BG Group plc

2015 FIRST QUARTER RESULTS
8 May 2015

First Quarter Key Points

- Recommended cash and share offer for BG Group by Royal Dutch Shell
- Helge Lund joined BG Group as Chief Executive
- Commissioning of QCLNG progressing to plan; nine cargoes shipped
- Brazil net production exceeds 145 kboed in April with additional wells connected
- Knarr FPSO onstream in March
- E&P production up 1% to 638 kboed; Australia and Brazil more than doubled; UK volumes lower reflecting shut-ins associated with CATS repairs and the asset integrity programme
- Upstream EBITDA down 56% to $870 million; increased oil in mix, more than offset by lower realised prices
- LNG Shipping & Marketing EBITDA at $708 million; now expect full year EBITDA of $1.3-1.5 billion
- Business Performance EPS down 51% to 16.6 cents; Total EPS down to 6.8 cents

BG Group's Chief Executive, Helge Lund said:

"We have had a solid operational start to the year. Our growth assets in Brazil and Australia continued to ramp up, with production in each more than doubling year-on-year. We also started up the Knarr FPSO in Norway, however we produced fewer barrels in the UK than expected due to shut-ins. Our LNG business performed strongly. We delivered more cargoes and in our North American gas marketing business we demonstrated our ability to move swiftly to capture the benefits of the rise in US gas prices due to cold weather.

Following the end of the quarter, the company announced an offer from Shell, which the Board has recommended to shareholders. The attractive offer is now subject to regulatory and shareholder approvals and completion is expected in early 2016. Until then, BG Group will operate independently and our teams remain focused on delivering our plans safely and efficiently."

	First Quarter		
Business Performance[a]	**2015 $m**	2014 $m	
Earnings before interest, tax, depreciation and amortisation (EBITDA) [b]	**1 591**	2 719	-41%
Earnings before interest and tax (EBIT) [b]	**945**	1 970	-52%
Earnings for the period	**565**	1 152	-51%
Earnings per share	**16.6c**	33.8c	-51%
Total results for the period (including disposals, re-measurements and impairments)			
Earnings before interest and tax (EBIT) [b]	**792**	1 929	-59%
Earnings for the period continuing operations	**233**	1 102	-79%
Earnings per share continuing operations	**6.8c**	32.4c	-79%

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). 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

This results statement includes a number of revisions to the format and content of the Group's financial disclosures. These revisions form part of an initiative that commenced in 2014 to further enhance, simplify and improve the transparency of the Group's external disclosures. The revisions reflect the promotion of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Return on Average Capital Employed (ROACE) as key performance indicators for the Group, consistent with an increased focus on improving return on capital and delivering earnings and cash flow growth. They also reflect the growing importance of Brazil and Australia to the Group's performance. Additionally, in order to simplify disclosures and improve transparency, the Group's share of joint ventures and associates' results are reported separately on a post-tax basis within each segment as part of EBITDA.

	First Quarter		
Business Performance	**2015 $m**	2014 $m	
Revenue and other operating income	**3 993**	5 061	-21%
Upstream	**870**	1 997	-56%
LNG Shipping & Marketing	**708**	730	-3%
Other activities	**13**	(8)	–
EBITDA[a]	**1 591**	2 719	-41%
Upstream	**253**	1 289	-80%
LNG Shipping & Marketing	**680**	690	-1%
Other activities	**12**	(9)	–
EBIT[a]	**945**	1 970	-52%
Net finance costs	**(44)**	(51)	+14%
Taxation for the period[b]	**(336)**	(767)	+56%
Earnings for the period	**565**	1 152	-51%
Earnings per share (cents)	**16.6c**	33.8c	-51%
Cash flow and balance sheet			
Net cash flow from operating activities	**958**	2 360	-59%
Capital investment on a cash basis	**(1 653)**	(2 283)	+28%
Free cash flow[c]	**(692)**	153	–
Net debt[a]	**12 072**	10 410	+16%
Gearing %[a]	**29.6%**	23.6%	
ROACE (12 month) %[a]	**7.8%**	9.7%	

a) For a definition see the Glossary on page 28.

b) Profit before tax excluding joint ventures and associates was $839m (2014 $1 855 million) giving an effective tax rate of 40.0% (2014 41.3%).

c) Reflects 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.

Business Review – Group continued

Business Performance

First quarter

Revenue and other operating income decreased 21% to $3 993 million, reflecting a significant fall in realised commodity prices in the Upstream segment, partially offset by higher delivered volumes in the LNG Shipping & Marketing segment.

EBITDA decreased 41% to $1 591 million, primarily driven by lower revenues in the Upstream segment, where EBITDA fell 56% to $870 million. LNG Shipping & Marketing EBITDA reduced 3% as higher revenues, primarily resulting from an increase in delivered volumes and weather-related gains in North America, were more than offset by lower margins resulting from a decline in LNG sales prices.

EBIT decreased by $1 025 million to $945 million, reflecting the reduced EBITDA, partly offset by lower DD&A mainly due to changes in the mix of E&P production.

Net finance costs of $44 million included foreign exchange gains of $2 million (2014 net finance costs of $51 million included foreign exchange losses of $13 million).

The tax charge for the quarter reduced to $336 million and reflects the lower profit before tax and a lower effective tax rate (excluding BG Group's share of joint ventures and associates' results and tax) of 40.0% compared to 41.3% in 2014. The 2015 full year effective tax rate could be subject to further movements during the remainder of the year. However, the Group's current estimate of 40% is at the bottom of the previous guidance range of 40% to 50% as a result of changes to UK tax rates and changes in the expected mix of profits.

Group earnings of $565 million and EPS of 16.6 cents both decreased 51%, 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 59% to $958 million, reflecting the lower operating results partially offset by favourable working capital movements.

Capital investment on a cash basis of $1 653 million was entirely in the Upstream segment and consisted of $1 510 million on development and other activities, and $143 million on exploration. The development spend was concentrated primarily on the Group's key growth projects in Brazil ($695 million) and Australia ($366 million), together with investments in the UK ($109 million), Kazakhstan ($61 million) and Trinidad and Tobago ($54 million).

Free cash flow decreased by $845 million to a $(692) million outflow, primarily reflecting the decrease in net cash flow from operating activities, partly offset by the reduction in capital investment.

Net debt of $12 072 million and gearing of 29.6% were broadly in line with the end of 2014 ($11 998 million and 29.2%, respectively).

Return on average capital employed reduced to 7.8% reflecting the lower Business Performance results.

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

First quarter

Total earnings for the first quarter of 2015 were $233 million (6.8 cents per share) and included a post-tax loss of $332 million in respect of disposals, re-measurements and impairments. Total earnings in the first quarter of 2014 were $1 102 million (32.4 cents per share) and included a post-tax loss of $50 million in respect of disposals, re-measurements and impairments. For further information see Presentation of Non-GAAP measures (page 11) and notes 1 to 3 (pages 18 to 20).

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 shareholders will be entitled to receive, for each BG Group 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 for further details.

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.

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.

First quarter business highlights continued

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.

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.

Upstream

Business Performance	First Quarter 2015 $m	First Quarter 2014 $m	
E&P production volumes (mmboe)	**57.40**	57.01	+1%
E&P	**1 869**	3 117	-40%
Liquefaction	**143**	135	+6%
Upstream revenue and other operating income	**2 012**	3 252	-38%
Lifting costs	**(498)**	(449)	-11%
Royalties and other operating costs	**(331)**	(390)	+15%
E&P operating costs	**(829)**	(839)	+1%
Other E&P costs	**(70)**	(206)	+66%
JV and associates (post-tax)	**16**	–	–
E&P EBITDA before exploration charge	**986**	2 072	-52%
Exploration charge	**(126)**	(161)	+22%
E&P EBITDA	**860**	1 911	-55%
Liquefaction operating costs	**(160)**	(133)	-20%
JV and associates (post-tax)	**37**	56	-34%
Business development	**(10)**	28	–
Liquefaction EBITDA	**10**	86	-88%
Upstream EBITDA	**870**	1 997	-56%
E&P DD&A	**(537)**	(657)	+18%
Liquefaction DD&A	**(32)**	–	–
Sundry depreciation	**(48)**	(51)	+6%
Upstream EBIT	**253**	1 289	-80%
Capital investment on a cash basis	**1 653**	2 271	-27%

E&P unit costs and margins	First Quarter 2015 $/boe	First Quarter 2014 $/boe
Revenue and other operating income	**32.57**	54.67
Lifting costs	**(8.68)**	(7.88)
Royalties and other operating costs	**(5.76)**	(6.84)
E&P operating costs	**(14.44)**	(14.72)
Other E&P costs	**(1.23)**	(3.61)
JV and associates (post-tax)	**0.28**	–
E&P EBITDA margin[(a)]	**17.18**	36.34
DD&A	**(9.36)**	(11.52)
E&P EBIT margin[(a)]	**7.82**	24.82
E&P unit costs	**(25.03)**	(29.85)

a) Margins are 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 26.

Upstream continued

	First Quarter 2015	First Quarter 2014
E&P production volumes (mmboe)		
Oil	**15.30**	11.57
Liquids	**8.00**	8.80
Gas	**34.10**	36.64
Total	**57.40**	57.01
E&P sales volumes (mmboe)		
Oil	**11.36**	10.63
Liquids	**8.00**	8.80
Gas[a]	**33.26**	34.59
Total	**52.62**	54.02
E&P production volumes (boed in thousands)		
Oil	**170**	129
Liquids	**89**	98
Gas	**379**	406
Total	**638**	633
E&P production volumes by country (boed in thousands)		
Australia	**56**	26
Bolivia	**50**	47
Brazil	**123**	57
Egypt	**52**	66
India	**17**	18
Kazakhstan	**98**	98
Norway	**1**	1
Thailand	**40**	42
Trinidad and Tobago	**59**	73
Tunisia	**30**	36
UK	**77**	125
USA	**35**	44
Total	**638**	633
E&P average realised prices		
Oil price per barrel	**$52.16**	$108.95
Liquids price per barrel	**$46.89**	$88.60
Average realised gas price per produced therm[a]	**41.31c**	52.28c

a) Excludes fuel gas.

Upstream continued

First quarter

Production volumes increased 1% as a result of the ramp-up in Brazil and Australia, largely offset by lower production in the UK, Trinidad and Tobago and Egypt.

Revenue and other operating income decreased 38% to $2 012 million, reflecting significantly lower commodity prices, particularly oil and liquids. Revenues also included a gain of $24 million in respect of the Group's 2014 commodity hedging programme, which completed in January 2015.

The Group's average realised oil price (unhedged) decreased 52% to $52.16 per barrel and the liquids price decreased 47% to $46.89 per barrel, reflecting reductions in market prices. The average realised gas price per produced therm decreased 21% to 41.31 cents, reflecting lower market prices and a lower proportion of production from the UK.

E&P EBITDA before exploration was 52% lower at $986 million, predominately due to the decrease in revenue, partially offset by lower royalties and Other E&P costs. Consequently, the Group's unit E&P EBITDA margin was $19.16 per boe lower at $17.18 per boe.

Unit operating expenditure decreased to $14.44 per boe (2014 $14.72 per boe), as higher lifting costs were more than offset by lower royalties. Lifting costs were adversely impacted by the shut-ins and the planned asset integrity programme in the UK and the ramp-up of QCLNG operations in Australia. Lower commodity prices led to a decrease in royalty costs, although this was partly offset by increased production from royalty paying fields, particularly in Brazil.

Other E&P unit costs decreased to $1.23 per boe (2014 $3.61 per boe) reflecting the impacts in Brazil of the timings of oil liftings with around 4.8 mmboe of oil in transit at the end of the quarter. The first quarter of 2014 also included the elimination of profit associated with the Lula extended well test.

The unit DD&A charge decreased to $9.36 per boe as a result of lower production from higher rate fields in the UK, increased production from lower rate fields in Brazil, and the recognition of impairments in the fourth quarter of 2014 in Tunisia and the USA, partly offset by an increased charge in Australia reflecting higher production volumes.

The E&P EBIT margin was $17.00 per boe lower at $7.82 per boe.

The exploration charge of $126 million decreased 22%, reflecting lower seismic acquisition costs. Gross exploration expenditure of $192 million was $93 million lower and included spend in the UK ($42 million), Australia ($38 million), Norway ($35 million), Trinidad and Tobago ($34 million) and Uruguay ($19 million).

Liquefaction EBITDA decreased $76 million to $10 million, with no cargoes lifted from Egyptian LNG and lower prices and volumes at Atlantic LNG. QCLNG recorded a loss for the first quarter of operation of Train 1 due to lower initial tariffs charged to the E&P business. These tariffs will increase following the first commercial cargo delivery date.

Capital investment on a cash basis of $1 653 million consisted of $1 510 million on development and other activities, and $143 million on exploration. The development spend was concentrated primarily on the Group's key growth projects in Brazil ($695 million) and Australia ($366 million), together with investments in the UK ($109 million), Kazakhstan ($61 million) and Trinidad and Tobago ($54 million).

LNG Shipping & Marketing

Business Performance	First Quarter 2015 $m	First Quarter 2014 $m	
LNG delivered volumes (thousand tonnes)	**3 812**	2 447	+56%
Revenue and other operating income	**2 237**	1 972	+13%
Shipping and marketing	**723**	759	-5%
JV and associates (post-tax)	**3**	4	-25%
Business development and other	**(18)**	(33)	+45%
LNG Shipping & Marketing EBITDA	**708**	730	-3%
DD&A	**(28)**	(40)	+30%
LNG Shipping & Marketing EBIT	**680**	690	-1%
Capital investment on a cash basis	**–**	7	–
LNG Shipping & Marketing EBITDA margin ($/tonne)	**186**	298	-38%

LNG cargo supply by source	First Quarter 2015	First Quarter 2014
Atlantic LNG	**16**	15
Egyptian LNG	**–**	–
Nigeria	**9**	8
QCLNG	**7**	–
Equatorial Guinea	**18**	14
Spot purchases	**11**	3
Total	**61**	40

LNG Shipping & Marketing continued

LNG cargo deliveries by country	First Quarter 2015	First Quarter 2014
China	**9**	3
India	**3**	–
Japan	**10**	7
Singapore	**8**	7
South Korea	**12**	8
Taiwan	**1**	1
Asia	**43**	26
Mexico	**–**	1
UK	**2**	1
Europe & Other	**2**	2
USA	**4**	1
North America	**4**	1
Brazil	**2**	2
Chile	**10**	9
South America	**12**	11
Total	**61**	40

Additional operating and financial data is given on page 26.

First quarter

Revenue and other operating income was 13% higher. Overall, delivered volumes increased 56% 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. In addition, revenues reflect weather-related gains in the Group's North American gas marketing business due to particularly cold weather. These increases in revenue were largely offset by the impact of lower LNG sales prices, particularly in Asia and South America.

LNG Shipping & Marketing EBITDA decreased 3% to $708 million as higher revenues and weather-related gains of around $100 million were more than offset by lower margins, primarily caused by the decrease in LNG sales prices.

LNG Shipping & Marketing EBITDA unit margin fell 38% to $186 per tonne, reflecting the lower sales prices combined with a higher proportion of lower-margin spot cargo purchases. Additionally, supply from QCLNG is relatively low margin within the LNG Shipping & Marketing segment as the majority of profits are recorded in the Upstream segment.

DD&A decreased 30% to $28 million following the disposal of LNG vessels during 2014. Consequently, LNG Shipping & Marketing EBIT decreased 1% to $680 million.

In line with the revisions to the format and content of the Group's financial disclosures announced in April, the basis of the Group's LNG guidance has changed from Total Operating Profit to EBITDA to reflect the focus on EBITDA as a key performance indicator for the Group. As a result of the weather-related gains in North America, movements in commodity prices during the quarter and adjusting for full year DD&A of around $100 million, the Group now expects full year EBITDA for LNG Shipping & Marketing to be in the range of $1.3-1.5 billion based on forward commodity price curves at the end of April.

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 13), note 2 (page 19) and note 3 (page 20).

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.

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

First Quarter

		2015			2014		
	Notes	**Business Perform-ance[a] $m**	**Disposals, re-measure-ments and impairments (Note 2)[a] $m**	**Total Result $m**	Business Perform-ance[a] $m	Disposals, re-measure-ments and impairments (Note 2)[a] $m	Total Result $m
Group revenue		**3 821**	**–**	**3 821**	4 979	–	4 979
Other operating income	2	**172**	**(87)**	**85**	82	79	161
Group revenue and other operating income	3	**3 993**	**(87)**	**3 906**	5 061	79	5 140
Operating costs		**(3 110)**	**(15)**	**(3 125)**	(3 155)	(75)	(3 230)
Profits and losses on disposal of non-current assets and impairments	2	**–**	**(11)**	**(11)**	–	(45)	(45)
Share of post-tax results from joint ventures and associates	3	**62**	**(40)**	**22**	64	–	64
Operating profit/(loss) before interest and tax (EBIT)	3	**945**	**(153)**	**792**	1 970	(41)	1 929
Finance income	2, 4	**20**	**56**	**76**	24	14	38
Finance costs	2, 4	**(64)**	**(96)**	**(160)**	(75)	–	(75)
Profit/(loss) before tax		**901**	**(193)**	**708**	1 919	(27)	1 892
Taxation	2	**(336)**	**(139)**	**(475)**	(767)	(23)	(790)
Profit/(loss) for the period from continuing operations	3	**565**	**(332)**	**233**	1 152	(50)	1 102
Profit/(loss) for the period from discontinued operations		**–**	**7**	**7**	–	8	8
Profit/(loss) for the period attributable to Shareholders (earnings)		**565**	**(325)**	**240**	1 152	(42)	1 110
Earnings per share continuing operations – basic	5	**16.6c**	**(9.8c)**	**6.8c**	33.8c	(1.4c)	32.4c
Earnings per share discontinued operations – basic		**–**	**0.2c**	**0.2c**	–	0.2c	0.2c
Earnings per share continuing operations – diluted	5	**16.5c**	**(9.7c)**	**6.8c**	33.7c	(1.5c)	32.2c
Earnings per share discontinued operations – diluted		**–**	**0.2c**	**0.2c**	–	0.2c	0.2c

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

The notes on pages 18 to 23 form an integral part of these condensed financial statements.

Consolidated Statement of Comprehensive Income

	First Quarter 2015 $m	First Quarter 2014 $m
Profit for the period	**240**	1 110
Other comprehensive income:		
Items that may be reclassified to the income statement:		
Hedge adjustments net of tax[(a)]	**(563)**	104
Fair value movements on 'available-for-sale' assets net of tax	**8**	11
Currency translation adjustments	**(105)**	462
Other items:		
Re-measurement of defined benefit pension obligations net of tax[(b)]	**(18)**	(24)
Other comprehensive income, net of tax	**(678)**	553
Total comprehensive income for the period attributable to Shareholders	**(438)**	1 663

a) Income tax relating to hedge adjustments is a $141 million credit for the quarter (2014 $22 million charge).

b) Income tax relating to the re-measurement of defined benefit pension obligations is a $5 million credit for the quarter (2014 $7 million credit).

The notes on pages 18 to 23 form an integral part of these condensed financial statements.

Consolidated Balance Sheet

	As at 31 Mar 2015 $m	As at 31 Dec 2014 $m
Assets		
Non-current assets		
Intangible assets	**3 133**	3 135
Property, plant and equipment	**35 973**	35 855
Investments	**3 693**	3 547
Deferred tax assets	**4 152**	3 949
Trade and other receivables	**1 043**	1 068
Retirement benefit surplus[a]	**144**	–
Commodity contracts and other derivative financial instruments	**216**	287
	48 354	47 841
Current assets		
Inventories	**1 104**	1 194
Trade and other receivables	**4 463**	5 042
Current tax receivable	**143**	151
Commodity contracts and other derivative financial instruments	**154**	235
Cash and cash equivalents	**5 044**	5 295
	10 908	11 917
Assets classified as held for sale[b]	**1 500**	2 088
Total assets	**60 762**	61 846
Liabilities		
Current liabilities		
Borrowings	**(1 526)**	(1 586)
Trade and other payables	**(4 466)**	(4 768)
Current tax liabilities	**(1 968)**	(1 412)
Commodity contracts and other derivative financial instruments	**(146)**	(128)
	(8 106)	(7 894)
Non-current liabilities		
Borrowings	**(15 193)**	(15 921)
Trade and other payables	**(142)**	(136)
Commodity contracts and other derivative financial instruments	**(769)**	(253)
Deferred income tax liabilities	**(2 554)**	(2 946)
Retirement benefit liability	**(73)**	(258)
Provisions for other liabilities and charges	**(5 143)**	(5 235)
	(23 874)	(24 749)
Liabilities associated with assets classified as held for sale[b]	**(50)**	(63)
Total liabilities	**(32 030)**	(32 706)
Net assets	**28 732**	29 140
Equity		
Total shareholders' equity	**28 732**	29 140
Total equity	**28 732**	29 140

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

b) Assets and liabilities classified as held for sale as at 31 March 2015 represents QCLNG Pipeline Pty in Australia.

The notes on pages 18 to 23 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
Equity as at 31 December 2014	**579**	**691**	**(7)**	**(1 467)**	**2 710**	**26 634**	**29 140**
Total comprehensive income for the period	–	–	(13)	(655)	–	230	**(438)**
Issue of shares	–	4	–	–	–	–	**4**
Adjustment in respect of employee share schemes	–	–	–	–	–	26	**26**
Equity as at 31 March 2015	**579**	**695**	**(20)**	**(2 122)**	**2 710**	**26 890**	**28 732**

	Called up share capital $m	Share premium account $m	Hedging reserve $m	Translation reserve $m	Other reserves $m	Retained earnings $m	Total $m
Equity as at 31 December 2013	**579**	**663**	**22**	**(786)**	**2 710**	**28 772**	**31 960**
Total comprehensive income for the period	–	–	22	544	–	1 097	**1 663**
Issue of shares	–	3	–	–	–	–	**3**
Adjustment in respect of employee share schemes	–	–	–	–	–	28	**28**
Equity as at 31 March 2014	**579**	**666**	**44**	**(242)**	**2 710**	**29 897**	**33 654**

The notes on pages 18 to 23 form an integral part of these condensed financial statements.

Consolidated Cash Flow Statement

	First Quarter 2015 $m	First Quarter 2014 $m
Cash flows from operating activities		
Profit before tax[(a)]	**715**	1 901
Share of post-tax results from joint ventures and associates	**(22)**	(64)
Depreciation of property, plant and equipment and amortisation of intangible assets	**646**	749
Fair value movements in commodity based contracts	**51**	(117)
Losses on disposal of non-current assets and impairments	**11**	120
Unsuccessful exploration expenditure written off	**52**	57
Movements in provisions and retirement benefit surplus/deficit	**(383)**	–
Finance income	**(76)**	(38)
Finance costs	**160**	75
Share-based payments	**13**	21
Decrease in working capital	**189**	381
Cash generated by operations	**1 356**	3 085
Income taxes paid	**(398)**	(725)
Net cash inflow from operating activities	**958**	2 360
Cash flows from investing activities		
Dividends received	**42**	31
Proceeds from disposal of property, plant and equipment, intangible assets and investments	**460**	1
Purchase of property, plant and equipment and intangible assets	**(1 477)**	(2 101)
Repayments from joint ventures and associates	**–**	30
Interests in subsidiaries, joint ventures and associates and other investments	**(176)**	(182)
Other loan repayments	**27**	27
Net cash outflow from investing activities	**(1 124)**	(2 194)
Cash flows from financing activities		
Net interest paid	**(66)**	(12)
Dividends paid	**(1)**	(1)
Net proceeds from issue and repayment of borrowings	**11**	(27)
Issue of shares	**4**	3
Net cash outflow from financing activities	**(52)**	(37)
Net (decrease)/increase in cash and cash equivalents	**(218)**	129
Cash and cash equivalents at beginning of period	**5 295**	6 208
Effect of foreign exchange rate changes	**(33)**	7
Cash and cash equivalents at end of period	**5 044**	6 344

The cash flows above are inclusive of discontinued operations.

a) Includes profit before tax from discontinued operations for the quarter of $7 million (2014 $9 million).

The notes on pages 18 to 23 form an integral part of these condensed financial statements.

Notes

1. Basis of preparation

These results, approved by the Board on 7 May 2015, are the condensed financial statements ('the financial statements') of BG Group plc for the quarter ended 31 March 2015 and are unaudited. 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 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 19), are excluded from Business Performance in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing businesses.

2. Disposals, re-measurements and impairments

	First Quarter	
	2015 $m	2014 $m
Revenue and other operating income	**(87)**	79
Operating costs	**(15)**	(75)
Profits and (losses) on disposal of non-current assets and impairments:		
Disposals of non-current assets	**(11)**	–
Other	**–**	(45)
	(11)	(45)
Net finance (costs)/income – re-measurements of financial instruments	**(40)**	14
Share of post-tax results from joint ventures and associates	**(40)**	–
Taxation	**(139)**	(23)
Impact on earnings – continuing operations	**(332)**	(50)

Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a charge of $87 million for the quarter (2014 $79 million credit), of which a charge of $15 million (2014 $77 million credit) represents non-cash mark-to-market movements on certain gas contracts. 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 $72 million charge for the quarter (2014 $2 million credit) representing unrealised mark-to-market movements associated with economic hedges.

Operating costs

Operating costs for the quarter include a $15 million pre-tax charge (post-tax $12 million) relating to restructuring costs (2014 $75 million pre-tax, $62 million post-tax).

Disposals of non-current assets

The first quarter of 2015 includes a pre-tax loss of $15 million (post-tax $10 million) in respect of the sale of two LNG vessels. Other disposals in 2015 resulted in a pre-tax gain of $4 million (post-tax $5 million).

Other

In the first quarter of 2014, other items resulted in a pre-tax charge to the income statement of $45 million (post-tax $37 million).

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 foreign exchange movements on the associated borrowings and certain intercompany balances. In addition, re-measurements include a $24 million charge (2014 $13 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.

Share of post-tax results from joint ventures and associates

In 2015, a 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 first quarter of 2015 included a net taxation charge of $139 million. This comprised a charge of $94 million relating to disposals, re-measurements and impairments and a charge of $410 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

First Quarter	Business Performance 2015 $m	Business Performance 2014 $m	Disposals, re-measurements and impairments 2015 $m	Disposals, re-measurements and impairments 2014 $m	Total Result 2015 $m	Total Result 2014 $m
Group revenue[(a)]						
Upstream	**1 986**	3 245	**–**	–	**1 986**	3 245
LNG Shipping & Marketing	**2 091**	1 897	**–**	–	**2 091**	1 897
Other activities	**1**	2	**–**	–	**1**	2
Less: intra-group sales	**(257)**	(165)	**–**	–	**(257)**	(165)
Group revenue	**3 821**	4 979	**–**	–	**3 821**	4 979
Other operating income[(b)]	**172**	82	**(87)**	79	**85**	161
Group revenue and other operating income	**3 993**	5 061	**(87)**	79	**3 906**	5 140
EBITDA						
Upstream	**870**	1 997	**(33)**	(39)	**837**	1 958
LNG Shipping & Marketing	**708**	730	**(120)**	4	**588**	734
Other activities	**13**	(8)	**–**	(6)	**13**	(14)
	1 591	2 719	**(153)**	(41)	**1 438**	2 678
DD&A						
Upstream	**(617)**	(708)	**–**	–	**(617)**	(708)
LNG Shipping & Marketing	**(28)**	(40)	**–**	–	**(28)**	(40)
Other activities	**(1)**	(1)	**–**	–	**(1)**	(1)
	(646)	(749)	**–**	–	**(646)**	(749)
EBIT						
Upstream	**253**	1 289	**(33)**	(39)	**220**	1 250
LNG Shipping & Marketing	**680**	690	**(120)**	4	**560**	694
Other activities	**12**	(9)	**–**	(6)	**12**	(15)
	945	1 970	**(153)**	(41)	**792**	1 929
Net finance (costs)/income and taxation						
Finance income	**20**	24	**56**	14	**76**	38
Finance costs	**(64)**	(75)	**(96)**	–	**(160)**	(75)
Taxation	**(336)**	(767)	**(139)**	(23)	**(475)**	(790)
	(380)	(818)	**(179)**	(9)	**(559)**	(827)
Profit/(loss) for the period from continuing operations attributable to Shareholders (earnings)	**565**	1 152	**(332)**	(50)	**233**	1 102

a) External sales are attributable to segments as follows: Upstream $1 730 million (2014 $3 081 million), LNG Shipping & Marketing $2 090 million (2014 $1 896 million) and Other $1 million (2014 $2 million). Intra-group sales are attributable to segments as follows: Upstream $256 million (2014 $164 million) and LNG Shipping & Marketing $1 million (2014 $1 million).

b) Business Performance Other operating income is attributable to segments as follows: Upstream $26 million (2014 $7 million) and LNG Shipping & Marketing $146 million (2014 $75 million).

4. Net finance costs

	First Quarter 2015 $m	First Quarter 2014 $m
Interest payable[(a)]	**(134)**	(142)
Interest on obligations under finance leases	**(24)**	(25)
Interest capitalised	**129**	128
Unwinding of discount on provisions[(b)]	**(35)**	(36)
Disposals, re-measurements and impairments[(c)]	**(96)**	–
Finance costs	**(160)**	(75)
Interest receivable[(a)]	**20**	24
Disposals, re-measurements and impairments[(c)]	**56**	14
Finance income	**76**	38
Net finance costs	**(84)**	(37)

a) In 2015, interest receivable includes foreign exchange gains of $2 million (2014 interest payable includes losses of $13 million).

b) Relates to the unwinding of the discount on provisions and the retirement benefit net deficit.

c) Net finance income/(costs) on disposals, re-measurements and impairments for the quarter of $(40) million (2014 $14 million) is included in note 2 (page 19) and principally reflects mark-to-market movements on certain derivatives used to hedge foreign exchange and interest rate risk, partly offset by foreign exchange movements on certain borrowings.

5. Earnings per ordinary share – continuing operations

	First Quarter 2015 $m	2015 cents per share	2014 $m	2014 cents per share
Earnings – continuing operations excluding disposals, re-measurements and impairments	**565**	**16.6**	1 152	33.8
Disposals, re-measurements and impairments (after tax)	**(332)**	**(9.8)**	(50)	(1.4)
Earnings – continuing operations	**233**	**6.8**	1 102	32.4

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.

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 3 426 million for the quarter, being the weighted average number of ordinary shares in issue during the period as adjusted for dilutive equity instruments.

6. Reconciliation of net borrowings[a] – First Quarter

	$m
Net borrowings as at 31 December 2014	**(11 998)**
Net decrease in cash and cash equivalents	**(218)**
Cash inflow from changes in borrowings	**(11)**
Foreign exchange and other re-measurements	**155**
Net borrowings as at 31 March 2015	**(12 072)**

As at 31 March 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 included in BG Group's accounts.

a) Net borrowings are defined on page 28.

Net borrowings comprise:

	As at 31 Mar 2015 $m	As at 31 Dec 2014 $m
Amounts receivable/(due) within one year		
Cash and cash equivalents	**5 044**	5 295
Trade and other receivables[a]	**21**	–
Borrowings	**(1 526)**	(1 586)
Commodity contracts and other derivative financial instruments	**(19)**	6
	3 520	3 715
Amounts receivable/(due) after more than one year		
Borrowings	**(15 193)**	(15 921)
Trade and other receivables[a]	**151**	172
Commodity contracts and other derivative financial instruments	**(550)**	36
	(15 592)	(15 713)
Net borrowings	**(12 072)**	(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 31 March 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 $5.22 billion, of which $2.18 billion expires in 2016 and $3.04 billion expires in 2017. In addition, BGEH had an undrawn £250 million committed revolving bank borrowing facility which expires in the second quarter of 2015 and a further credit facility provided by an export credit agency, of which $1.7 billion was undrawn.

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

7. Quarterly information: earnings and earnings per share

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

8. 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 $0.5 billion in the three month period to 31 March 2015, primarily due to progress on the Group's key growth projects.

9. Post balance sheet events

On 8 April 2015, the Boards of Royal Dutch Shell plc and BG Group plc announced that they had reached agreement on the terms of a recommended cash and share offer to be made by Royal Dutch Shell plc for the entire issued and to be issued share capital of BG Group plc. The combination is subject to various regulatory and shareholder approvals and is expected to complete in early 2016. Further information can be found on page 4.

BG Group LNG Shipping & Marketing Profit Forecast

Profit forecast of the LNG Shipping & Marketing segment Business Performance[(a)] EBITDA[(b)] of BG Group for the 2015 financial year

General
The following statement, which is contained in the LNG Shipping & Marketing segment commentary on page 10 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):

"In line with the revisions to the format and content of the Group's financial disclosures announced in April, the basis of the Group's LNG guidance has changed from Total Operating Profit to EBITDA to reflect the focus on EBITDA as a key performance indicator for the Group. As a result of the weather-related gains in North America, movements in commodity prices during the quarter and adjusting for full year DD&A of around $100 million, the Group now expects full year EBITDA for LNG Shipping & Marketing to be in the range of $1.3-1.5 billion based on forward commodity price curves at the end of April."

Basis of preparation
The LNG Segment Profit Forecast is based on:

- the unaudited condensed financial statements of BG Group plc for the quarter ended 31 March 2015;
- the projected financial performance of the Group consistent with BG Group's business plan for the remaining 9 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 by 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 27 April 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 27 April 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.
- 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.

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

- 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 start-up 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

	First Quarter		Fourth Quarter
	2015	2014	2014
Gross exploration expenditure ($m)			
Capitalised expenditure	**118**	181	184
Other expenditure	**74**	104	163
Total	**192**	285	347
Gross exploration expenditure by country ($m)			
Australia	**38**	50	86
Brazil	**9**	46	20
Colombia	**1**	–	11
Egypt[(a)]	**(10)**	29	4
Kenya[(a)]	**(3)**	51	9
Norway	**35**	3	27
Tanzania	**4**	28	23
Trinidad and Tobago	**34**	2	32
UK	**42**	14	21
Uruguay	**19**	30	6
Other	**23**	32	108
Total	**192**	285	347
Exploration expenditure charge ($m)			
Capitalised expenditure written off [(b)]	**52**	57	75
Other expenditure	**74**	104	163
Total	**126**	161	238

a) Credits in the first quarter of 2015 relate to movements in stock balances.

b) Includes capitalised expenditure written off in respect of wells completed in prior years of $(2) million (2014 $45 million).

Supplementary information: Operating and financial data continued

Capital investment ($m)	First Quarter		Fourth Quarter
	2015	2014	2014
Capital investment on a cash basis			
Upstream development and other:			
Australia	**366**	1 030	824
Brazil	**695**	403	698
Egypt	**34**	81	172
Kazakhstan	**61**	52	43
Norway	**35**	102	79
Thailand	**23**	38	20
Trinidad and Tobago	**54**	55	61
UK	**109**	130	135
USA	**22**	31	36
Other	**111**	128	144
Total development and other	**1 510**	2 050	2 212
Exploration	**143**	221	187
Total Upstream	**1 653**	2 271	2 399
LNG Shipping & Marketing	**–**	7	2
Other	**–**	5	–
Capital investment on a cash basis ($m)	**1 653**	2 283	2 401
Other non-cash items[(a)]	**186**	(126)	(59)
Total capital investment ($m)	**1 839**	2 157	2 342
Upstream[(b)]	**1 839**	2 148	2 342
LNG Shipping & Marketing	**–**	5	–
Other	**–**	4	–
Total capital investment ($m)	**1 839**	2 157	2 342

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 $1 321 million (first quarter 2014 $1 500 million; fourth quarter 2014 $1 519 million).

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

Glossary

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

bcf	billion cubic feet
bcfd	billion cubic feet per day
Boe	barrels of oil equivalent
boed	barrels of oil equivalent per day
bopd	barrels of oil per day
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 www.bg-group.com/shelloffer
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/bggroup

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

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

email: info@otcmarkets.com

General enquiries about shareholder matters should be made to:

Equiniti Limited
Aspect House
Spencer Road
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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

Payment of 2014 final dividend	22 May 2015
Announcement of 2015 second quarter and half year results	31 July 2015

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

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Registered in England No. 3690065