing, handover from Bechtel is still expected in the second quarter. While development and commissioning of an LNG train is a complex process and not without risk, the Group remains on track to start up Train 2 in the third quarter of 2015.

Around 2 440 coal seam gas wells have been drilled as at the end of the first quarter, with around 1 940 available for production or de-watering. Average flow rates continue to be in line with expectations.



## First quarter business highlights continued

### Brazil

In April, BG Group achieved record production from the Santos Basin, exceeding 145 kboed net. With the connection of additional wells, FPSO 4 (*Cidade de Ilhabela*) has reached around 70 kbopd with two producer wells and one injector well and FPSO 5 (*Cidade de Mangaratiba*) is around 100 kbopd with three producer and two injector wells. Production will continue to increase from these two FPSOs through 2015 as additional wells are connected.

The 150 kbopd *Cidade de Itaguai* (FPSO 6) for Iracema North is at the BrasFELS shipyard in Brazil undergoing integration works, in line with the operator's schedule for start-up in the fourth quarter of 2015. FPSO 7 is in transit from China to Brazil for final integration works, FPSO 8 is in China in the integration phase and FPSO 9 is currently in Singapore undergoing integration works. These FPSOs are due onstream in 2016.

The first replicant FPSO, P-66, continues to undergo integration works at BrasFELS. For all replicant FPSOs, the consortium is closely monitoring developments and establishing mitigation plans for any potential impacts of the Lava Jato (Car Wash) investigation. The re-contracting of compression topsides following the termination of the contract with IESA is ongoing.

In April 2015, Petrobras issued its final audited 2014 financial statements which included a write-off in respect of overpayments on the acquisition of property, plant and equipment incorrectly capitalised according to testimony obtained as part of the Lava Jato investigations. The impact of this write-off, if any, on BG Group's various interests is currently unknown.

### Norway

In March, the *Petrojarl Knarr* FPSO vessel started production from the Knarr oil field in the North Sea, offshore Norway. The FPSO is moored approximately 120 kilometres off the Norwegian coast and has a production capacity of 63 kboed (BG Group net 28 kboed). It is expected that the field will reach plateau production later in the year, once gas export infrastructure is commissioned.

### UK

The Armada and Everest fields were shut in for the duration of the first quarter as a result of repairs to a valve on the CATS Riser Tower which had shut in the main gas export route. Production from Lomond and Erskine was also shut in during the quarter due to the extensive asset integrity programme on the Lomond platform. Armada and Everest were successively brought back onstream in April. Lomond and Erskine are expected back onstream in the coming weeks.

### Egypt

In March, BG Group announced the signing of a tie-in agreement with BP Egypt and RWE DEA to utilise the WDDM offshore infrastructure to process gas from their field which is expected to start producing in mid-2017. A separate agreement was also signed with BP Egypt and RWE DEA whereby the right of use of the Rosetta onshore facilities will effectively be transferred to them from mid-2016 to process their gas from 2018. BG Group will continue to hold rights to the Rosetta concession and may process future gas through the WDDM facilities.

At the end of the first quarter, the amount owed by the Egyptian government was \$1.0 billion, with \$0.7 billion overdue. Discussions continue with the Egyptian government regarding potential future gas development programmes, subject to the negotiation of a higher domestic gas price and resolution of the outstanding receivables.

### Mongolia

BG Group has farmed into Blocks IV and V, acquiring a 78% interest in each. These blocks cover approximately 10 000 square kilometres and 21 100 square kilometres, respectively. The transaction remains subject to the receipt of Mongolian government approval.

## **First quarter business highlights continued**

### **Portfolio management**

In March, BG Group completed the sale of two of its LNG ships for proceeds of \$460 million, as announced in December 2014. The majority of the proceeds from disposal have been utilised to support the funding of the BG Pension Scheme, with \$119 million used to reduce net debt. BG Group will charter back the two vessels for nine and eleven years, respectively, with further options to extend the term for each vessel by either three or five years.

The sale of the QCLNG pipeline is expected to complete in the second quarter of 2015. Proceeds are now forecast to be in the range of \$4.5-5.0 billion as a result of lower than expected indexation which reduces the long-term tariff payable by BG Group under the pipeline tariff agreement and therefore the proceeds from the sale. The final impact will only be available on completion of the transaction.

### **Board changes**

Helge Lund joined BG Group plc as Chief Executive and an Executive Director with effect from 9 February 2015.



## Principal Risks and Uncertainties

### Overview

This section forms part of the Interim Management Report for the purposes of the Disclosure and Transparency Rules (DTR) made by the UK Financial Conduct Authority.

BG Group's business, results and financial condition could be affected by a broad range of risks and uncertainties. BG Group's risk profile continually evolves over time as a result of changes in both the external environment and the continued growth and development of the Group's portfolio.

The principal risks and uncertainties facing the Group are set out on pages 34 to 41 of the Annual Report and Accounts (ARA) 2014. These remain largely unchanged and are summarised (for reference) on pages 18 to 19 of this release. This summary is not intended, and should not be used, as a substitute for reading the appropriate pages of the ARA, which include further commentary on the risks and the Group's management of them.

In accordance with the DTR 4.2.7, the Group's principal risks and uncertainties for the remaining six months of the financial year are set out below.

### Shell transaction

On 8 April 2015, the Boards of Royal Dutch Shell plc (Shell) and BG Group plc announced that they had reached agreement on the terms of a recommended cash and share offer to be made by Shell for the entire issued and to be issued share capital of BG Group plc. The offer is subject to certain pre-conditions and shareholder approvals and completion is expected in early 2016.

BG Group may be impacted materially, positively or negatively, by whether and when completion occurs and/or be impacted simply by the inevitable period of uncertainty prior to the expected completion.

### Asset integrity, safety, health and security

A major accident hazard event in a BG Group venture, including major process safety and asset integrity related events. An occupational safety or health incident in a BG Group venture. A BG Group venture may be subject to violent attack, demonstrations or blockades or may be unable to operate as expected due to major in-country disruption (war, civil disorder, revolution).

BG Group conducts activities in Tunisia and Egypt where the threat of terrorism appears to be trending upwards. Two significant attacks in 2015 against Western tourist targets in Tunisia underscore the unpredictability of the threat. BG Group continues to monitor the security situation in the region and has put in place security enhancement programmes for its people, operations and assets.

### Commodity price risk

Movements in hydrocarbon prices may have an adverse financial impact.

Oil prices remain significantly below 2014 levels and there is scope for further variation in prices, affecting cash flows and earnings. The effects of this on liquidity are mitigated by BG Group maintaining a strong cash balance, supported in part by the completion of the sale of the QCLNG pipeline.

### Partner relationships

Dependence on, inability to influence, or misalignment with partners. Where we are dependent on our partners, progress with our ventures may be hampered by events impacting our partner but unrelated to the Group.

Petrobras is subject to investigations regarding allegations related to several large (mainly construction) contractors forming a cartel and paying bribes in order to secure contracts. BG Group is monitoring the situation, including the potential impact of supply chain disruption, and/or capital and liquidity constraints placed on Petrobras.



## **Principal Risks and Uncertainties continued**

### **Summary of Principal Risks and Uncertainties**

#### **Fiscal risk and government take**

Governments and their agencies may act in a way that reduces or extracts value from BG Group at a level greater than that assumed in the business plan, including through contract renegotiation, expropriation, increased taxation or other action.

#### **Insufficient exploration success**

Insufficient addition of new resources and reserves to the portfolio to enable future economically viable production and to fuel production growth.

#### **Project decision and delivery**

Poor decision making regarding project selection. Projects may be sanctioned based on incorrect assumptions or inadequate information. Maturation of discovered resources may not optimise value, due to inappropriate concept selection or inadequate appraisal. Capital development projects may be delivered late, over budget or with sub-standard levels of operating reliability.

#### **Reserves and recoverability**

Reservoir potential may not be optimised and/or reservoir performance may fall below planned levels. Adverse outcome on field unitisation decisions where BG Group's fields may extend outside the boundaries of concession or licensing areas.

#### **Access to capital and liquidity**

Inability to deliver business and growth objectives, or to continue as a long-term viable business, by effectively meeting the Group's funding requirements, and managing liquidity and solvency risks.

#### **Human resources capacity and capability**

BG Group may not have enough people available with the right skills and experience, in the right parts of the organisation at the right time, and with the right culture and behaviours, to enable delivery of business objectives and plans.

#### **Portfolio concentration**

Over-concentration or inappropriate balance of the Group's portfolio such that disruption in one asset or revenue stream in the Group's portfolio may have a disproportionate impact on the Group as a whole.

#### **Regulation, legislation, litigation and compliance**

Contractual disputes and litigation, or breach of applicable laws and regulations, including those relating to anti-bribery and corruption by an employee, an associated party or someone acting on the Group's behalf.

#### **IT, cyber security and resilience**

Failure or interruption of business-critical IT systems or digital infrastructure (including failure of systems in the production control environment). Compromise of, or attack on, Group computer networks.

#### **Credit**

BG Group's counterparties (including sovereign entities and other entities on whom the Group depends directly or indirectly) may be unable to meet their financial or performance obligations.

#### **Macroeconomic and geo-political developments**

The Group may not foresee or adapt to changes or disruptions in the external environment, including geo-political or macroeconomic developments.

#### **Environment and climate change**

Climate change may fundamentally alter business conditions and have a negative effect on demand for hydrocarbons. Release, emission or discharge to the natural environment beyond agreed or acceptable limits.



## Statement of Directors' responsibilities

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

The Directors of BG Group plc are listed in the 2014 Annual Report and Accounts.

By order of the Board

**Helge Lund** 30 July 2015  
Chief Executive

**Simon Lowth** 30 July 2015  
Chief Financial Officer

## Legal Notice

Certain statements included in these results contain forward-looking information concerning BG Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which BG Group operates, or the recommended cash and share offer by Royal Dutch Shell plc for BG Group announced on 8 April 2015. 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 and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. Actual results and market conditions could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the 'Principal risks and uncertainties' included in BG Group plc's Annual Report and Accounts 2014. 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.

## Going Concern

The Directors are satisfied that the Group's activities are sustainable for the foreseeable future, and that the business is a going concern and the financial statements have therefore been prepared on this basis.

## Related Parties

Information on related party transactions is provided in note 10, page 36.



## Presentation of Non-GAAP measures

### **Business Performance**

'Business Performance' excludes discontinued operations and disposals, certain re-measurements and impairments and certain other exceptional items (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. 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 gas sales contracts. Whilst the activity surrounding these contracts involves the physical delivery of gas, certain gas sales contracts are classified as derivatives under the rules of IAS 39 'Financial Instruments: Recognition and Measurement' 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, LNG and oil 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 represent economic hedges but cannot be designated as hedges under IAS 39, unrealised movements in fair value, together with foreign exchange movements associated with the underlying borrowings and certain intercompany balances, 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, impairments of non-current assets and certain other exceptional items, including taxation, as they require separate disclosure in order to provide a clearer understanding of the results for the period.

For a reconciliation between the Total Results and Business Performance and details of disposals, re-measurements and impairments, see the consolidated income statement (page 23), note 2 (page 30) and note 3 (page 32).

### **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)**

BG Group presents EBITDA as a key performance indicator, consistent with an increased focus on delivering earnings and cash flow growth. EBITDA includes the post-tax results of joint ventures and associates.

### **Net borrowings or funds and Return On Average Capital Employed (ROACE)**

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. Return On Average Capital Employed represents Business Performance earnings over the past 12 months, excluding net finance costs/income on net borrowings, as a percentage of average capital employed over the past 12 months.

## **Independent review report to BG Group plc**

### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015, which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes 1 to 10. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements (ISRE) 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board (ISRE 2410). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

### **Directors' Responsibilities**

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

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

### **Our Responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

### **Scope of Review**

We conducted our review in accordance with ISRE 2410. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London

30 July 2015

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Consolidated Income Statement

### Second Quarter

	Notes	2015			2014		
		Business Performance <sup>(a)</sup> \$m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> \$m	Total Result \$m	Business Performance <sup>(a)</sup> \$m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> \$m	Total Result \$m
Group revenue		<b>3 954</b>	–	<b>3 954</b>	5 514	–	5 514
Other operating income	2	<b>25</b>	<b>(31)</b>	<b>(6)</b>	(13)	(84)	(97)
<b>Group revenue and other operating income</b>	3	<b>3 979</b>	<b>(31)</b>	<b>3 948</b>	5 501	(84)	5 417
Operating costs		<b>(3 394)</b>	–	<b>(3 394)</b>	(3 604)	(4)	(3 608)
Profits and losses on disposal of non-current assets and impairments	2	–	<b>2 512</b>	<b>2 512</b>	–	178	178
Share of post-tax results from joint ventures and associates		<b>42</b>	<b>(5)</b>	<b>37</b>	62	–	62
<b>Operating profit before interest and tax (EBIT)</b>	3	<b>627</b>	<b>2 476</b>	<b>3 103</b>	1 959	90	2 049
Finance income	2, 4	<b>26</b>	<b>26</b>	<b>52</b>	48	193	241
Finance costs	2, 4	<b>(81)</b>	<b>(108)</b>	<b>(189)</b>	(55)	(109)	(164)
<b>Profit before tax</b>		<b>572</b>	<b>2 394</b>	<b>2 966</b>	1 952	174	2 126
Taxation	2	<b>(143)</b>	<b>(598)</b>	<b>(741)</b>	(743)	(16)	(759)
<b>Profit for the period from continuing operations</b>	3	<b>429</b>	<b>1 796</b>	<b>2 225</b>	1 209	158	1 367
Loss for the period from discontinued operations		–	<b>(1)</b>	<b>(1)</b>	–	–	–
<b>Profit for the period attributable to Shareholders (earnings)</b>		<b>429</b>	<b>1 795</b>	<b>2 224</b>	1 209	158	1 367
Earnings per share continuing operations – basic	5	<b>12.6c</b>	<b>52.6c</b>	<b>65.2c</b>	35.5c	4.6c	40.1c
Earnings per share discontinued operations – basic		–	–	–	–	–	–
Earnings per share continuing operations – diluted	5	<b>12.5c</b>	<b>52.4c</b>	<b>64.9c</b>	35.3c	4.6c	39.9c
Earnings per share discontinued operations – diluted		–	–	–	–	–	–

a) See Presentation of Non-GAAP measures (page 21) for an explanation of results excluding disposals, certain re-measurements and impairments.

The notes on pages 29 to 36 form an integral part of these condensed financial statements.

## Consolidated Income Statement

### Half Year

	Notes	2015			2014		
		Business Performance <sup>(a)</sup> \$m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> \$m	Total Result \$m	Business Performance <sup>(a)</sup> \$m	Disposals, re-measurements and impairments (Note 2) <sup>(a)</sup> \$m	Total Result \$m
Group revenue		7 775	–	7 775	10 493	–	10 493
Other operating income	2	197	(118)	79	69	(5)	64
<b>Group revenue and other operating income</b>	3	<b>7 972</b>	<b>(118)</b>	<b>7 854</b>	10 562	(5)	10 557
Operating costs		(6 504)	(15)	(6 519)	(6 759)	(79)	(6 838)
Profits and losses on disposal of non-current assets and impairments	2	–	2 501	2 501	–	133	133
Share of post-tax results from joint ventures and associates		104	(45)	59	126	–	126
<b>Operating profit before interest and tax (EBIT)</b>	3	<b>1 572</b>	<b>2 323</b>	<b>3 895</b>	3 929	49	3 978
Finance income	2, 4	46	82	128	72	207	279
Finance costs	2, 4	(145)	(204)	(349)	(130)	(109)	(239)
<b>Profit before tax</b>		<b>1 473</b>	<b>2 201</b>	<b>3 674</b>	3 871	147	4 018
Taxation	2	(479)	(737)	(1 216)	(1 510)	(39)	(1 549)
<b>Profit for the period from continuing operations</b>	3	<b>994</b>	<b>1 464</b>	<b>2 458</b>	2 361	108	2 469
Profit for the period from discontinued operations		–	6	6	–	8	8
<b>Profit for the period attributable to Shareholders (earnings)</b>		<b>994</b>	<b>1 470</b>	<b>2 464</b>	2 361	116	2 477
Earnings per share continuing operations – basic	5	29.1c	42.9c	72.0c	69.3c	3.2c	72.5c
Earnings per share discontinued operations – basic		–	0.2c	0.2c	–	0.2c	0.2c
Earnings per share continuing operations – diluted	5	29.0c	42.7c	71.7c	69.0c	3.2c	72.2c
Earnings per share discontinued operations – diluted		–	0.2c	0.2c	–	0.2c	0.2c

a) See Presentation of Non-GAAP measures (page 21) for an explanation of results excluding disposals, certain re-measurements and impairments.

The notes on pages 29 to 36 form an integral part of these condensed financial statements.

For information on dividends paid in the period, see note 7 (page 36).

## Consolidated Statement of Comprehensive Income

Second Quarter			Half Year		
2015 \$m	2014 \$m		2015 \$m	2014 \$m	
<b>2 224</b>	1 367	Profit for the period	<b>2 464</b>	2 477	
<b>Other comprehensive income:</b>					
Items that may be reclassified to the income statement:					
<b>584</b>	212	Hedge adjustments net of tax <sup>(a)</sup>	<b>21</b>	316	
<b>(1)</b>	(7)	Fair value movements on 'available-for-sale' assets	<b>7</b>	4	
<b>(153)</b>	(93)	Currency translation adjustments	<b>(258)</b>	369	
Other items:					
<b>(9)</b>	23	Re-measurement of defined benefit pension obligations net of tax <sup>(b)</sup>	<b>(27)</b>	(1)	
<b>421</b>	135	Other comprehensive income net of tax	<b>(257)</b>	688	
<b>2 645</b>	1 502	<b>Total comprehensive income for the period attributable to Shareholders</b>	<b>2 207</b>	3 165	

a) Income tax relating to hedge adjustments is a \$147 million charge for the quarter (2014 \$56 million charge) and a \$6 million charge for the half year (2014 \$78 million charge).

b) Income tax relating to the re-measurement of defined benefit pension obligations is a \$2 million credit for the quarter (2014 \$6 million charge) and a \$7 million credit for the half year (2014 \$1 million credit).

The notes on pages 29 to 36 form an integral part of these condensed financial statements.

## Consolidated Balance Sheet

	As at 30 Jun 2015 \$m	As at 31 Dec 2014 \$m
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	3 273	3 135
Property, plant and equipment	36 811	35 855
Investments	3 835	3 547
Deferred tax assets	3 034	3 949
Trade and other receivables	1 159	1 068
Retirement benefit surplus <sup>(a)</sup>	148	–
Commodity contracts and other derivative financial instruments	279	287
	<b>48 539</b>	<b>47 841</b>
<b>Current assets</b>		
Inventories	1 153	1 194
Trade and other receivables	4 308	5 042
Current tax receivable	148	151
Commodity contracts and other derivative financial instruments	98	235
Cash and cash equivalents	7 450	5 295
	<b>13 157</b>	<b>11 917</b>
Assets classified as held for sale <sup>(b)</sup>	–	2 088
<b>Total assets</b>	<b>61 696</b>	<b>61 846</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings	(414)	(1 586)
Trade and other payables	(4 449)	(4 768)
Current tax liabilities	(1 574)	(1 412)
Commodity contracts and other derivative financial instruments	(99)	(128)
	<b>(6 536)</b>	<b>(7 894)</b>
<b>Non-current liabilities</b>		
Borrowings	(15 434)	(15 921)
Trade and other payables	(154)	(136)
Commodity contracts and other derivative financial instruments	(586)	(253)
Deferred tax liabilities	(2 596)	(2 946)
Retirement benefit liability	(77)	(258)
Provisions for other liabilities and charges	(5 418)	(5 235)
	<b>(24 265)</b>	<b>(24 749)</b>
Liabilities associated with assets classified as held for sale <sup>(b)</sup>	–	(63)
<b>Total liabilities</b>	<b>(30 801)</b>	<b>(32 706)</b>
<b>Net assets</b>	<b>30 895</b>	<b>29 140</b>
<b>Equity</b>		
Total shareholders' equity	30 895	29 140
<b>Total equity</b>	<b>30 895</b>	<b>29 140</b>

a) The BG Pension Scheme is now in surplus following receipt of proceeds from the disposal of LNG vessels during the first quarter of 2015.

b) Assets and liabilities classified as held for sale at 31 December 2014 includes QCLNG Pipeline Pty in Australia and two LNG ships.

The notes on pages 29 to 36 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
<b>Equity as at 31 December 2014</b>	<b>579</b>	<b>691</b>	<b>(7)</b>	<b>(1 467)</b>	<b>2 710</b>	<b>26 634</b>	<b>29 140</b>
Total comprehensive income for the period	–	–	(6)	(231)	–	2 444	2 207
Issue of shares	–	9	–	–	–	–	9
Adjustment in respect of employee share schemes	–	–	–	–	–	38	38
Dividends on ordinary shares	–	–	–	–	–	(499)	(499)
<b>Equity as at 30 June 2015</b>	<b>579</b>	<b>700</b>	<b>(13)</b>	<b>(1 698)</b>	<b>2 710</b>	<b>28 617</b>	<b>30 895</b>

	Called up share capital \$m	Share premium account \$m	Hedging reserve \$m	Translation reserve \$m	Other reserves \$m	Retained earnings \$m	Total \$m
<b>Equity as at 31 December 2013</b>	<b>579</b>	<b>663</b>	<b>22</b>	<b>(786)</b>	<b>2 710</b>	<b>28 772</b>	<b>31 960</b>
Total comprehensive income for the period	–	–	13	672	–	2 480	3 165
Issue of shares	–	12	–	–	–	–	12
Adjustment in respect of employee share schemes	–	–	–	–	–	40	40
Dividends on ordinary shares	–	–	–	–	–	(547)	(547)
<b>Equity as at 30 June 2014</b>	<b>579</b>	<b>675</b>	<b>35</b>	<b>(114)</b>	<b>2 710</b>	<b>30 745</b>	<b>34 630</b>

The notes on pages 29 to 36 form an integral part of these condensed financial statements.

## Consolidated Cash Flow Statement

Second Quarter			Half Year	
2015	2014		2015	2014
\$m	\$m		\$m	\$m
<b>Cash flows from operating activities</b>				
2 965	2 126	Profit before tax <sup>(a)</sup>	3 680	4 027
(37)	(62)	Share of post-tax results from joint ventures and associates	(59)	(126)
745	690	Depreciation of property, plant and equipment and amortisation of intangible assets	1 391	1 439
33	80	Fair value movements in commodity based contracts	84	(37)
(2 512)	(253)	(Profits) and losses on disposal of non-current assets and impairments	(2 501)	(133)
76	20	Unsuccessful exploration expenditure written off	128	77
(25)	6	Movements in provisions and retirement benefit surplus/deficit	(408)	6
(52)	(241)	Finance income	(128)	(279)
189	164	Finance costs	349	239
18	10	Share-based payments	31	31
(253)	31	(Increase)/decrease in working capital	(64)	412
<b>1 147</b>	<b>2 571</b>	<b>Cash generated by operations</b>	<b>2 503</b>	<b>5 656</b>
(221)	(446)	Income taxes paid	(619)	(1 171)
<b>926</b>	<b>2 125</b>	<b>Net cash inflow from operating activities</b>	<b>1 884</b>	<b>4 485</b>
<b>Cash flows from investing activities</b>				
32	55	Dividends received	74	86
4 720	55	Proceeds from disposal of property, plant and equipment, intangible assets and investments	5 180	56
(1 332)	(2 271)	Purchase of property, plant and equipment and intangible assets	(2 809)	(4 372)
–	(1)	Repayments from joint ventures and associates	–	29
(138)	(205)	Interests in subsidiaries, joint ventures and associates and other investments	(314)	(387)
66	29	Other repayments	93	56
<b>3 348</b>	<b>(2 338)</b>	<b>Net cash inflow/(outflow) from investing activities</b>	<b>2 224</b>	<b>(4 532)</b>
<b>Cash flows from financing activities</b>				
(217)	(239)	Net interest paid	(283)	(251)
(495)	(542)	Dividends paid	(496)	(543)
(1 182)	(407)	Net repayment of borrowings	(1 171)	(434)
5	9	Issue of shares	9	12
<b>(1 889)</b>	<b>(1 179)</b>	<b>Net cash outflow from financing activities</b>	<b>(1 941)</b>	<b>(1 216)</b>
<b>2 385</b>	<b>(1 392)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2 167</b>	<b>(1 263)</b>
5 044	6 344	Cash and cash equivalents at beginning of period	5 295	6 208
21	16	Effect of foreign exchange rate changes	(12)	23
<b>7 450</b>	<b>4 968</b>	<b>Cash and cash equivalents at end of period</b>	<b>7 450</b>	<b>4 968</b>

The cash flows above are inclusive of discontinued operations.

a) Includes profit/(loss) before tax from discontinued operations for the quarter of \$(1) million (2014 \$nil) and for the half year of \$6 million (2014 \$9 million).

The notes on pages 29 to 36 form an integral part of these condensed financial statements.

## Notes

### 1. Basis of preparation

These results, approved by the Board on 30 July 2015, are the condensed financial statements ('the financial statements') of BG Group plc for the quarter ended and the half year ended 30 June 2015. 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 2014 which have been prepared in accordance with IFRS as adopted by the EU. The latest statutory accounts delivered to the registrar were for the year ended 31 December 2014 which were audited by Ernst & Young 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, the requirements of the Disclosure and Transparency Rules issued by the Financial Conduct Authority and the accounting policies, methods of computation and presentation as set out in the Annual Report and Accounts 2014.

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 period in which the circumstances change.

As set out on page 20, the financial statements are prepared using the going concern basis of accounting.

### 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 and certain other exceptional items.

These items, which are detailed in note 2 to the financial statements (page 30), 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.

## 2. Disposals, re-measurements and impairments

Second Quarter			Half Year	
2015 \$m	2014 \$m		2015 \$m	2014 \$m
(31)	(84)	Revenue and other operating income	(118)	(5)
–	(4)	Operating costs	(15)	(79)
		Profits and (losses) on disposal of non-current assets and impairments:		
2 514	213	Disposals of non-current assets	2 503	213
–	(40)	Impairments	–	(40)
(2)	5	Other	(2)	(40)
2 512	178		2 501	133
(82)	84	Net finance (costs)/income – re-measurements of financial instruments	(122)	98
(5)	–	Share of post-tax results from joint ventures and associates	(45)	–
(598)	(16)	Taxation	(737)	(39)
1 796	158	Impact on earnings – continuing operations	1 464	108

### Second quarter and half year: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a charge of \$31 million for the quarter (2014 \$84 million charge), of which a charge of \$24 million (2014 \$23 million credit) represents non-cash mark-to-market movements on certain gas contracts. For the half year, a charge of \$118 million in respect of re-measurements is included within revenue and other operating income (2014 \$5 million charge), of which a charge of \$39 million represents non-cash mark-to-market movements on certain gas contracts (2014 \$100 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 net \$7 million charge for the quarter (2014 \$107 million charge) and a net \$79 million charge for the half year (2014 \$105 million charge) representing unrealised mark-to-market movements associated with economic hedges.

### Second quarter and half year: Operating costs

Operating costs in the half year comprise pre-tax restructuring costs of \$15 million (post-tax \$12 million) in 2015 and \$79 million in 2014 (post-tax \$65 million).

### Second quarter and half year: Disposals of non-current assets

The second quarter of 2015 includes a pre-tax gain of \$2 532 million (post-tax \$1 644 million) in respect of the disposal of the QCLNG pipeline. The first quarter of 2015 included a pre-tax loss of \$15 million (post-tax \$10 million) in respect of the sale of two LNG vessels.

In 2014, the second quarter and half year included a pre-tax gain of \$216 million (post-tax \$170 million) in respect of the sale of six LNG vessels, which were previously held as finance leases and were subsequently leased back under operating leases, and a pre-tax charge of \$3 million (post-tax \$2 million) as a result of land relinquishments in the USA.

Other disposals in 2015 resulted in a pre-tax charge to the income statement of \$18 million (2014 \$nil) in the second quarter (post-tax \$13 million, 2014 \$nil) and a pre-tax charge of \$14 million (2014 \$nil) for the half year (post-tax \$8 million, 2014 \$nil).

### Second quarter and half year: Impairments

In 2014, the second quarter and half year included a pre-tax charge of \$40 million (post-tax \$38 million gain) in respect of the impairment of certain E&P assets.

### Second quarter and half year: Other

Other disposals in 2015 resulted in a pre-tax charge of \$2 million (2014 \$5 million gain) in the second quarter (post-tax \$5 million charge, 2014 \$3 million gain) and a pre-tax charge of \$2 million (2014 \$40 million) in the half year (post-tax \$6 million charge, 2014 \$34 million).

## **2. Disposals, re-measurements and impairments continued**

### **Second quarter and half year: Net finance (costs)/income**

Re-measurements presented in net finance (costs)/income include mark-to-market movements on certain derivatives used to hedge foreign exchange and interest rate risk, offset by net foreign exchange movements on the associated borrowings and certain intercompany balances. In addition, re-measurements include \$17 million credit (2014 \$18 million credit) in the second quarter and \$7 million charge in the half year (2014 \$31 million credit) relating to derivatives partially hedging the Group's Brazilian Real and Australian Dollar foreign exchange exposure that do not qualify for hedge accounting under IAS 39.

### **Second quarter and half year: Share of post-tax results from joint ventures and associates**

In the second quarter of 2015, a pre and post-tax charge of \$5 million was recognised, being the Group's share of a write-off of assets under construction in Brazil following the bankruptcy of a contractor. In the first quarter of 2015, a pre and post-tax charge of \$40 million was recognised, being the Group's share of an impairment charge recognised by a joint venture entity.

### **Taxation**

The second quarter of 2015 included a net taxation charge of \$598 million. This comprised a charge of \$644 million relating to disposals, re-measurements and impairments, primarily associated with the disposal of the QCLNG pipeline, partially offset by a credit of \$46 million relating to foreign exchange movements on deferred tax balances.

The first half of 2015 included a net taxation charge of \$737 million. This comprised a charge of \$738 million relating to disposals, re-measurements and impairments, primarily associated with the disposal of the QCLNG pipeline, and a charge of \$364 million relating to foreign exchange movements on deferred tax balances, partially offset by a \$365 million credit relating to the revision of deferred tax balances as at 1 January 2015 due to changes in UK North Sea taxation rates.

### 3. Segmental analysis

#### Profit for the period

Analysed by operating segment

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m
<b>Second Quarter</b>						
<b>Group revenue<sup>(a)</sup></b>						
Upstream	2 555	3 176	–	–	2 555	3 176
LNG Shipping & Marketing	1 714	2 451	–	–	1 714	2 451
Other activities	1	2	–	–	1	2
Less: intra-group sales	(316)	(115)	–	–	(316)	(115)
<b>Group revenue</b>	<b>3 954</b>	<b>5 514</b>	<b>–</b>	<b>–</b>	<b>3 954</b>	<b>5 514</b>
Other operating income <sup>(b)</sup>	25	(13)	(31)	(84)	(6)	(97)
<b>Group revenue and other operating income</b>	<b>3 979</b>	<b>5 501</b>	<b>(31)</b>	<b>(84)</b>	<b>3 948</b>	<b>5 417</b>
<b>EBITDA</b>						
Upstream	1 138	1 854	2 479	(91)	3 617	1 763
LNG Shipping & Marketing	263	785	(10)	181	253	966
Other activities	(29)	10	7	–	(22)	10
	<b>1 372</b>	<b>2 649</b>	<b>2 476</b>	<b>90</b>	<b>3 848</b>	<b>2 739</b>
<b>DD&amp;A</b>						
Upstream	(716)	(652)	–	–	(716)	(652)
LNG Shipping & Marketing	(27)	(37)	–	–	(27)	(37)
Other activities	(2)	(1)	–	–	(2)	(1)
	<b>(745)</b>	<b>(690)</b>	<b>–</b>	<b>–</b>	<b>(745)</b>	<b>(690)</b>
<b>EBIT</b>						
Upstream	422	1 202	2 479	(91)	2 901	1 111
LNG Shipping & Marketing	236	748	(10)	181	226	929
Other activities	(31)	9	7	–	(24)	9
	<b>627</b>	<b>1 959</b>	<b>2 476</b>	<b>90</b>	<b>3 103</b>	<b>2 049</b>
<b>Net finance (costs)/income and taxation</b>						
Finance income	26	48	26	193	52	241
Finance costs	(81)	(55)	(108)	(109)	(189)	(164)
Taxation	(143)	(743)	(598)	(16)	(741)	(759)
	<b>(198)</b>	<b>(750)</b>	<b>(680)</b>	<b>68</b>	<b>(878)</b>	<b>(682)</b>
<b>Profit for the period from continuing operations attributable to Shareholders (earnings)</b>	<b>429</b>	<b>1 209</b>	<b>1 796</b>	<b>158</b>	<b>2 225</b>	<b>1 367</b>

a) External sales are attributable to segments as follows: Upstream \$2 240 million (2014 \$3 061 million), LNG Shipping & Marketing \$1 713 million (2014 \$2 451 million) and Other \$1 million (2014 \$2 million). Intra-group sales are attributable to segments as follows: Upstream \$315 million (2014 \$115 million) and LNG Shipping & Marketing \$1 million (2014 \$nil).

b) Business Performance Other operating income is attributable to segments as follows: Upstream \$2 million (2014 \$(7) million) and LNG Shipping & Marketing \$23 million (2014 \$(6) million).

**3. Segmental analysis** continued

	Business Performance		Disposals, re-measurements and impairments		Total Result	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m
<b>Half Year</b>						
<b>Group revenue<sup>(a)</sup></b>						
Upstream	4 541	6 421	–	–	4 541	6 421
LNG Shipping & Marketing	3 805	4 348	–	–	3 805	4 348
Other activities	2	4	–	–	2	4
Less: intra-group sales	(573)	(280)	–	–	(573)	(280)
<b>Group revenue</b>	<b>7 775</b>	<b>10 493</b>	<b>–</b>	<b>–</b>	<b>7 775</b>	<b>10 493</b>
Other operating income <sup>(b)</sup>	197	69	(118)	(5)	79	64
<b>Group revenue and other operating income</b>	<b>7 972</b>	<b>10 562</b>	<b>(118)</b>	<b>(5)</b>	<b>7 854</b>	<b>10 557</b>
<b>EBITDA</b>						
Upstream	2 008	3 851	2 446	(130)	4 454	3 721
LNG Shipping & Marketing	971	1 515	(130)	185	841	1 700
Other activities	(16)	2	7	(6)	(9)	(4)
	<b>2 963</b>	<b>5 368</b>	<b>2 323</b>	<b>49</b>	<b>5 286</b>	<b>5 417</b>
<b>DD&amp;A</b>						
Upstream	(1 333)	(1 360)	–	–	(1 333)	(1 360)
LNG Shipping & Marketing	(55)	(77)	–	–	(55)	(77)
Other activities	(3)	(2)	–	–	(3)	(2)
	<b>(1 391)</b>	<b>(1 439)</b>	<b>–</b>	<b>–</b>	<b>(1 391)</b>	<b>(1 439)</b>
<b>EBIT</b>						
Upstream	675	2 491	2 446	(130)	3 121	2 361
LNG Shipping & Marketing	916	1 438	(130)	185	786	1 623
Other activities	(19)	–	7	(6)	(12)	(6)
	<b>1 572</b>	<b>3 929</b>	<b>2 323</b>	<b>49</b>	<b>3 895</b>	<b>3 978</b>
<b>Net finance (costs)/income and taxation</b>						
Finance income	46	72	82	207	128	279
Finance costs	(145)	(130)	(204)	(109)	(349)	(239)
Taxation	(479)	(1 510)	(737)	(39)	(1 216)	(1 549)
	<b>(578)</b>	<b>(1 568)</b>	<b>(859)</b>	<b>59</b>	<b>(1 437)</b>	<b>(1 509)</b>
<b>Profit for the period from continuing operations attributable to Shareholders (earnings)</b>	<b>994</b>	<b>2 361</b>	<b>1 464</b>	<b>108</b>	<b>2 458</b>	<b>2 469</b>

a) External sales are attributable to segments as follows: Upstream \$3 970 million (2014 \$6 142 million), LNG Shipping & Marketing \$3 803 million (2014 \$4 347 million) and Other \$2 million (2014 \$4 million). Intra-group sales are attributable to segments as follows: Upstream \$571 million (2014 \$279 million) and LNG Shipping & Marketing \$2 million (2014 \$1 million).

b) Business Performance Other operating income is attributable to segments as follows: Upstream \$28 million (2014 \$nil) and LNG Shipping & Marketing \$169 million (2014 \$69 million).

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

Second Quarter			Half Year	
2015	2014		2015	2014
\$m	\$m		\$m	\$m
<b>(156)</b>	(123)	Interest payable <sup>(a)</sup>	<b>(290)</b>	(265)
<b>(22)</b>	(24)	Interest on obligations under finance leases	<b>(46)</b>	(49)
<b>129</b>	130	Interest capitalised	<b>258</b>	258
<b>(32)</b>	(38)	Unwinding of discount <sup>(b)</sup>	<b>(67)</b>	(74)
<b>(108)</b>	(109)	Disposals, re-measurements and impairments <sup>(c)</sup>	<b>(204)</b>	(109)
<b>(189)</b>	(164)	Finance costs	<b>(349)</b>	(239)
<b>26</b>	48	Interest receivable <sup>(a)</sup>	<b>46</b>	72
<b>26</b>	193	Disposals, re-measurements and impairments <sup>(c)</sup>	<b>82</b>	207
<b>52</b>	241	Finance income	<b>128</b>	279
<b>(137)</b>	77	Net finance (costs)/income	<b>(221)</b>	40

- a) In 2015, interest payable includes foreign exchange losses of \$23 million for the quarter and foreign exchange losses of \$21 million for the half year. In 2014, interest receivable includes foreign exchange gains of \$34 million for the quarter and \$21 million for the half year.
- b) Relates to the unwinding of the discount on provisions and retirement benefit schemes.
- c) Net finance (costs)/income in disposals, re-measurements and impairments for the quarter of \$(82) million (2014 \$84 million) and for the half year of \$(122) million (2014 \$98 million) is included in note 2 (page 30) 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.

#### 5. Earnings per ordinary share – continuing operations

Second Quarter				Half Year			
2015		2014		2015		2014	
\$m	cents per share	\$m	cents per share	\$m	cents per share	\$m	cents per share
<b>429</b>	<b>12.6</b>	1 209	35.5	<b>994</b>	<b>29.1</b>	2 361	69.3
<b>1 796</b>	<b>52.6</b>	158	4.6	<b>1 464</b>	<b>42.9</b>	108	3.2
<b>2 225</b>	<b>65.2</b>	1 367	40.1	<b>2 458</b>	<b>72.0</b>	2 469	72.5

Basic earnings per share calculations in 2015 are based on the weighted average number of shares in issue of 3 412 million for the quarter and half year.

The earnings figure used to calculate diluted earnings per ordinary share is the same as that used to calculate earnings per ordinary share given above, divided by 3 431 million for the quarter and 3 428 million for the half year, being the weighted average number of ordinary shares in issue during the period as adjusted for dilutive equity instruments.

## 6. Reconciliation of net borrowings<sup>(a)</sup> – Half Year

	\$m
Net borrowings as at 31 December 2014	<b>(11 998)</b>
Net increase in cash and cash equivalents	<b>2 167</b>
Cash outflow from changes in borrowings	<b>1 171</b>
Foreign exchange and other re-measurements	<b>120</b>
Net borrowings as at 30 June 2015	<b>(8 540)</b>

As at 30 June 2015, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately \$0.3 billion, including BG Group shareholder loans of approximately \$0.4 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 41.

Net borrowings comprise:

	As at 30 Jun 2015 \$m	As at 31 Dec 2014 \$m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	<b>7 450</b>	5 295
Trade and other receivables <sup>(a)</sup>	<b>23</b>	–
Borrowings	<b>(414)</b>	(1 586)
Commodity contracts and other derivative financial instruments	<b>(9)</b>	6
	<b>7 050</b>	3 715
<i>Amounts receivable/(due) after more than one year</i>		
Borrowings	<b>(15 434)</b>	(15 921)
Trade and other receivables <sup>(a)</sup>	<b>149</b>	172
Commodity contracts and other derivative financial instruments	<b>(305)</b>	36
	<b>(15 590)</b>	(15 713)
<b>Net borrowings</b>	<b>(8 540)</b>	(11 998)

a) Represents a finance lease receivable of \$172 million (2014 \$172 million) included within current and non-current trade and other receivables on the balance sheet.

## Liquidity and Capital Resources – as at 30 June 2015

The Group's principal borrowing entities are BG Energy Holdings Limited and certain wholly owned subsidiary undertakings, the majority of whose borrowings are guaranteed by BG Energy Holdings Limited (collectively BGEH).

BGEH had a \$4.0 billion US Commercial Paper Programme and a \$2.0 billion Euro Commercial Paper Programme, both of which were unutilised. On 1 July 2015, BGEH renewed its \$15.0 billion Euro Medium Term Note Programme, of which \$7.0 billion was unutilised.

BGEH also had aggregate undrawn committed revolving bank borrowing facilities of \$5.25 billion, of which \$3.04 billion expires in 2017 and \$2.21 billion expires in 2019. BGEH also had a credit facility provided by an export credit agency, of which \$1.7 billion was undrawn. In addition, on 1 July 2015, BGEH secured a further \$2.0 billion of undrawn committed revolving bank borrowing facilities which expire in 2017.

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



## 7. Dividends

	Half Year			
	2015		2014	
	\$m	cents per share	\$m	cents per share
Prior year final dividend, paid in the period	<b>499</b>	<b>14.37</b>	547	15.68

The final dividend of 14.37 cents per ordinary share (\$499 million) in respect of the year ended 31 December 2014 was paid on 22 May 2015 to shareholders on the register at the close of business on 24 April 2015. The interim dividend of 14.38 cents per ordinary share (\$491 million) in respect of the year ending 31 December 2015 is payable on 11 September 2015 to shareholders on the register as at 14 August 2015.

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

	2015	2014	2015	2014
	\$m	\$m	cents per share	cents per share
<b>First quarter</b>				
Total Result – continuing operations	<b>233</b>	1 102	<b>6.8</b>	32.4
Total Result – discontinued operations	<b>7</b>	8	<b>0.2</b>	0.2
Business Performance	<b>565</b>	1 152	<b>16.6</b>	33.8
<b>Second quarter</b>				
Total Result – continuing operations	<b>2 225</b>	1 367	<b>65.2</b>	40.1
Total Result – discontinued operations	<b>(1)</b>	–	<b>–</b>	–
Business Performance	<b>429</b>	1 209	<b>12.6</b>	35.5
<b>Third quarter</b>				
Total Result – continuing operations		1 510		44.3
Total Result – discontinued operations		(1)		–
Business Performance		759		22.3
<b>Fourth quarter</b>				
Total Result – continuing operations		(5 030)		(147.5)
Total Result – discontinued operations		–		–
Business Performance		915		26.8
<b>Full year</b>				
Total Result – continuing operations		(1 051)		(30.8)
Total Result – discontinued operations		7		0.2
Business Performance		4 035		118.4

## 9. Commitments and contingencies

Details of the Group's commitments and contingent liabilities as at 31 December 2014 can be found in note 22, page 125 of the Annual Report and Accounts 2014. The Group's capital expenditure commitments have decreased by approximately \$0.9 billion in the six month period to 30 June 2015, primarily due to progress on the Group's key growth projects. The Group's other commitments and contingent liabilities have decreased by approximately \$1.3 billion in the six month period to 30 June 2015, reflecting a reduction in contingent liabilities associated with guarantees, indemnities, warranties and legal proceedings.

## 10. 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 2014 can be found in note 23, page 127 of the Annual Report and Accounts 2014. There have been no material changes in these relationships in the six month period to 30 June 2015. No related party transactions have taken place in the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period.

## **BG Group LNG Shipping & Marketing Profit Forecast**

**Profit forecast of the LNG Shipping & Marketing segment Business Performance<sup>(a)</sup> EBITDA<sup>(b)</sup> of BG Group for the 2015 financial year**

### **General**

The following statement, which is contained in the 2015 outlook commentary on page 7 of this results statement, constitutes a profit forecast (LNG Segment Profit Forecast) for the year ending 31 December 2015 for the purposes of Rule 28 of the Takeover Code (the Code):

“LNG Shipping & Marketing EBITDA guidance remains in the range \$1.3 - 1.5 billion for 2015 based on mid-July forward commodity price curves.”

### **Basis of preparation**

The LNG Segment Profit Forecast is based on:

- the unaudited condensed financial statements of BG Group plc for the half year ended 30 June 2015;
- the projected financial performance of the Group consistent with BG Group’s business plan for the remaining six months of 2015; and
- BG Group remaining an independent entity throughout 2015.

The LNG Segment Profit Forecast has been prepared on a basis consistent with the BG Group accounting policies which are in accordance with IFRS as adopted in the EU and are those which BG Group expects to be used in preparing the BG Group 2015 Annual Report and Accounts. These policies are consistent with those used in the preparation of the BG Group 2014 Annual Report and Accounts.

The BG Group Directors have provided their best estimate (on the basis set out above and the assumptions set out below) of the LNG Shipping & Marketing segment Business Performance EBITDA for 2015 based on forward commodity price curves as at 14 July 2015. It is inevitable that the degree of uncertainty relating to the LNG Segment Profit Forecast and the assumptions is greater than in the case of a profit forecast that covers a shorter forecasting period. The LNG Segment Profit Forecast should therefore be read in this context and construed accordingly.

### **Assumptions**

BG Group’s Directors have prepared the LNG Segment Profit Forecast on the basis of the following assumptions for the year ending 31 December 2015:

*Factors outside the influence or control of the BG Group directors:*

- There will be no change to the current prevailing global macroeconomic and political conditions, particularly in the regions where BG Group sources and delivers LNG.
- There will be no material changes to the conditions of the markets in which BG Group operates or to the behaviour of competitors in those markets.
- There will be no change in commodity prices from the forward commodity price curves as at 14 July 2015 that were used to prepare the forecast, particularly oil, US and UK natural gas and LNG prices.
- The main exchange rates and inflation in BG Group’s principal markets will remain materially unchanged from the current prevailing rates.
- There will be no material adverse or beneficial events which will have a significant impact on BG Group’s financial performance.
- There will be no material changes in the legislation or regulatory requirements impacting on BG Group’s operations or its accounting policies.

a) ‘Business Performance’ excludes disposals, certain re-measurements and impairments and certain other exceptional items 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 20).

b) EBITDA is defined as Earnings before interest, tax, depreciation and amortisation, including post-tax results of joint ventures and associates.

## **BG Group LNG Shipping & Marketing Profit Forecast continued**

### **Assumptions continued**

#### *Factors outside the influence or control of the BG Group directors continued*

- The recommended cash and share offer for BG Group by Royal Dutch Shell does not complete during 2015 and has no impact on BG Group's 2015 results.
- There will be no material adverse LNG supply disruptions.
- No significant additional LNG supply becomes available to BG Group.
- Commodity trading conditions will be in line with past experiences.

#### *Factors within the influence or control of the BG Group directors:*

- BG Group does not carry out any acquisitions or disposals, or enter into, terminate or vary any joint venture, which is material in the context of the LNG Segment Profit Forecast.
- Profits generated by managing the flexibility of the LNG portfolio will be in line with past experiences.
- There will be no material changes to contractual terms with suppliers or customers.
- There will be no changes to the expected level of spend on Business Development projects in the LNG Shipping & Marketing segment.
- BG Group delivers the commissioning, ramp-up and start of commercial operations of QCLNG Train 2 to plan.
- BG Group's anticipated cost savings will be delivered.
- There will be no change in the current key management within BG Group's LNG Shipping & Marketing business.

### **Directors' confirmation**

The BG Group Directors have considered the LNG Segment Profit Forecast and confirm that it has been properly compiled on the basis of the assumptions stated above and that the basis of the accounting used is consistent with BG Group's accounting policies.

## Supplementary information: Operating and financial data

Second Quarter		First Quarter		Half Year	
2015	2014	2015		2015	2014
<b>Gross exploration expenditure (\$m)</b>					
<b>168</b>	228	118	Capitalised expenditure (including acquisitions)	<b>286</b>	409
<b>70</b>	97	74	Other expenditure	<b>144</b>	201
<b>238</b>	325	192	Total	<b>430</b>	610
<b>Gross exploration expenditure by country (\$m)</b>					
<b>49</b>	63	38	Australia	<b>87</b>	113
<b>2</b>	17	9	Brazil	<b>11</b>	63
<b>3</b>	17	1	Colombia	<b>4</b>	17
<b>(6)</b>	15	(10)	Egypt <sup>(a)</sup>	<b>(16)</b>	44
<b>1</b>	1	(3)	Kenya <sup>(a)</sup>	<b>(2)</b>	52
<b>17</b>	5	1	Honduras	<b>18</b>	7
<b>6</b>	9	35	Norway	<b>41</b>	12
<b>28</b>	105	4	Tanzania	<b>32</b>	133
<b>77</b>	65	34	Trinidad and Tobago	<b>111</b>	67
<b>23</b>	11	42	UK	<b>65</b>	25
<b>8</b>	9	19	Uruguay	<b>27</b>	39
<b>30</b>	8	22	Other	<b>52</b>	38
<b>238</b>	325	192	Total	<b>430</b>	610
<b>Exploration expenditure charge (\$m)</b>					
<b>76</b>	20	52	Capitalised expenditure written off <sup>(b)</sup>	<b>128</b>	77
<b>70</b>	97	74	Other expenditure	<b>144</b>	201
<b>146</b>	117	126	Total	<b>272</b>	278

a) Credits in 2015 relate to movements in inventory balances.

b) Includes capitalised expenditure written off in respect of wells completed in prior years of \$24 million for the quarter (second quarter 2014 \$2 million; first quarter 2015 \$(2) million) and \$22 million in the half year (2014 \$47 million).

**Supplementary information: Operating and financial data** continued

Second Quarter		First Quarter		Half Year	
2015	2014	2015		2015	2014
<b>Capital investment (\$m)</b>					
<b>Capital investment on a cash basis</b>					
Upstream development and other:					
<b>330</b>	950	366	Australia	<b>696</b>	1 980
<b>569</b>	673	695	Brazil	<b>1 264</b>	1 076
<b>28</b>	68	34	Egypt	<b>62</b>	149
<b>58</b>	43	61	Kazakhstan	<b>119</b>	95
<b>48</b>	117	35	Norway	<b>83</b>	219
<b>27</b>	35	23	Thailand	<b>50</b>	73
<b>50</b>	57	54	Trinidad and Tobago	<b>104</b>	112
<b>62</b>	33	24	Tunisia	<b>86</b>	36
<b>78</b>	125	109	UK	<b>187</b>	255
<b>31</b>	28	22	USA	<b>53</b>	59
<b>36</b>	83	87	Other	<b>123</b>	208
<b>1 317</b>	2 212	1 510	Total development and other	<b>2 827</b>	4 262
<b>153</b>	263	143	Exploration	<b>296</b>	484
<b>1 470</b>	2 475	1 653	Total Upstream	<b>3 123</b>	4 746
–	1	–	LNG Shipping & Marketing	–	8
–	–	–	Other	–	5
<b>1 470</b>	2 476	1 653	<b>Capital investment on a cash basis (\$m)</b>	<b>3 123</b>	4 759
<b>117</b>	(52)	186	Other non-cash items <sup>(a)</sup>	<b>303</b>	(178)
<b>1 587</b>	2 424	1 839	<b>Total capital investment (\$m)</b>	<b>3 426</b>	4 581
<b>1 587</b>	2 424	1 839	Upstream <sup>(b)</sup>	<b>3 426</b>	4 572
–	–	–	LNG Shipping & Marketing	–	5
–	–	–	Other	–	4
<b>1 587</b>	2 424	1 839	<b>Total capital investment (\$m)</b>	<b>3 426</b>	4 581

a) Other non-cash items include movements in accruals and prepayments, capitalised financing costs and movements in finance leases.

b) Includes E&P development expenditure of \$1 041 million for the quarter (second quarter 2014 \$1 720 million; first quarter 2015 \$1 321 million) and \$2 362 million for the half year (2014 \$3 220 million).

Historical supplementary information is available on the BG Group plc website: [www.bg-group.com](http://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
Boe	barrels of oil equivalent
boed	barrels of oil equivalent per day
bopd	barrels of oil per day
Total capital investment	Expenditure on property, plant and equipment, other intangible assets and investments, including business combinations
Capital investment on a cash basis	Cash flows on purchase of property, plant and equipment and intangible assets, loans to joint ventures and associates, and investments in subsidiaries, joint ventures and associates
Combination	the proposed acquisition of the entire issued and to be issued share capital of BG Group plc by Royal Dutch Shell plc announced 8 April 2015, as described in the Rule 2.7 document available at <a href="http://www.bg-group.com/shelloffer">www.bg-group.com/shelloffer</a>
Delivered volumes	Comprise all LNG volumes discharged in a given period, excluding LNG utilised by the ships
EBIT	Earnings before interest and tax, including post-tax results of joint ventures and associates
EBITDA	Earnings before interest, tax, depreciation and amortisation, including post-tax results of joint ventures and associates
E&P	Exploration and production
E&P EBIT/ EBITDA margin	E&P EBIT/EBITDA before exploration charge divided by net production for the period
DD&A	Depreciation, depletion and amortisation
FPSO	Floating production, storage and offloading (vessel)
Free cash flow	Net cash flow from operating activities, less net interest paid and capital investment on a cash basis, plus dividends from joint ventures and associates and other loan repayments
Gearing	Ratio of net borrowings to total shareholders' funds (excluding balances associated with commodity financial instruments and related deferred tax) plus net borrowings
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
kboed	thousand barrels of oil equivalent per day
LNG	Liquefied Natural Gas
LNG Shipping & Marketing	LNG shipping, marketing and interests in regasification businesses
m	Million
mmboe	million barrels of oil equivalent
mmbtu	million british thermal units
mmscfd	million standard cubic feet per day
mtpa	million tonnes per annum
Net debt / Net borrowings	Comprise cash, current asset investments, finance lease liabilities/assets, currency and interest rate derivative financial instruments and short and long-term borrowings. Excludes net borrowings in respect of assets classified as held for sale
PSC	production sharing contract
ROACE	Return on average capital employed. Represents Business Performance earnings over the past 12 months, excluding net finance costs/income on net borrowings, as a percentage of average capital employed over the past 12 months
tcf	trillion cubic feet
Unit operating expenditure per boe	Calculated by dividing production and other operating costs (royalties) 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	Calculated by excluding royalty, tariff and insurance costs from 'unit operating expenditure' as defined above
Upstream	Exploration & Production and LNG liquefaction businesses

## Enquiries

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

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High resolution images are available at [www.flickr.com/bgggroup](http://www.flickr.com/bgggroup)

BG Group is listed on the US over-the-counter market known as the OTCQX International Premier. Enquiries should be made to:

OTC Markets Group Inc.  
304 Hudson Street  
3rd Floor  
New York, NY 10013  
USA

email: [info@otcmarkets.com](mailto:info@otcmarkets.com)

General enquiries about shareholder matters should be made to:

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Tel: 0871 384 2064

Online: via <https://help.shareview.co.uk>

(From here, you will be able to email your query securely)

## Financial Calendar

Ex-dividend for 2015 interim dividend	13 August 2015
Record date for 2015 interim dividend	14 August 2015
Payment of 2015 interim dividend	11 September 2015
Announcement of 2015 third quarter results	30 October 2015

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

## Registered office

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