



# BG Group plc

## 2015 THIRD QUARTER & NINE MONTHS RESULTS

### Third Quarter Key Points

- E&P production up 26% at 716 kboed; full year guidance increased to 680-700 kboed
- 45 cargoes delivered from QCLNG in the nine months to end September; Train 2 commissioning in progress
- FPSO 6 onstream; Brazil net production reached 175 kboed in October
- Upstream EBITDA down 22% to \$1 087 million; lower commodity prices partially offset by higher volumes, increased oil in mix and higher liquefaction contribution
- LNG Shipping & Marketing EBITDA down 65% to \$213 million; higher volumes more than offset by lower sales prices
- Business Performance EPS down 63% to 8.2 cents; Total EPS down to (3.0) cents due to non-cash foreign exchange impacts on tax balances
- Unconditional anti-trust approval for Shell offer received from European Commission; two of the five pre-conditions now satisfied

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

"Our teams delivered another strong operational performance in the third quarter. In our Upstream business, we maintained positive momentum in our growth projects in Australia and Brazil, and we continued to improve reliability and efficiency in our base assets. We are now increasing our full year guidance for production to 680-700 kboed. Our LNG operations had a robust operating performance, despite challenging market conditions, and we have maintained our EBITDA guidance for 2015.

"We are on track to deliver our promised operating and capital cost savings for 2015 and are adding new low cash cost volumes through Australia and Brazil. These actions will help mitigate the impact of lower commodity prices on our financial results.

"We continue to work with Shell on integration planning and to secure the necessary regulatory approvals ahead of the shareholder vote. The transaction remains on track to complete in early 2016."

Third Quarter			Business Performance <sup>(a)</sup>	Nine Months		
2015 \$m	2014 \$m			2015 \$m	2014 \$m	
<b>1 244</b>	1 984	-37%	Earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>(b)</sup>	<b>4 207</b>	7 352	-43%
<b>384</b>	1 283	-70%	Earnings before interest and tax (EBIT) <sup>(b)</sup>	<b>1 956</b>	5 212	-62%
<b>280</b>	759	-63%	Earnings for the period	<b>1 274</b>	3 120	-59%
<b>8.2c</b>	22.3c	-63%	Earnings per share	<b>37.3c</b>	91.6c	-59%
<b>Total results for the period (including disposals, re-measurements and impairments)</b>						
<b>374</b>	2 377	-84%	Earnings before interest and tax (EBIT) <sup>(b)</sup>	<b>4 269</b>	6 355	-33%
<b>(101)</b>	1 510	–	Earnings for the period continuing operations	<b>2 357</b>	3 979	-41%
<b>(3.0c)</b>	44.3c	–	Earnings per share continuing operations	<b>69.1c</b>	116.8c	-41%

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 14) and notes 1 to 3 (pages 22 to 25). 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

Third Quarter			Business Performance			Nine Months		
2015 \$m	2014 \$m		2015 \$m	2014 \$m				
4 147	4 581	-9%	12 119	15 143	-20%			
1 087	1 388	-22%	3 095	5 239	-41%			
213	608	-65%	1 184	2 123	-44%			
(56)	(12)	-367%	(72)	(10)	-620%			
1 244	1 984	-37%	4 207	7 352	-43%			
253	720	-65%	928	3 211	-71%			
187	576	-68%	1 103	2 014	-45%			
(56)	(13)	-331%	(75)	(13)	-477%			
384	1 283	-70%	1 956	5 212	-62%			
(55)	(43)	-28%	(154)	(101)	-52%			
(49)	(481)	+90%	(528)	(1 991)	+73%			
280	759	-63%	1 274	3 120	-59%			
8.2c	22.3c	-63%	37.3c	91.6c	-59%			
<b>Cash flow and balance sheet</b>								
844	1 238	-32%	2 728	5 723	-52%			
(1 532)	(2 242)	+32%	(4 655)	(7 001)	+34%			
(705)	(929)	+24%	(2 060)	(1 283)	-61%			
			9 584	11 098	+14%			
			24.5%	24.1%				
			4.8%	9.1%				

a) For a definition see the Glossary on page 35.

b) Profit before tax for the quarter excluding joint ventures and associates was \$280 million (2014 \$1 190 million) giving an effective tax rate of 17.5% (2014 40.4%) and for the nine months was \$1 649 million (2014 \$4 935 million) giving an effective tax rate of 32.0% (2014 40.3%).

### Third quarter

Revenue and other operating income decreased 9% to \$4 147 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 26% and LNG delivered volumes up 76%.

EBITDA decreased 37% to \$1 244 million. In the Upstream segment, EBITDA fell 22% to \$1 087 million primarily reflecting the lower revenues partly offset by the increased contribution from liquefaction following the start of QCLNG operations. In the LNG Shipping & Marketing segment, EBITDA fell 65% to \$213 million as margins reduced primarily as a consequence of lower sales prices. The increased loss in the Other activities segment reflects the intra-group elimination of profit associated with equity LNG cargoes in transit, following the ramp-up of operations at QCLNG.

## **Business Review – Group continued**

### **Third quarter continued**

EBIT decreased by \$899 million to \$384 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.

Net finance costs of \$55 million included foreign exchange gains of \$48 million (2014 net finance costs of \$43 million included realised foreign exchange hedge gains of \$24 million and other foreign exchange losses of \$29 million). Excluding the impact of foreign exchange, net finance costs increased by \$65 million to \$103 million, reflecting the reduction in the amount of interest on borrowings that can be capitalised against assets under construction following the start-up of QCLNG.

The tax charge for the quarter reduced to \$49 million. This reflects the lower profit before tax and the year-to-date impact of a reduction in the Group's estimated 2015 full year effective tax rate (excluding BG Group's share of joint ventures and associates' results and tax) to 32.0%, from previous guidance of 35%. In the current low commodity price environment, the full year rate remains sensitive to movements in the Group's profits by jurisdiction, but is currently expected to outturn in the range 30-35%.

Group earnings of \$280 million and EPS of 8.2 cents both decreased 63%, with the reduction in EBIT only partially offset by the reduction in the Group's effective tax rate.

Net cash flow from operating activities decreased by \$394 million as a result of lower Business Performance EBIT, partly offset by lower tax payments.

Capital investment on a cash basis was 32% lower at \$1 532 million and was entirely in the Upstream segment, consisting of \$1 358 million on development and other activities, and \$174 million on exploration. The development spend was concentrated primarily in Brazil (\$687 million) and Australia (\$292 million).

Free cash flow improved by \$224 million to a \$705 million outflow, reflecting a \$710 million reduction in capital investment, partly offset by the \$394 million decrease in net cash flow from operating activities.

### **Nine months**

Revenue and other operating income decreased 20% to \$12 119 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 15% and LNG delivered volumes up 48%.

EBITDA decreased 43% to \$4 207 million. In the Upstream segment, EBITDA fell 41% to \$3 095 million primarily reflecting the lower revenues, partly offset by the increased liquefaction contribution from QCLNG. In the LNG Shipping & Marketing segment, EBITDA fell 44% to \$1 184 million as margins reduced through a combination of lower sales prices and a greater proportion of relatively lower margin spot cargoes. The EBITDA loss reported in Other activities increased to \$72 million, reflecting the intra-group elimination of profit associated with equity LNG cargoes in transit.

EBIT decreased by \$3 256 million to \$1 956 million, reflecting the reduction in EBITDA and higher DD&A charges, which resulted from higher E&P production volumes and the start-up of QCLNG.

Net finance costs of \$154 million included foreign exchange gains of \$27 million (2014 net finance costs of \$101 million included realised foreign exchange hedge gains of \$41 million and other foreign exchange losses of \$25 million). Excluding the impact of foreign exchange, net finance costs increased by \$64 million to \$181 million primarily reflecting the reduction in the amount of interest on borrowings that can be capitalised.

The tax charge for the nine months reduced to \$528 million and reflects the lower profit before tax and the reduction in the Group's estimated 2015 full year effective tax rate (excluding BG Group's share of joint ventures and associates' results and tax) to 32.0% (2014 40.3%).

Group earnings of \$1 274 million and EPS of 37.3 cents both decreased 59%, with the reduction in EBIT only partially offset by the reduction in the Group's effective tax rate.

Net cash flow from operating activities decreased by \$2 995 million as a result of lower Business Performance EBIT and a working capital cash outflow, offset by lower tax payments.

Capital investment on a cash basis was 34% lower at \$4 655 million and was entirely in the Upstream segment, consisting of \$4 185 million on development and other activities, and \$470 million on exploration. The development spend was concentrated primarily in Brazil (\$1 951 million) and Australia (\$988 million).

## **Business Review – Group continued**

### **Nine months continued**

Free cash flow worsened by \$777 million to a \$2 060 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 nine months was \$969 million, including \$4 597 million gross proceeds from the disposal of the QCLNG pipeline.

Net debt of \$9 584 million fell by \$1 514 million as a result of the QCLNG pipeline disposal, and gearing remained broadly flat at 24.5%. Return on average capital employed reduced to 4.8%, reflecting the lower Business Performance results.

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

### **Third quarter**

Total earnings for the third quarter of 2015 were a loss of \$101 million (loss of 3.0 cents per share) and included a post-tax loss of \$381 million in respect of disposals, re-measurements and impairments primarily as a result of a \$344 million net charge reflecting the impact of foreign exchange movements on deferred and current tax balances, especially in Brazil and Australia, resulting from the appreciation of the US Dollar. Total earnings in the third quarter of 2014 were \$1 510 million (44.3 cents per share) and included a post-tax gain of \$751 million in respect of disposals, re-measurements and impairments, of which \$771 million was a gain arising from the disposal of the Central Area Transmission System (CATS) gas pipeline in the UK.

### **Nine months**

Total earnings for the nine months of 2015 were \$2 357 million (69.1 cents per share) and included a post-tax gain of \$1 083 million in respect of disposals, re-measurements and impairments primarily associated with the \$1 650 million gain on sale of the QCLNG pipeline, partially offset by a \$708 million net charge reflecting the impact of foreign exchange movements on deferred and current tax balances, especially in Brazil and Australia. Total earnings for the nine months of 2014 were \$3 979 million (116.8 cents per share) and included a post-tax gain of \$859 million in respect of disposals, re-measurements and impairments, of which \$771 million was a gain arising from the disposal of the CATS gas pipeline in the UK, and \$170 million was a gain arising from the sale of six LNG vessels.

For further information see Presentation of Non-GAAP measures (page 14) and notes 1 to 3 (pages 22 to 25).



## 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 clearance for the transaction was received from the European Commission in September. Together with the Brazilian Conselho Administrativo de Defesa Econômica (CADE) approval, which was received in July, this means that two of the five pre-conditions in relation to the Combination have been satisfied.

In September, the Australian Competition and Consumer Commission (ACCC) published a Statement of Issues seeking further information and views on the proposed transaction.

The transaction is expected to complete in early 2016.

## Third quarter business highlights

### Overview

E&P production was 716 thousand barrels of oil equivalent per day (kboed), up 26% from the third quarter of 2014. Growth in the third quarter was driven by Australia, Brazil and Norway. Volumes in Australia almost trebled to 98 kboed and in Brazil, almost doubled to 158 kboed. In Norway, Knarr continued to ramp up, producing 13 kboed in the quarter. This growth was partially offset by the expected decline in Egypt, down 12 kboed to 43 kboed. The Group's performance in the third quarter was ahead of the guidance provided at the second quarter as a result of FPSO 6 coming onstream ahead of schedule and better than expected uptime across the Santos Basin; certain shutdowns rescheduled into the fourth quarter; and better operating efficiency across a number of assets.

The LNG Shipping & Marketing segment delivered 75 cargoes (4.8 million tonnes) in the quarter, 31 more cargoes than the third quarter of 2014 (2.1 million additional tonnes). Increased supply was driven by 25 cargoes from QCLNG and six additional spot cargoes. Of the 75 cargoes (2014 44), 54 were supplied to Asian markets (2014 33). The Group delivered its first ever cargoes to Egypt and Pakistan during the quarter.

### Australia

QCLNG Train 1 has been running at plateau. Train 2 commenced operations in July and commissioning is progressing, ahead of the start of commercial operations. In the third quarter, a total of 27 cargoes were produced across both trains, making a total of 52 since the start of 2015. During the third quarter, 25 cargoes were delivered to customers.

E&P production in Australia has continued to ramp-up according to plan, achieving its highest level in a single day of around 118 kboed in October and averaging 98 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.

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

### Brazil

In October, BG Group achieved record net production from the Santos Basin, reaching 175 kboed. Across the Santos Basin, BG Group has 23 wells in production which are flowing at an average rate of 27 kbopd (gross).

In the quarter, gross production from FPSO 4 (*Cidade de Ilhabela*) has averaged 86 kbopd with three producer wells and one injector well and FPSO 5 (*Cidade de Mangaratiba*) has averaged 127 kbopd from four producer and four injector wells. Plateau production from these FPSOs is expected during the fourth quarter.

In July, the 150 kbopd *Cidade de Itaguaí* (FPSO 6) for Iracema North started up and currently has two producer wells connected, and has been producing at rates of 61 kbopd. Final integration works on FPSO 7 continue in the Brasa shipyard in Brazil, while FPSO 8 is currently en route from China and is expected to arrive at Brasa in the coming weeks for final integration works. Integration works continue on FPSO 9 in Singapore. FPSOs 7 to 9 are all due onstream in 2016.





## Third quarter business highlights continued

### Brazil continued

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 on BG Group's various interests remains unknown.

### Egypt

At the end of the third 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.

### Thailand

In the third quarter, first gas was achieved from the first two Greater Bongkot South Phase 4C wellhead platforms. The remaining platform is due onstream in the first quarter of 2016.

### Trinidad and Tobago

During the quarter, BG Group has revised downwards its proved and probable reserves in Trinidad and Tobago. This revision follows the start-up of the Starfish field in December 2014 where production has been lower than anticipated with only one development well now on production, and at the Dolphin field where decline rates have been higher than expected.

### Canada

In September, BG Group acquired three non-operated positions offshore Newfoundland with equity stakes of 10% in blocks EL1125 and EL1126, and 25% in block EL1123. A first well is expected to be drilled in EL1123 later this year.

### USA

In August, the Lake Charles LNG project received its Final Environmental Impact Statement from the Federal Energy Regulatory Commission (FERC), a key regulatory milestone for the three-train, 15 mtpa liquefaction project in Louisiana. FERC authorisation for Lake Charles LNG, the last major regulatory hurdle, is expected in November.

### 2015 outlook

BG Group has increased its outlook for 2015 E&P production volumes to 680 - 700 kboed, excluding any changes to the portfolio. This reflects the strong operational performance to date and the reduced duration of planned shutdowns in the second half of the year. In the fourth quarter, the Group expects continued growth in Brazil and Australia to be partly offset by a number of planned shutdowns and the continued expected decline in Egypt.

LNG Shipping & Marketing EBITDA guidance remains in the range of \$1.3 - 1.5 billion for 2015 based on mid-October forward commodity price curves, with an expected outturn around the middle of the range (see page 31 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 \$4.7 billion in the first nine months 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 now expected to be around 30% lower than 2014 at around \$6.5 billion.

In the current low commodity price environment, the Group's 2015 full year effective tax rate, excluding BG Group's share of joint ventures and associates' results and tax, remains sensitive to movements in the Group's profits by jurisdiction, but is now expected to outturn in the range 30 - 35%.

The Group's 2015 cost and efficiency programme is progressing well, with the emphasis on lifting, organisation and infrastructure cost savings, and remains on track to deliver at least the \$300 million target savings for 2015.

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

Third Quarter			Business Performance	Nine Months		
2015 \$m	2014 \$m			2015 \$m	2014 \$m	
65.89	52.36	+26%	<b>E&amp;P production volumes (mmboe)</b>	187.30	163.15	+15%
2 258	2 770	-18%	E&P	6 501	8 975	-28%
382	112	+241%	Liquefaction	708	328	+116%
2 640	2 882	-8%	<b>Upstream revenue and other operating income</b>	7 209	9 303	-23%
(559)	(465)	-20%	Lifting costs	(1 586)	(1 365)	-16%
(371)	(436)	+15%	Royalties and other operating costs	(1 088)	(1 204)	+10%
(930)	(901)	-3%	<b>E&amp;P operating costs</b>	(2 674)	(2 569)	-4%
(326)	(276)	-18%	Other E&P costs	(637)	(802)	+21%
20	2	+900%	JV and associates (post-tax)	46	10	+360%
1 022	1 595	-36%	<b>E&amp;P EBITDA before exploration charge</b>	3 236	5 614	-42%
(119)	(235)	+49%	Exploration charge	(391)	(513)	+24%
903	1 360	-34%	<b>E&amp;P EBITDA</b>	2 845	5 101	-44%
(210)	(107)	-96%	Liquefaction operating costs	(502)	(319)	-57%
20	43	-53%	JV and associates (post-tax)	82	140	-41%
(8)	(20)	+60%	Business development	(38)	(11)	-245%
184	28	+557%	<b>Liquefaction EBITDA</b>	250	138	+81%
1 087	1 388	-22%	<b>Upstream EBITDA</b>	3 095	5 239	-41%
(738)	(614)	-20%	E&P DD&A	(1 907)	(1 866)	-2%
(51)	-	-	Liquefaction DD&A	(117)	-	-
(45)	(54)	+17%	Sundry depreciation	(143)	(162)	+12%
253	720	-65%	<b>Upstream EBIT</b>	928	3 211	-71%
1 532	2 242	+32%	Capital investment on a cash basis	4 655	6 988	+33%

Third Quarter		Second Quarter	E&P unit costs and margins	Nine Months	
2015 \$/boe	2014 \$/boe	2015 \$/boe		2015 \$/boe	2014 \$/boe
34.27	52.91	37.08	<b>Revenue and other operating income</b>	34.71	55.01
(8.48)	(8.88)	(8.27)	Lifting costs	(8.47)	(8.36)
(5.63)	(8.33)	(6.03)	Royalties and other operating costs	(5.81)	(7.38)
(14.11)	(17.21)	(14.30)	<b>E&amp;P operating costs</b>	(14.28)	(15.74)
(4.95)	(5.28)	(3.76)	Other E&P costs	(3.40)	(4.92)
0.30	0.04	0.16	JV and associates (post-tax)	0.25	0.06
15.51	30.46	19.18	<b>E&amp;P EBITDA margin<sup>(a)</sup></b>	17.28	34.41
(11.20)	(11.72)	(9.87)	DD&A	(10.18)	(11.44)
4.31	18.74	9.31	<b>E&amp;P EBIT margin<sup>(a)</sup></b>	7.10	22.97
(30.26)	(34.21)	(27.93)	<b>E&amp;P unit costs</b>	(27.86)	(32.10)

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 33.



**Upstream continued**

Third Quarter		Second Quarter		Nine Months	
2015	2014	2015		2015	2014
<b>E&amp;P production volumes (mmboe)</b>					
<b>20.24</b>	11.58	18.20	Oil	<b>53.74</b>	35.42
<b>7.65</b>	7.39	8.39	Liquids	<b>24.04</b>	24.02
<b>38.00</b>	33.39	37.42	Gas	<b>109.52</b>	103.71
<b>65.89</b>	52.36	64.01	<b>Total</b>	<b>187.30</b>	163.15

<b>E&amp;P sales volumes (mmboe)</b>					
<b>20.45</b>	11.48	17.94	Oil	<b>49.75</b>	34.84
<b>7.65</b>	7.39	8.39	Liquids	<b>24.04</b>	24.02
<b>36.88</b>	31.91	36.18	Gas <sup>(a)</sup>	<b>106.32</b>	98.32
<b>64.98</b>	50.78	62.51	<b>Total</b>	<b>180.11</b>	157.18

<b>E&amp;P production volumes (kboed)</b>					
<b>220</b>	126	200	Oil	<b>197</b>	130
<b>83</b>	80	92	Liquids	<b>88</b>	88
<b>413</b>	363	411	Gas	<b>401</b>	380
<b>716</b>	569	703	<b>Total</b>	<b>686</b>	598

<b>E&amp;P production volumes by country (kboed)</b>					
<b>98</b>	34	80	Australia	<b>78</b>	30
<b>53</b>	48	51	Bolivia	<b>51</b>	49
<b>158</b>	81	143	Brazil	<b>141</b>	69
<b>43</b>	55	44	Egypt	<b>46</b>	59
<b>17</b>	17	16	India	<b>17</b>	18
<b>78</b>	74	93	Kazakhstan	<b>90</b>	86
<b>13</b>	1	10	Norway	<b>8</b>	2
<b>40</b>	40	42	Thailand	<b>41</b>	40
<b>52</b>	50	59	Trinidad and Tobago	<b>57</b>	61
<b>31</b>	32	30	Tunisia	<b>31</b>	32
<b>100</b>	100	102	UK	<b>93</b>	112
<b>33</b>	37	33	USA	<b>33</b>	40
<b>716</b>	569	703	<b>Total</b>	<b>686</b>	598

<b>E&amp;P average realised prices</b>					
<b>\$54.23</b>	\$103.91	\$60.42	Oil price per barrel	<b>\$55.99</b>	\$107.75
<b>\$41.94</b>	\$79.37	\$50.03	Liquids price per barrel	<b>\$46.41</b>	\$85.67
<b>34.33c</b>	52.11c	37.58c	Average realised gas price per produced therm	<b>37.62c</b>	50.80c

a) Excludes fuel gas.





## Upstream continued

### Third quarter

E&P production volumes increased 26% reflecting the ramp-up in Brazil, Australia and Norway, partly offset by lower production in Egypt.

Revenue and other operating income decreased 8% to \$2 640 million, reflecting significantly lower commodity prices, partly offset by higher volumes and an improved product mix with additional oil, primarily from Brazil.

E&P EBITDA before exploration was 36% lower at \$1 022 million, primarily reflecting the decrease in revenue. Lifting costs increased 20% to \$559 million following the ramp-up of production in Brazil and Australia. Operating costs increased 3% to \$930 million as the increase in lifting costs was partly offset by a 15% fall in Royalties and other operating costs, reflecting lower commodity prices. Other E&P costs increased 18% to \$326 million as a result of higher Brazil oil shipping costs, as well as net foreign exchange losses on certain working capital balances in Brazil as a result of the devaluation of the Brazilian Real.

E&P DD&A increased 20% to \$738 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 48% to \$54.23 per barrel, the liquids price decreased 47% to \$41.94 per barrel, and the gas price per produced therm decreased 34% to 34.33 cents, reflecting reductions in market prices. As a result, unit revenues reduced \$18.64 per boe to \$34.27 per boe.

Unit operating expenditure decreased to \$14.11 per boe (2014 \$17.21 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 \$4.95 per boe (2014 \$5.28 per boe).

Consequently, the Group's unit E&P EBITDA margin was \$14.95 per boe lower at \$15.51 per boe.

The unit DD&A charge decreased to \$11.20 per boe (2014 \$11.72 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 and Australia. This was partially offset by an increased rate in Trinidad and Tobago following reserves revisions.

The E&P EBIT margin was \$14.43 per boe lower at \$4.31 per boe.

The exploration charge of \$119 million decreased 49%, due to lower well write-off costs and reduced seismic activities. Gross exploration expenditure was marginally lower at \$300 million and included spend in Trinidad and Tobago (\$84 million), Canada (\$74 million), the UK (\$39 million) and Australia (\$15 million).

Liquefaction EBITDA increased \$156 million to \$184 million, reflecting the first full quarter of commercial operations at QCLNG Train 1 and common facilities following the first commercial cargo delivery date (FCDD), partially offset by a small loss for the first quarter of operations at Train 2 due to lower initial tariffs charged to the E&P businesses prior to FCDD. The positive contribution from QCLNG was partly offset by lower volumes and prices at Atlantic LNG.

Capital investment on a cash basis of \$1 532 million consisted of \$1 358 million on development and other activities, and \$174 million on exploration. The development spend was concentrated primarily on projects in Brazil (\$687 million) and Australia (\$292 million), together with investments in Tunisia (\$60 million), Kazakhstan (\$59 million) and the UK (\$54 million).

### Nine months

Production volumes increased 15% primarily as a result of the ramp-up in Brazil, Australia and Norway, partly offset by lower production in the UK and Egypt.

Revenue and other operating income decreased 23% to \$7 209 million, reflecting significantly lower commodity prices, partly offset by higher volumes and an improved product mix with additional oil, particularly from Brazil.

E&P EBITDA before exploration was 42% lower at \$3 236 million, reflecting the decrease in revenue and higher lifting costs, partially offset by lower royalties and Other E&P costs. Lifting costs increased 16% to \$1 586 million, reflecting the ramp-up of production in Brazil and Australia. Royalty and other operating costs decreased 10% following the lower commodity prices. Other E&P costs decreased 21% to \$637 million, including the impacts in Brazil of movements in the volume of oil held in stock, with around 6.5 mmmboe of oil in stock at the end of the quarter. Other E&P costs in 2014 also included the elimination of profit associated with the Lula and Lara extended well tests.

## Upstream continued

### Nine months continued

E&P DD&A increased 2% to \$1 907 million, reflecting the higher production volumes, partly offset by favourable changes in the mix of fields and the effect of impairments recorded in 2014.

The Group's average realised oil price decreased 48% to \$55.99 per barrel, the liquids price decreased 46% to \$46.41 per barrel and the gas price per produced therm decreased 26% to 37.62 cents, reflecting lower market prices. As a result, unit revenues reduced \$20.30 per boe to \$34.71 per boe.

Unit operating expenditure decreased to \$14.28 per boe (2014 \$15.74 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 \$3.40 per boe (2014 \$4.92 per boe) due to the impacts in Brazil of the timing of oil liftings and eliminations of profit on oil sales from extended well tests in 2014.

Consequently, the Group's unit E&P EBITDA margin was \$17.13 per boe lower at \$17.28 per boe.

The unit DD&A charge decreased to \$10.18 per boe (2014 \$11.44 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 and Australia.

The E&P EBIT margin was \$15.87 per boe lower at \$7.10 per boe.

The exploration charge decreased 24% to \$391 million primarily as a result of reduced seismic activities. Gross exploration expenditure decreased 20% to \$730 million and included spend in Trinidad and Tobago (\$195 million), the UK (\$104 million), Australia (\$102 million) and Canada (\$74 million).

Liquefaction EBITDA increased \$112 million to \$250 million, with the start of production from QCLNG partly offset by Egyptian LNG, with no cargoes lifted in 2015, and lower prices and volumes at Atlantic LNG.

Capital investment on a cash basis of \$4 655 million consisted of \$4 185 million on development and other activities, and \$470 million on exploration. The development spend was concentrated primarily on projects in Brazil (\$1 951 million) and Australia (\$988 million), together with investments in the UK (\$241 million), Kazakhstan (\$178 million), Tunisia (\$146 million), Trinidad and Tobago (\$137 million) and Egypt (\$108 million).

## LNG Shipping & Marketing

Third Quarter			Business Performance	Nine Months		
2015 \$m	2014 \$m			2015 \$m	2014 \$m	
4 759	2 705	+76%	<b>LNG delivered volumes (thousand tonnes)</b>	12 204	8 254	+48%
2 019	1 819	+11%	<b>Revenue and other operating income</b>	5 993	6 236	-4%
242	653	-63%	Shipping and marketing	1 289	2 208	-42%
4	1	+300%	JV and associates (post-tax)	8	10	-20%
(33)	(46)	+28%	Business development and other	(113)	(95)	-19%
213	608	-65%	<b>LNG Shipping &amp; Marketing EBITDA</b>	1 184	2 123	-44%
(26)	(32)	+19%	DD&A	(81)	(109)	+26%
187	576	-68%	<b>LNG Shipping &amp; Marketing EBIT</b>	1 103	2 014	-45%
–	–	–	Capital investment on a cash basis	–	8	–
45	225	-80%	<b>LNG Shipping &amp; Marketing EBITDA margin (\$/tonne)</b>	97	257	-62%

Third Quarter		Second Quarter	LNG cargo supply by source	Nine Months	
2015	2014	2015		2015	2014
11	10	14	Atlantic LNG	41	41
–	–	–	Egyptian LNG	–	1
15	14	10	Equatorial Guinea	43	42
9	11	8	Nigeria	26	29
35	35	32	<b>Atlantic Basin supply</b>	110	113
25	–	13	QCLNG	45	–
15	9	13	Spot purchases	39	21
75	44	58	<b>Total</b>	194	134

Additional operating and financial data is given on page 33.

## LNG Shipping & Marketing continued

Third Quarter		Second Quarter		Nine Months	
2015	2014	2015		2015	2014
<b>LNG cargo deliveries by country</b>					
9	6	10	China	28	14
12	2	4	India	19	2
17	11	15	Japan	42	30
2	3	1	Malaysia	3	4
1	–	–	Pakistan	1	–
8	8	6	Singapore	22	22
4	2	5	South Korea	21	14
1	1	1	Taiwan	3	4
–	–	–	Thailand	–	1
<b>54</b>	<b>33</b>	<b>42</b>	<b>Asia</b>	<b>139</b>	<b>91</b>
1	–	–	Egypt	1	–
–	1	–	France	–	1
1	–	–	Kuwait	1	–
–	–	–	Mexico	–	1
–	–	1	Spain	1	–
–	–	–	UAE	–	1
–	1	–	UK	2	2
<b>2</b>	<b>2</b>	<b>1</b>	<b>Europe &amp; Other</b>	<b>5</b>	<b>5</b>
1	–	–	USA	5	3
<b>1</b>	<b>–</b>	<b>–</b>	<b>North America</b>	<b>5</b>	<b>3</b>
2	1	–	Argentina	2	1
6	–	1	Brazil	9	5
10	8	14	Chile	34	29
<b>18</b>	<b>9</b>	<b>15</b>	<b>South America</b>	<b>45</b>	<b>35</b>
<b>75</b>	<b>44</b>	<b>58</b>	<b>Total</b>	<b>194</b>	<b>134</b>

### Third quarter

Delivered volumes increased 76% with 25 cargoes from QCLNG and six additional spot cargoes. The total number of cargoes from the Group's Atlantic Basin supply contracts remained unchanged.

Revenue and other operating income was up 11%, as the benefit of higher delivered volumes was partially offset by lower LNG sales prices.

LNG Shipping & Marketing EBITDA decreased 65% to \$213 million, reflecting lower margins primarily as a result of the fall in sales prices. In addition, the majority of EBITDA associated with new supply from QCLNG is recorded in the Upstream segment.

LNG Shipping & Marketing EBITDA unit margin fell 80% to \$45 per tonne.

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

DD&A decreased 19% to \$26 million following the sale and leaseback of six LNG vessels in 2014 and two further vessels in the first quarter of 2015.

LNG Shipping & Marketing EBIT decreased to \$187 million, as the fall in EBITDA was partially offset by the lower DD&A charges.

## **LNG Shipping & Marketing continued**

### **Nine months**

Delivered volumes increased 48% with 45 cargoes from QCLNG and 18 additional spot cargoes, partially offset by three fewer cargoes from the Group's Atlantic Basin supply contracts.

Revenue and other operating income was down 4% as a result of 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 in the first quarter of 2015.

LNG Shipping & Marketing EBITDA decreased 44% to \$1 184 million, reflecting lower margins primarily as a result of the fall in sales prices combined with a greater proportion of relatively lower margin 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 62% to \$97 per tonne.

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

DD&A decreased 26% to \$81 million following the sale and leaseback of six LNG vessels during 2014 and two further vessels in the first quarter of 2015.

LNG Shipping & Marketing EBIT decreased to \$1 103 million, as the fall in EBITDA was partially offset by the lower DD&A charges.



## 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 16), note 2 (page 23) and note 3 (page 25).

### **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. ROACE 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.



## 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.

## Consolidated Income Statement

### Third 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		4 152	–	4 152	4 590	–	4 590
Other operating income	2	(5)	17	12	(9)	391	382
<b>Group revenue and other operating income</b>	3	<b>4 147</b>	<b>17</b>	<b>4 164</b>	<b>4 581</b>	<b>391</b>	<b>4 972</b>
Operating costs		(3 812)	(4)	(3 816)	(3 348)	–	(3 348)
Profits and losses on disposal of non-current assets and impairments	2	–	(23)	(23)	–	703	703
Share of post-tax results from joint ventures and associates		49	–	49	50	–	50
<b>Operating profit before interest and tax (EBIT)</b>	3	<b>384</b>	<b>(10)</b>	<b>374</b>	<b>1 283</b>	<b>1 094</b>	<b>2 377</b>
Finance income	2, 4	52	(54)	(2)	20	(207)	(187)
Finance costs	2, 4	(107)	201	94	(63)	(141)	(204)
<b>Profit before tax</b>		<b>329</b>	<b>137</b>	<b>466</b>	<b>1 240</b>	<b>746</b>	<b>1 986</b>
Taxation	2	(49)	(518)	(567)	(481)	5	(476)
<b>Profit/(loss) for the period from continuing operations</b>	3	<b>280</b>	<b>(381)</b>	<b>(101)</b>	<b>759</b>	<b>751</b>	<b>1 510</b>
Loss for the period from discontinued operations		–	–	–	–	(1)	(1)
<b>Profit/(loss) for the period attributable to Shareholders (earnings)</b>		<b>280</b>	<b>(381)</b>	<b>(101)</b>	<b>759</b>	<b>750</b>	<b>1 509</b>
Earnings per share continuing operations – basic	5	8.2c	(11.2c)	(3.0c)	22.3c	22.0c	44.3c
Earnings per share discontinued operations – basic		–	–	–	–	–	–
Earnings per share continuing operations – diluted	5	8.2c	(11.2c)	(3.0c)	22.2c	21.9c	44.1c
Earnings per share discontinued operations – diluted		–	–	–	–	–	–

a) See Presentation of Non-GAAP measures (page 14) for an explanation of results excluding disposals, certain re-measurements and impairments.

The notes on pages 22 to 30 form an integral part of these condensed financial statements.

## Consolidated Income Statement

### Nine Months

	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>11 927</b>	<b>–</b>	<b>11 927</b>	15 083	<b>–</b>	15 083
Other operating income	2	<b>192</b>	<b>(101)</b>	<b>91</b>	60	386	446
<b>Group revenue and other operating income</b>	3	<b>12 119</b>	<b>(101)</b>	<b>12 018</b>	15 143	386	15 529
Operating costs		<b>(10 316)</b>	<b>(19)</b>	<b>(10 335)</b>	(10 107)	(79)	(10 186)
Profits and losses on disposal of non-current assets and impairments	2	<b>–</b>	<b>2 478</b>	<b>2 478</b>	<b>–</b>	836	836
Share of post-tax results from joint ventures and associates		<b>153</b>	<b>(45)</b>	<b>108</b>	176	<b>–</b>	176
<b>Operating profit before interest and tax (EBIT)</b>	3	<b>1 956</b>	<b>2 313</b>	<b>4 269</b>	5 212	1 143	6 355
Finance income	2, 4	<b>98</b>	<b>28</b>	<b>126</b>	92	<b>–</b>	92
Finance costs	2, 4	<b>(252)</b>	<b>(3)</b>	<b>(255)</b>	(193)	(250)	(443)
<b>Profit before tax</b>		<b>1 802</b>	<b>2 338</b>	<b>4 140</b>	5 111	893	6 004
Taxation	2	<b>(528)</b>	<b>(1 255)</b>	<b>(1 783)</b>	(1 991)	(34)	(2 025)
<b>Profit for the period from continuing operations</b>	3	<b>1 274</b>	<b>1 083</b>	<b>2 357</b>	3 120	859	3 979
Profit for the period from discontinued operations		<b>–</b>	<b>6</b>	<b>6</b>	<b>–</b>	7	7
<b>Profit for the period attributable to Shareholders (earnings)</b>		<b>1 274</b>	<b>1 089</b>	<b>2 363</b>	3 120	866	3 986
Earnings per share continuing operations – basic	5	<b>37.3c</b>	<b>31.8c</b>	<b>69.1c</b>	91.6c	25.2c	116.8c
Earnings per share discontinued operations – basic		<b>–</b>	<b>0.2c</b>	<b>0.2c</b>	<b>–</b>	0.2c	0.2c
Earnings per share continuing operations – diluted	5	<b>37.2c</b>	<b>31.5c</b>	<b>68.7c</b>	91.1c	25.1c	116.2c
Earnings per share discontinued operations – diluted		<b>–</b>	<b>0.2c</b>	<b>0.2c</b>	<b>–</b>	0.2c	0.2c

a) See Presentation of Non-GAAP measures (page 14) for an explanation of results excluding disposals, certain re-measurements and impairments.

The notes on pages 22 to 30 form an integral part of these condensed financial statements.

For information on dividends paid in the period, see note 7 (page 29).

## Consolidated Statement of Comprehensive Income

Third Quarter			Nine Months		
2015 \$m	2014 \$m		2015 \$m	2014 \$m	
<b>(101)</b>	1 509	Profit/(loss) for the period	<b>2 363</b>	3 986	
<b>Other comprehensive income:</b>					
Items that may be reclassified to the income statement:					
<b>(433)</b>	(481)	Hedge adjustments net of tax <sup>(a)</sup>	<b>(412)</b>	(165)	
<b>(15)</b>	(6)	Fair value movements on 'available-for-sale' assets	<b>(8)</b>	(2)	
<b>(455)</b>	(294)	Currency translation adjustments	<b>(713)</b>	75	
Other items:					
<b>50</b>	(4)	Re-measurement of defined benefit pension obligations net of tax <sup>(b)</sup>	<b>23</b>	(5)	
<b>(853)</b>	(785)	Other comprehensive income net of tax	<b>(1 110)</b>	(97)	
<b>(954)</b>	724	<b>Total comprehensive income for the period attributable to Shareholders</b>	<b>1 253</b>	3 889	

a) Income tax relating to hedge adjustments is a \$110 million credit for the quarter (2014 \$121 million credit) and a \$104 million credit for the nine months (2014 \$43 million credit).

b) Income tax relating to the re-measurement of defined benefit pension obligations is a \$16 million charge for the quarter (2014 \$1 million credit) and a \$9 million charge for the nine months (2014 \$2 million credit).

The notes on pages 22 to 30 form an integral part of these condensed financial statements.

## Consolidated Balance Sheet

	As at 30 Sep 2015 \$m	As at 31 Dec 2014 \$m
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	3 359	3 135
Property, plant and equipment	36 179	35 855
Investments	4 041	3 547
Deferred tax assets	2 837	3 949
Trade and other receivables	1 077	1 068
Retirement benefit surplus <sup>(a)</sup>	213	–
Commodity contracts and other derivative financial instruments	252	287
	<b>47 958</b>	<b>47 841</b>
<b>Current assets</b>		
Inventories	1 175	1 194
Trade and other receivables	4 116	5 042
Current tax receivable	154	151
Commodity contracts and other derivative financial instruments	134	235
Cash and cash equivalents	6 324	5 295
	<b>11 903</b>	<b>11 917</b>
Assets classified as held for sale <sup>(b)</sup>	–	2 088
<b>Total assets</b>	<b>59 861</b>	<b>61 846</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings	(416)	(1 586)
Trade and other payables	(4 133)	(4 768)
Current tax liabilities	(1 105)	(1 412)
Commodity contracts and other derivative financial instruments	(160)	(128)
	<b>(5 814)</b>	<b>(7 894)</b>
<b>Non-current liabilities</b>		
Borrowings	(15 276)	(15 921)
Trade and other payables	(168)	(136)
Commodity contracts and other derivative financial instruments	(606)	(253)
Deferred tax liabilities	(3 114)	(2 946)
Retirement benefit liability	(70)	(258)
Provisions for other liabilities and charges	(5 327)	(5 235)
	<b>(24 561)</b>	<b>(24 749)</b>
Liabilities associated with assets classified as held for sale <sup>(b)</sup>	–	(63)
<b>Total liabilities</b>	<b>(30 375)</b>	<b>(32 706)</b>
<b>Net assets</b>	<b>29 486</b>	<b>29 140</b>
<b>Equity</b>		
Total shareholders' equity	<b>29 486</b>	<b>29 140</b>
<b>Total equity</b>	<b>29 486</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 22 to 30 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	–	–	(18)	(1 107)	–	2 378	1 253
Issue of shares	1	13	–	–	–	–	14
Adjustment in respect of employee share schemes	–	–	–	–	–	61	61
Dividends on ordinary shares	–	–	–	–	–	(982)	(982)
<b>Equity as at 30 September 2015</b>	<b>580</b>	<b>704</b>	<b>(25)</b>	<b>(2 574)</b>	<b>2 710</b>	<b>28 091</b>	<b>29 486</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	–	–	(22)	(68)	–	3 979	3 889
Issue of shares	–	20	–	–	–	–	20
Adjustment in respect of employee share schemes	–	–	–	–	–	59	59
Dividends on ordinary shares	–	–	–	–	–	(1 027)	(1 027)
<b>Equity as at 30 September 2014</b>	<b>579</b>	<b>683</b>	<b>–</b>	<b>(854)</b>	<b>2 710</b>	<b>31 783</b>	<b>34 901</b>

The notes on pages 22 to 30 form an integral part of these condensed financial statements.



## Consolidated Cash Flow Statement

Third Quarter			Nine Months	
2015	2014		2015	2014
\$m	\$m		\$m	\$m
<b>Cash flows from operating activities</b>				
<b>466</b>	1 986	Profit before tax <sup>(a)</sup>	<b>4 146</b>	6 013
<b>(49)</b>	(50)	Share of post-tax results from joint ventures and associates	<b>(108)</b>	(176)
<b>860</b>	701	Depreciation of property, plant and equipment and amortisation of intangible assets	<b>2 251</b>	2 140
<b>1</b>	(316)	Fair value movements in commodity based contracts	<b>85</b>	(353)
<b>23</b>	(703)	(Profits) and losses on disposal of non-current assets and impairments	<b>(2 478)</b>	(836)
<b>42</b>	85	Unsuccessful exploration expenditure written off	<b>170</b>	162
<b>(26)</b>	(53)	Movements in provisions and retirement benefit surplus/deficit	<b>(434)</b>	(47)
<b>2</b>	187	Finance income	<b>(126)</b>	(92)
<b>(94)</b>	204	Finance costs	<b>255</b>	443
<b>21</b>	17	Share-based payments	<b>52</b>	48
<b>(155)</b>	(93)	(Increase)/decrease in working capital	<b>(219)</b>	319
<b>1 091</b>	1 965	<b>Cash generated by operations</b>	<b>3 594</b>	7 621
<b>(247)</b>	(727)	Income taxes paid	<b>(866)</b>	(1 898)
<b>844</b>	1 238	<b>Net cash inflow from operating activities</b>	<b>2 728</b>	5 723
<b>Cash flows from investing activities</b>				
<b>25</b>	64	Dividends received	<b>99</b>	150
<b>–</b>	788	Proceeds from disposal of property, plant and equipment, intangible assets and investments	<b>5 180</b>	844
<b>(1 312)</b>	(1 946)	Purchase of property, plant and equipment and intangible assets	<b>(4 121)</b>	(6 318)
<b>–</b>	8	Repayments from joint ventures and associates	<b>–</b>	37
<b>(220)</b>	(296)	Interests in subsidiaries, joint ventures and associates and other investments	<b>(534)</b>	(683)
<b>9</b>	27	Other repayments	<b>102</b>	83
<b>(1 498)</b>	(1 355)	<b>Net cash (outflow)/inflow from investing activities</b>	<b>726</b>	(5 887)
<b>Cash flows from financing activities</b>				
<b>(51)</b>	(24)	Net interest paid	<b>(334)</b>	(275)
<b>(480)</b>	(477)	Dividends paid	<b>(976)</b>	(1 020)
<b>(18)</b>	(55)	Net repayment of borrowings	<b>(1 189)</b>	(489)
<b>5</b>	8	Issue of shares	<b>14</b>	20
<b>(544)</b>	(548)	<b>Net cash outflow from financing activities</b>	<b>(2 485)</b>	(1 764)
<b>(1 198)</b>	(665)	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>969</b>	(1 928)
<b>7 450</b>	4 968	Cash and cash equivalents at beginning of period	<b>5 295</b>	6 208
<b>72</b>	(36)	Effect of foreign exchange rate changes	<b>60</b>	(13)
<b>6 324</b>	4 267	<b>Cash and cash equivalents at end of period</b>	<b>6 324</b>	4 267

The cash flows above are inclusive of discontinued operations.

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

The notes on pages 22 to 30 form an integral part of these condensed financial statements.

## Notes

### 1. Basis of preparation

These results, approved by the Board on 29 October 2015, are the condensed financial statements ('the financial statements') of BG Group plc for the quarter ended and the nine months ended 30 September 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 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.

### 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 23), 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

Third Quarter			Nine Months	
2015 \$m	2014 \$m		2015 \$m	2014 \$m
<b>17</b>	391	Revenue and other operating income	<b>(101)</b>	386
<b>(4)</b>	–	Operating costs	<b>(19)</b>	(79)
		Profits and (losses) on disposal of non-current assets and impairments:		
<b>(3)</b>	749	Disposals of non-current assets	<b>2 500</b>	962
<b>–</b>	(44)	Impairments	<b>–</b>	(84)
<b>(20)</b>	(2)	Other	<b>(22)</b>	(42)
<b>(23)</b>	703		<b>2 478</b>	836
<b>–</b>	–	Share of post-tax results from joint ventures and associates	<b>(45)</b>	–
<b>147</b>	(348)	Net finance income/(costs) – re-measurements of financial instruments	<b>25</b>	(250)
<b>(518)</b>	5	Taxation	<b>(1 255)</b>	(34)
<b>(381)</b>	751	Impact on earnings – continuing operations	<b>1 083</b>	859

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

Re-measurements included within revenue and other operating income amount to a credit of \$17 million for the quarter (2014 \$391 million credit), of which a credit of \$21 million (2014 \$70 million credit) represents non-cash mark-to-market movements on certain gas contracts. For the nine months, a charge of \$101 million in respect of re-measurements is included (2014 \$386 million credit), of which a charge of \$18 million represents non-cash mark-to-market movements on certain gas contracts (2014 \$170 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 \$4 million charge for the quarter (2014 \$216 million credit) and a net \$83 million charge for the nine months (2014 \$111 million credit) representing unrealised mark-to-market movements associated with economic hedges.

Other operating income in 2014 for the quarter and nine months also includes a \$105 million credit in respect of final settlement of a legacy treaty dispute relating to investments formerly held by the Group.

### Third quarter and nine months: Operating costs

Operating costs comprise restructuring costs of \$4 million pre-tax (\$3 million post-tax) for the quarter and \$19 million pre-tax (post-tax \$15 million) for the nine months. Restructuring costs of \$79 million were incurred in 2014 (post-tax \$65 million).

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

The nine months include a pre-tax gain of \$2 538 million (post-tax \$1 650 million) following the disposal of the QCLNG pipeline, of which a pre-tax gain of \$6 million (post-tax \$6 million) arose in the third quarter. 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 third quarter included a pre and post-tax gain of \$771 million in respect of the disposal of the Central Area Transmission System (CATS) gas pipeline in the UK and a pre and post-tax charge of \$22 million as a result of the relinquishment of an exploration licence in Australia. The second quarter of 2014 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 have subsequently been leased back under operating leases.

Other disposals in 2015 resulted in a pre-tax charge to the income statement of \$9 million (2014: \$nil) in the quarter (post-tax \$6 million, 2014 \$nil) and a pre-tax charge of \$23 million (2014 \$3 million) for the nine months (post-tax \$14 million, 2014 \$2 million).

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

### **Third quarter and nine months: Impairments**

In 2014, the third quarter included a pre-tax charge of \$44 million (post-tax \$27 million) and the nine months included a pre-tax charge of \$84 million (post-tax \$11 million gain) following the impairment of certain E&P assets.

### **Third quarter and nine months: Other**

Other disposals in 2015 resulted in a pre-tax charge of \$20 million (2014 \$2 million) in the third quarter (post-tax \$18 million, 2014 \$3 million) and a pre-tax charge of \$22 million (2014 \$42 million) in the nine months (post-tax \$24 million, 2014 \$37 million).

### **Third quarter and nine months: 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.

### **Third quarter and nine months: Net finance income/(costs)**

Re-measurements presented in net finance income/(costs) include net foreign exchange movements on the associated borrowings and certain intercompany balances, offset by mark-to-market movements on certain derivatives used to hedge foreign exchange and interest rate risk. In addition, re-measurements include \$8 million charge (2014 \$34 million charge) in the third quarter and \$15 million charge in the nine months (2014 \$3 million charge) 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.

### **Taxation**

The third quarter of 2015 included a net taxation charge of \$518 million. This comprised a net charge of \$344 million related to changes in deferred tax arising from the retranslation of the Group's tax bases, especially in Brazil and Australia, partly offset by a current tax credit in relation to foreign exchange losses on intra-Group lending, both due to the appreciation of the US Dollar, and \$174 million relating to disposals, re-measurements and impairments.

The nine months of 2015 included a net taxation charge of \$1 255 million. This comprised a charge of \$912 million relating to disposals, re-measurements and impairments, primarily associated with the disposal of the QCLNG pipeline; a net charge of \$708 million reflecting the impact of foreign exchange movements on deferred and current tax balances; and 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>Third Quarter</b>						
<b>Group revenue<sup>(a)</sup></b>						
Upstream	2 659	2 912	–	–	2 659	2 912
LNG Shipping & Marketing	2 005	1 798	–	–	2 005	1 798
Other activities	1	2	–	–	1	2
Less: intra-group sales	(513)	(122)	–	–	(513)	(122)
<b>Group revenue</b>	<b>4 152</b>	<b>4 590</b>	<b>–</b>	<b>–</b>	<b>4 152</b>	<b>4 590</b>
Other operating income <sup>(b)</sup>	(5)	(9)	17	391	12	382
<b>Group revenue and other operating income</b>	<b>4 147</b>	<b>4 581</b>	<b>17</b>	<b>391</b>	<b>4 164</b>	<b>4 972</b>
<b>EBITDA</b>						
Upstream	1 087	1 388	17	923	1 104	2 311
LNG Shipping & Marketing	213	608	(26)	66	187	674
Other activities	(56)	(12)	(1)	105	(57)	93
	<b>1 244</b>	<b>1 984</b>	<b>(10)</b>	<b>1 094</b>	<b>1 234</b>	<b>3 078</b>
<b>DD&amp;A</b>						
Upstream	(834)	(668)	–	–	(834)	(668)
LNG Shipping & Marketing	(26)	(32)	–	–	(26)	(32)
Other activities	–	(1)	–	–	–	(1)
	<b>(860)</b>	<b>(701)</b>	<b>–</b>	<b>–</b>	<b>(860)</b>	<b>(701)</b>
<b>EBIT</b>						
Upstream	253	720	17	923	270	1 643
LNG Shipping & Marketing	187	576	(26)	66	161	642
Other activities	(56)	(13)	(1)	105	(57)	92
	<b>384</b>	<b>1 283</b>	<b>(10)</b>	<b>1 094</b>	<b>374</b>	<b>2 377</b>
<b>Net finance (costs)/income and taxation</b>						
Finance income	52	20	(54)	(207)	(2)	(187)
Finance costs	(107)	(63)	201	(141)	94	(204)
Taxation	(49)	(481)	(518)	5	(567)	(476)
	<b>(104)</b>	<b>(524)</b>	<b>(371)</b>	<b>(343)</b>	<b>(475)</b>	<b>(867)</b>
<b>Profit for the period from continuing operations attributable to Shareholders (earnings)</b>	<b>280</b>	<b>759</b>	<b>(381)</b>	<b>751</b>	<b>(101)</b>	<b>1 510</b>

a) External sales are attributable to segments as follows: Upstream \$2 147 million (2014 \$2 792 million), LNG Shipping & Marketing \$2 004 million (2014 \$1 796 million) and Other \$1 million (2014 \$2 million). Intra-group sales are attributable to segments as follows: Upstream \$512 million (2014 \$120 million) and LNG Shipping & Marketing \$1 million (2014 \$2 million).

b) Business Performance Other operating income is attributable to segments as follows: Upstream \$(19) million (2014 \$(30) million) and LNG Shipping & Marketing \$14 million (2014 \$21 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>Nine Months</b>						
<b>Group revenue<sup>(a)</sup></b>						
Upstream	7 200	9 333	–	–	7 200	9 333
LNG Shipping & Marketing	5 810	6 146	–	–	5 810	6 146
Other activities	3	6	–	–	3	6
Less: intra-group sales	(1 086)	(402)	–	–	(1 086)	(402)
<b>Group revenue</b>	<b>11 927</b>	<b>15 083</b>	<b>–</b>	<b>–</b>	<b>11 927</b>	<b>15 083</b>
Other operating income <sup>(b)</sup>	192	60	(101)	386	91	446
<b>Group revenue and other operating income</b>	<b>12 119</b>	<b>15 143</b>	<b>(101)</b>	<b>386</b>	<b>12 018</b>	<b>15 529</b>
<b>EBITDA</b>						
Upstream	3 095	5 239	2 463	793	5 558	6 032
LNG Shipping & Marketing	1 184	2 123	(156)	251	1 028	2 374
Other activities	(72)	(10)	6	99	(66)	89
	<b>4 207</b>	<b>7 352</b>	<b>2 313</b>	<b>1 143</b>	<b>6 520</b>	<b>8 495</b>
<b>DD&amp;A</b>						
Upstream	(2 167)	(2 028)	–	–	(2 167)	(2 028)
LNG Shipping & Marketing	(81)	(109)	–	–	(81)	(109)
Other activities	(3)	(3)	–	–	(3)	(3)
	<b>(2 251)</b>	<b>(2 140)</b>	<b>–</b>	<b>–</b>	<b>(2 251)</b>	<b>(2 140)</b>
<b>EBIT</b>						
Upstream	928	3 211	2 463	793	3 391	4 004
LNG Shipping & Marketing	1 103	2 014	(156)	251	947	2 265
Other activities	(75)	(13)	6	99	(69)	86
	<b>1 956</b>	<b>5 212</b>	<b>2 313</b>	<b>1 143</b>	<b>4 269</b>	<b>6 355</b>
<b>Net finance (costs)/income and taxation</b>						
Finance income	98	92	28	–	126	92
Finance costs	(252)	(193)	(3)	(250)	(255)	(443)
Taxation	(528)	(1 991)	(1 255)	(34)	(1 783)	(2 025)
	<b>(682)</b>	<b>(2 092)</b>	<b>(1 230)</b>	<b>(284)</b>	<b>(1 912)</b>	<b>(2 376)</b>
<b>Profit for the period from continuing operations attributable to Shareholders (earnings)</b>	<b>1 274</b>	<b>3 120</b>	<b>1 083</b>	<b>859</b>	<b>2 357</b>	<b>3 979</b>

a) External sales are attributable to segments as follows: Upstream \$6 117 million (2014 \$8 934 million), LNG Shipping & Marketing \$5 807 million (2014 \$6 143 million) and Other \$3 million (2014 \$6 million). Intra-group sales are attributable to segments as follows: Upstream \$1 083 million (2014 \$399 million) and LNG Shipping & Marketing \$3 million (2014 \$3 million).

b) Business Performance Other operating income is attributable to segments as follows: Upstream \$9 million (2014 \$(30) million) and LNG Shipping & Marketing \$183 million (2014 \$90 million).



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

Third Quarter			Nine Months	
2015	2014		2015	2014
\$m	\$m		\$m	\$m
(126)	(135)	Interest payable <sup>(a)</sup>	(416)	(400)
(22)	(20)	Interest on obligations under finance leases	(68)	(69)
74	132	Interest capitalised	332	390
(33)	(40)	Unwinding of discount <sup>(b)</sup>	(100)	(114)
201	(141)	Disposals, re-measurements and impairments <sup>(c)</sup>	(3)	(250)
94	(204)	Finance costs	(255)	(443)
52	20	Interest receivable <sup>(a)</sup>	98	92
(54)	(207)	Disposals, re-measurements and impairments <sup>(c)</sup>	28	–
(2)	(187)	Finance income	126	92
92	(391)	Net finance (costs)/income	(129)	(351)

- a) In 2015, interest payable includes foreign exchange gains of \$21 million for the quarter and foreign exchange gains of \$nil for the nine months. In 2015, interest receivable includes foreign exchange gains of \$27 million for the quarter and for the nine months. In 2014, interest receivable includes foreign exchange losses of \$5 million for the quarter and foreign exchange gains of \$16 million for the nine months.
- 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 \$147 million (2014 \$(348) million) and for the nine months of \$25 million (2014 \$(250) million) is included in note 2 (page 23) and principally reflects foreign exchange movements on certain borrowings, partly offset by mark-to-market movements on certain derivatives used to hedge foreign exchange and interest rate risk.

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

Third Quarter				Nine Months			
2015		2014		2015		2014	
\$m	cents per share	\$m	cents per share	\$m	cents per share	\$m	cents per share
280	8.2	759	22.3	1 274	37.3	3 120	91.6
(381)	(11.2)	751	22.0	1 083	31.8	859	25.2
(101)	(3.0)	1 510	44.3	2 357	69.1	3 979	116.8

##### Third quarter

The basic earnings per share calculation is based on the weighted average number of shares in issue of 3 414 million for the quarter.

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 3 414 million for the quarter, being the weighted average number of ordinary shares in issue during the period. Potentially issuable ordinary shares have been excluded from the diluted earnings per ordinary share calculation, as their inclusion would decrease the loss per ordinary share for the quarter.

##### Nine months

The basic earnings per share calculation is based on the weighted average number of shares in issue of 3 413 million for the nine months.

The earnings figure used to calculate diluted earnings per ordinary share is the same as that used to calculate earnings per ordinary share given above, divided by 3 429 million for the nine months, 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> – Nine Months

	\$m
Net borrowings as at 31 December 2014	<b>(11 998)</b>
Net increase in cash and cash equivalents	<b>969</b>
Cash outflow from changes in borrowings	<b>1 189</b>
Foreign exchange and other re-measurements	<b>256</b>
Net borrowings as at 30 September 2015	<b>(9 584)</b>

As at 30 September 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 35.

Net borrowings comprise:

	As at 30 Sep 2015 \$m	As at 31 Dec 2014 \$m
<i>Amounts receivable/(due) within one year</i>		
Cash and cash equivalents	<b>6 324</b>	5 295
Trade and other receivables <sup>(a)</sup>	<b>27</b>	–
Borrowings	<b>(416)</b>	(1 586)
Commodity contracts and other derivative financial instruments	<b>(27)</b>	6
	<b>5 908</b>	3 715
<i>Amounts receivable/(due) after more than one year</i>		
Borrowings	<b>(15 276)</b>	(15 921)
Trade and other receivables <sup>(a)</sup>	<b>145</b>	172
Commodity contracts and other derivative financial instruments	<b>(361)</b>	36
	<b>(15 492)</b>	(15 713)
<b>Net borrowings</b>	<b>(9 584)</b>	<b>(11 998)</b>

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 September 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. BGEH also had a \$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 \$7.25 billion, of which \$5.04 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.

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

	Nine Months			
	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
Interim dividend, paid in the period	<b>483</b>	<b>14.38</b>	480	14.38
Total dividend paid in the period	<b>982</b>	<b>28.75</b>	1 027	30.06

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 (\$483 million) in respect of the year ending 31 December 2015 was paid 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	<b>(101)</b>	1 510	<b>(3.0)</b>	44.3
Total Result – discontinued operations	<b>–</b>	(1)	<b>–</b>	–
Business Performance	<b>280</b>	759	<b>8.2</b>	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 \$1.1 billion in the nine month period to 30 September 2015, primarily due to progress on the Group's key growth projects. The Group's other commitments and contingent liabilities have decreased by approximately \$2.8 billion in the nine month period to 30 September 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 126 of the Annual Report and Accounts 2014. There have been no material changes in these relationships in the nine month period to 30 September 2015. No related party transactions have taken place in the first nine months of the current financial year that have materially affected the financial position or the performance of the Group during that period.

## **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 6 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 of \$1.3 - 1.5 billion for 2015 based on mid-October forward commodity price curves, with an expected outturn around the middle of the range.”

### **Basis of preparation**

The LNG Segment Profit Forecast is based on:

- the unaudited condensed financial statements of BG Group plc for the nine months ended 30 September 2015;
- the projected financial performance of the Group consistent with BG Group's business plan for the remaining three 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 12 October 2015.

### **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 12 October 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 14) and notes 1 to 3 (pages 22 to 25).

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

Third Quarter		Second Quarter		Nine Months	
2015	2014	2015		2015	2014
<b>Gross exploration expenditure (\$m)</b>					
<b>223</b>	153	168	Capitalised expenditure (including acquisitions)	<b>509</b>	562
<b>77</b>	150	70	Other expenditure	<b>221</b>	351
<b>300</b>	303	238	Total	<b>730</b>	913
<b>Gross exploration expenditure by country (\$m)</b>					
<b>15</b>	58	49	Australia	<b>102</b>	171
<b>9</b>	(13)	2	Brazil <sup>(a)</sup>	<b>20</b>	50
<b>74</b>	–	–	Canada	<b>74</b>	–
<b>2</b>	19	3	Colombia	<b>6</b>	36
<b>2</b>	9	(6)	Egypt <sup>(b)</sup>	<b>(14)</b>	53
<b>6</b>	3	17	Honduras	<b>24</b>	10
<b>2</b>	6	1	Kenya	<b>–</b>	58
<b>–</b>	7	6	Norway	<b>41</b>	19
<b>14</b>	100	28	Tanzania	<b>46</b>	233
<b>84</b>	54	77	Trinidad and Tobago	<b>195</b>	121
<b>39</b>	14	23	UK	<b>104</b>	39
<b>2</b>	3	8	Uruguay	<b>29</b>	42
<b>51</b>	43	30	Other	<b>103</b>	81
<b>300</b>	303	238	Total	<b>730</b>	913
<b>Exploration expenditure charge (\$m)</b>					
<b>42</b>	85	76	Capitalised expenditure written off <sup>(c)</sup>	<b>170</b>	162
<b>77</b>	150	70	Other expenditure	<b>221</b>	351
<b>119</b>	235	146	Total	<b>391</b>	513

a) Gross exploration in Brazil for the third quarter of 2014 is presented net of a \$41 million credit capitalised as a result of the extended well test on Iara.

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

c) Includes capitalised expenditure written off in respect of wells completed in prior years of \$(2) million for the quarter (third quarter 2014 \$77 million; second quarter 2015 \$24 million) and \$20 million in the nine months (2014 \$124 million).

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

Third Quarter		Second Quarter		Nine Months	
2015	2014	2015		2015	2014
<b>Capital investment (\$m)</b>					
<b>Capital investment on a cash basis</b>					
Upstream development and other:					
292	822	330	Australia	988	2 802
687	613	569	Brazil	1 951	1 689
46	104	28	Egypt	108	253
59	53	58	Kazakhstan	178	148
15	119	48	Norway	98	338
18	45	27	Thailand	68	118
33	87	50	Trinidad and Tobago	137	199
60	19	62	Tunisia	146	67
54	111	78	UK	241	366
39	39	31	USA	92	98
55	79	36	Other	178	275
1 358	2 091	1 317	Total development and other	4 185	6 353
174	151	153	Exploration	470	635
1 532	2 242	1 470	Total Upstream	4 655	6 988
–	–	–	LNG Shipping & Marketing	–	8
–	–	–	Other	–	5
1 532	2 242	1 470	<b>Capital investment on a cash basis (\$m)</b>	<b>4 655</b>	<b>7 001</b>
4	604	117	Other non-cash items <sup>(a)</sup>	307	426
1 536	2 846	1 587	<b>Total capital investment (\$m)</b>	<b>4 962</b>	<b>7 427</b>
1 536	2 845	1 587	Upstream <sup>(b)</sup>	4 962	7 417
–	1	–	LNG Shipping & Marketing	–	6
–	–	–	Other	–	4
1 536	2 846	1 587	<b>Total capital investment (\$m)</b>	<b>4 962</b>	<b>7 427</b>

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 \$915 million for the quarter (third quarter 2014 \$2 161 million; second quarter 2015 \$1 041 million) and \$3 277 million for the nine months (2014 \$5 381 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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RG6 1PT

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Media Enquiries:

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Kim Blomley	0118 938 6568
Toby Bates	0118 929 2246

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 OTCQX International Premier. Enquiries relating to ADRs should be made to:

JP Morgan Chase Bank, N.A  
PO Box 64504  
St Paul  
MN 55164-0504  
USA

Tel: +1 651 453 2128  
[www.adr.com](http://www.adr.com)

General enquiries about shareholder matters should be made to:

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

Tel: 0371 384 2064

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

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

## Financial Calendar

Announcement of 2015 fourth quarter and full year results

5 February 2016

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

## Registered office

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