BG GROUP

BG Group plc

2014 SECOND QUARTER & HALF YEAR RESULTS

Second Quarter Key Points

- Business Performance EPS up 22% to 35.5 cents; Total EPS up 64% to 40.1 cents
- Interim dividend increased 10% to 14.38 cents per share (8.47 pence per share)
- E&P production down 10% at 591 kboed; primarily declines in Egypt and the USA
- LNG segment operating profit up 44%; additional cargo deliveries and favourable realised prices
- Excellent flow rates in Brazil; FPSO 2 at plateau; gross production around 300 kboed in July
- QCLNG remains on track; commissioning of the gas turbine generators underway
- CATS infrastructure asset sale for up to $961 million completed in July

BG Group's interim Executive Chairman, Andrew Gould said:

"We have delivered a good set of results for the second quarter. E&P performance reflects the growing proportion of oil in the portfolio, principally from Brazil, and the deferral of maintenance shutdown activity in the UK to later in the year. LNG performance reflects additional cargo deliveries and favourable realised prices. There is no change to our full year E&P production volume and LNG operating profit guidance, with lower E&P volumes and fewer LNG cargoes expected in the second half of 2014.

"We also continued to deliver important milestones for our key growth projects. In Brazil, new wells were connected with flow rates exceeding expectations. In Australia, commissioning of the gas turbine generators at the QCLNG liquefaction plant has begun and, subject to the current risk of industrial action on Curtis Island, we remain on track for first LNG by the end of the year."

Second Quarter				Half Year		
2014 $m	2013 $m		**Business Performance[a]**	**2014 $m**	2013 $m	
1 992	1 788	+11%	Total operating profit including share of pre-tax operating results from joint ventures and associates	**4 001**	3 935	+2%
1 209	986	+23%	Earnings for the period	**2 361**	2 169	+9%
35.5c	29.0c	+22%	Earnings per share	**69.3c**	63.8c	+9%
14.38c	13.07c	+10%	Interim dividend per share	**14.38c**	13.07c	+10%
			Total results for the period (including disposals, re-measurements and impairments)			
1 987	1 374	+45%	Operating profit before share of pre-tax operating results from joint ventures and associates	**3 852**	3 495	+10%
2 082	1 522	+37%	Total operating profit including share of pre-tax operating results from joint ventures and associates	**4 050**	3 772	+7%
1 367	833	+64%	Earnings for the period continuing operations	**2 469**	2 041	+21%
40.1c	24.5c	+64%	Earnings per share continuing operations	**72.5c**	60.0c	+21%

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 22) and notes 1 to 3 (pages 30 to 33). Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

Business Review – Group

Second Quarter 2014 $m	Second Quarter 2013 $m		Business Performance	Half Year 2014 $m	Half Year 2013 $m	
5 501	4 361	+26%	Revenue and other operating income	**10 562**	9 278	+14%
1 231	1 251	-2%	Upstream	**2 556**	2 682	-5%
749	521	+44%	LNG Shipping & Marketing	**1 441**	1 263	+14%
12	16	-25%	Other activities	**4**	(10)	–
1 992	1 788	+11%	**Total operating profit including share of pre-tax results from joint ventures and associates**	**4 001**	3 935	+2%
(10)	(26)	-62%	Net finance costs	**(66)**	(61)	+8%
(773)	(776)	–	Taxation for the period	**(1 574)**	(1 705)	-8%
1 209	986	+23%	Earnings for the period	**2 361**	2 169	+9%
35.5c	29.0c	+22%	Earnings per share (cents)	**69.3c**	63.8c	+9%
			Cash flow and balance sheet			
2 125	2 155	-1%	Net cash flow from operating activities	**4 485**	4 380	+2%
(2 476)	(2 604)	-5%	Capital investment on a cash basis[a]	**(4 759)**	(5 240)	-9%
(507)	(602)	-16%	Free cash flow[b]	**(354)**	(943)	-62%
			Net debt[c]	**10 377**	11 198	-7%
			Gearing %[c]	**23.0%**	25.2%	

a) Includes capital investment relating to discontinued operations for the quarter of $nil (2013 $5 million) and for the half year of $nil (2013 $10 million).

b) Reflects net cash flow from operating activities, less net interest paid and capital investment on a cash basis, plus dividends received and loan repayments.

c) For a definition see the Glossary on page 43.

Second quarter

Revenue and other operating income increased 26% to $5 501 million. LNG delivered volumes were 29% higher, with higher realised prices in Asian and South American markets. While E&P production volumes were lower, revenues benefited from a material increase in oil volumes, particularly from Brazil, combined with higher oil and liquids prices.

Total operating profit increased 11% to $1 992 million, reflecting higher revenues, partly offset by higher operating costs in the Upstream segment and lower LNG cargo margins as a result of an increase in spot purchases.

Net finance costs of $10 million included realised foreign exchange hedge gains of $29 million and other foreign exchange gains of $5 million (2013 net finance costs of $26 million included foreign exchange gains of $18 million).

The tax charge for the quarter reflects a reduction in the Group's expected 2014 effective tax rate (including BG Group's share of joint venture and associates' tax) to 40% from previous guidance of 41%, reflecting certain changes in tax positions in a number of jurisdictions.

Group earnings of $1 209 million and EPS of 35.5 cents increased by 23% and 22% respectively as a result of the increase in total operating profit, combined with the decrease in net finance costs and the reduction in the Group's tax charge.

The Brent oil hedges entered into in the first quarter of 2014 have not materially impacted the results. Further details are given in the Risk management for commodity prices and foreign exchange rates section on page 7.

Business Review – Group continued

Free cash flow improved by $95 million to $(507) million primarily as a result of a $128 million reduction in capital investment. Net cash flow from operating activities of $2 125 million decreased by $30 million with lower working capital cash inflow as a result of higher LNG cargo receivables, offset by an increase in operating profit and a reduction in cash tax paid. Net debt was 7% lower at $10 377 million and gearing has reduced to 23.0%, following the sale of six LNG ships.

Capital investment on a cash basis of $2 476 million was almost entirely in the Upstream segment ($2 475 million) and concentrated primarily on the Group's key growth projects in Australia and Brazil. Further details are provided in the Second quarter business highlights section (see page 4) and the Supplementary information: Operating and financial data section (see page 40).

Half year

Revenue and other operating income increased 14% to $10 562 million. While E&P production volumes were lower, revenues benefitted from a material increase in oil volumes, particularly from Brazil, combined with lower hedging losses and higher realised prices in the LNG Shipping & Marketing segment.

Total operating profit increased 2% to $4 001 million, reflecting the higher revenues, partly offset by higher operating costs in the Upstream segment and lower LNG cargo margins as a result of an increase in spot purchases.

Net finance costs of $66 million included realised foreign exchange hedge gains of $17 million and other foreign exchange gains of $4 million (2013 net finance costs of $61 million included foreign exchange gains of $23 million).

Group earnings of $2 361 million and EPS of 69.3 cents both increased 9% as a result of the increase in total operating profit and the lower tax charge.

Free cash flow improved by $589 million to $(354) million primarily reflecting a $481 million reduction in capital investment. Net cash flow from operating activities increased by $105 million as a result of a higher working capital cash inflow.

Capital investment on a cash basis of $4 759 million was almost entirely in the Upstream segment ($4 746 million) and concentrated primarily on the Group's key growth projects in Australia and Brazil. Further details are provided in the Supplementary information: Operating and financial data section (see page 40).

The Board has approved the payment of an interim dividend of 14.38 cents per share. This is half of the 2013 total dividend, in accordance with the Board's established policy. The interim dividend has been converted to Sterling at the average of the daily spot rates for the three business days prior to the business day before this announcement and will be paid on 12 September 2014 as 8.47 pence per share to shareholders on the register as at 15 August 2014.

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

Second quarter

Total earnings for the second quarter of 2014 were $1 367 million (40.1 cents per share) and included a post-tax gain of $158 million in respect of disposals, re-measurements and impairments, including a gain of $170 million arising from the sale of six LNG vessels. Total earnings in the second quarter of 2013 were $833 million (24.5 cents per share) and included a post-tax loss of $153 million in respect of disposals, re-measurements and impairments.

Half year

Total earnings for the half year of 2014 were $2 469 million (72.5 cents per share) and included a post-tax gain of $108 million in respect of disposals, re-measurements and impairments, including a gain of $170 million arising from the sale of six LNG vessels, partly offset by exceptional restructuring costs of $65 million. Total earnings in the half year of 2013 were $2 041 million (60.0 cents per share) and included a post-tax loss of $128 million in respect of disposals, re-measurements and impairments.

For further information see Presentation of Non-GAAP measures (page 22) and notes 1 to 3 (pages 30 to 33).

Second quarter business highlights

Aruba
In June, BG Group agreed to acquire a 30% interest in an exploration block, offshore Aruba. The block covers 14 356 square kilometres with identified prospectivity in water depths between 400 metres and 1 800 metres. A Production Sharing Agreement is in place and a 3D seismic programme will be completed in 2014. The Group's farm-in agreement is subject to approval by the Compania Arubano di Petroleo N.V., the national oil company.

Australia
The QCLNG project continues to complete key milestones and, while the Group still has important operational activities to deliver, the project is on schedule for first LNG in the fourth quarter of 2014 and within the Phase 1 $20.4 billion budget.

In the Ruby Jo upstream development area, which is a major supply source in the southern area of the Surat Basin for Train 1, all six field compression stations (FCSs), along with the central processing plant (CPP) they supply, are now operational. Work is proceeding in the Bellevue development area, in the central Surat Basin, comprising three FCSs, the CPP and gas gathering lines. Drilling and installation of upstream infrastructure ahead of Train 2 start-up in 2015 advances at Woleebee Creek in the north of the Surat Basin. This includes one CPP, five FCSs and a water treatment plant.

More than 2 150 wells have been drilled as at the end of the second quarter, with around 1 100 wells available for production or de-watering. Flow rates from these wells continue to be in line with expectations.

At the LNG plant on Curtis Island, commissioning of the gas turbine generators (GTGs) began in the second quarter. It is expected that the first GTG will start providing power to the plant shortly. Fuel gas is expected to be introduced to the plant in the third quarter, allowing commissioning of the refrigeration turbines and compressors to start. This is an important step prior to cooling Train 1 and producing first LNG in the fourth quarter.

In June, the original four-year labour agreement expired between Bechtel, the contractor building the liquefaction plants on Curtis Island, and the unions representing the island-wide workforce. Subsequently, all four unions have been granted protected action ballot orders by the Fair Work Commission, which enables them to ballot their members on taking lawful industrial action. Currently one union, the CFMEU, has received early approval from its members and can now take action with three days' notice. Bechtel continues working to reach a new agreement with its workforce.

Brazil
Production from the Group's Santos Basin interests continues to grow with the connection of additional wells and flow rates exceeding expectations. In May, one well at Lula North East achieved 31 thousand barrels of oil per day (kbopd), while two wells at Sapinhoá South achieved 34 kbopd each. Gross production from 10 wells at the three installed floating production, storage and offloading (FPSO) vessels increased to around 300 kboed in July. FPSO 2 on Sapinhoá South is now producing around its capacity of 120 kbopd from only four producing wells, fewer than originally planned.

During the quarter, FPSO 3 (Lula North-East) had its second permanent well connected, the gas export system commissioned and the second buoyancy supported riser (BSR) system fully installed. The third permanent well is also connected and expected to start producing in the third quarter. Around the end of the year, FPSO 3 is expected to be producing close to its capacity of 120 kbopd from only five producing wells, fewer than originally planned.

Work on the next two FPSOs at Sapinhoá North and Iracema South continued, with both vessels around 95% complete at the end of the quarter. At Sapinhoá North, the operator expects the FPSO to move onto location and achieve first oil in the third quarter of 2014. At Iracema South, pre-installation of the mooring lines are underway and the operator expects first oil in the fourth quarter of 2014. FPSO 6 (Iracema North) is also on budget, around 65% complete at the end of the quarter, and due onstream in the fourth quarter of 2015.

Second quarter business highlights continued

Brazil continued
In BM-S-11, appraisal activity continues at Iara, gathering data to help formulate the Declaration of Commerciality (DoC) which is due by the end of 2014. In May, a drill-stem test (DST) was undertaken in the south-west flowing at around 5 kboed, while in June, a further appraisal well began drilling in the north-east with results, including a DST, expected in the fourth quarter. In the same month, an extended well test (EWT) began on the Iara-4 appraisal well in the west. Initial average flow rates of around 29 kbopd were in line with expectations, with testing to continue into the coming months. Data from these activities, as well as any additional appraisal work, will help formulate the development plan for the Iara area which will be submitted in 2015, after the DoC.

The installation licence for the shallow water scope of the Cabiúnas gas pipeline has been awarded, following receipt of the deep water licence in the first quarter. Both the shallow and deep water pipe lay vessels needed for the project have been mobilised in Brazil. The operator expects the Cabiúnas pipeline to be installed in 2015 which will connect to their onshore gas processing plant due to be operational later in 2015.

During the quarter, the consortium completed a formation test on the Sagitário discovery well (BM-S-50) revealing good quality carbonate reservoirs. The consortium continues with the activities outlined in the approved Discovery Evaluation Plan.

Egypt
E&P production was 57 kboed, 52% lower than the same period in 2013 and 14% lower than the first quarter of 2014. These reductions reflect deteriorating reservoir performance and the continued high proportion of diversions to the domestic market, where the Group is entitled to a lower share of production. The first Phase 9a well is onstream, however the nine well development will only temporarily offset underlying E&P production declines.

One LNG cargo was lifted by BG Group in the second quarter. With declining upstream production and minimal gas supplies to Egyptian LNG, the Group currently expects very limited cargoes to be lifted from Egyptian LNG for the foreseeable future. In the absence of concerted action from the Egyptian government, the future commercial operation of Egyptian LNG remains at risk.

In the second quarter of 2014, Upstream and LNG activities in Egypt accounted for 10% of BG Group's production and around 6% of earnings from continuing operations. The Group expects the earnings contribution from Egypt to continue to reduce significantly over time.

At the end of the second quarter, the domestic receivables balance increased to $1.5 billion with $1.2 billion overdue. As at 30 June 2014, the book value of BG Group's investment in Egypt including receivables was $2.8 billion, of which $0.2 billion relates to Egyptian LNG.

In June, BG Group signed a non-binding letter of intent with the Leviathan field partners to examine the possibility of supplying gas to the Egyptian LNG facilities. In July, BG Group and its partners submitted a development plan for the Notus high-pressure high-temperature and Harmatten Deep discoveries in accordance with the El Burg Offshore concession agreement. These are part of a number of options under consideration. However, release of funds for any further development, including West Delta Deep Marine Phase 9b, remains contingent upon a material improvement in the investment climate including a significant reduction in the outstanding receivable position. Discussions with the Egyptian government are ongoing.

Norway
In July, the *Petrojarl Knarr* FPSO left its South Korean shipyard, beginning its journey to its permanent location in the Norwegian North Sea which is expected to take around three months. The Group's target for first production in the fourth quarter remains in place, but is subject to the receipt of Norwegian regulatory approvals, along with favourable weather conditions on the journey from South Korea and during subsequent mooring and well connection activities in the field. Given seasonal weather conditions in the North Sea, if mooring and well connection activities are not completed as planned, the next installation window is likely to be the second quarter of 2015.

Second quarter business highlights continued

Tanzania
The Group continues with its appraisal activities, which will help formulate development plans for the potential future upstream and LNG project.

In May, the Taachui-1 well in Block 1 discovered gas within the targeted Cretaceous interval. In June, a DST at Taachui flowed at a stabilised rate of 14 mmscfd. Further technical work is ongoing to evaluate the results of the test and the data gathered from the well. Subsequently, the rig has returned to the Mzia-3 well to conduct a DST.

Upon completion of testing at Mzia-3, the rig will move to Block 4 to drill the Kamba-1 well, targeting a Cretaceous prospect, and further appraise existing Tertiary discoveries in this block.

During the quarter, BG Group awarded a pre-FEED engineering contract for developing its reserves in offshore Blocks 1, 3 and 4. Meanwhile, the Group and the participants in offshore Block 2 continue to work with the Tanzanian government on selecting a site for a potential onshore LNG export facility.

Trinidad and Tobago
In June, BG Group farmed in to the Trinidad and Tobago Deepwater Atlantic Area Blocks 5 and 6, taking 35% equity in both blocks.

Portfolio management
In July, BG Group announced the completion of the sale of its 62.78% equity interest in the Central Area Transmission System (CATS) gas pipeline in the UK North Sea and associated infrastructure for total proceeds up to £562 million (approximately $961 million), with £39 million (approximately $67 million) deferred.

A post-tax profit on disposal of approximately $700 million will be recorded in BG Group's third quarter results.

In 2013, the CATS asset contributed $93 million to the Group's total operating profit. The sale does not impact BG Group's rights to capacity in CATS.

Outlook

The Group's 2014 E&P production guidance remains at the lower end of the 590 - 630 kboed range. This reflects the previously disclosed issues in Egypt and the acceleration into 2014 of production sharing contract (PSC) effects in Kazakhstan following higher than reference condition oil prices. The Group estimates the 2014 impact on Kazakhstan production, if oil prices remain at the level experienced year-to-date, to be around 4 kboed.

In order to optimise the Group's UK asset integrity programme, shutdowns have been rephased from the second and third quarters to the fourth quarter of 2014. Group volumes are now expected to be slightly below the second quarter for the remainder of the year, as this downtime will materially offset production from new developments expected onstream.

The Group's outlook for 2014 unit operating expenditure and unit DD&A of $15.50 - 16.25 per boe and $12.25 - 13.00 per boe respectively, at reference conditions, remains unchanged.

In the LNG Shipping & Marketing segment, total operating profit guidance of $2.1 - 2.4 billion remains unchanged. The strong performance in the first half of 2014 is not expected to continue into the second half, with forecast lower near-term global LNG prices and an adverse change in the Group's supply and sales mix, including lower delivered volumes.

In 2015, the Group continues to expect fewer cargoes from Equatorial Guinea given the operator's planned gas development programme. With lower contracted supplies from Equatorial Guinea and Egypt there will be fewer portfolio cargoes available for spot sales. The majority of the contribution from QCLNG will be reported in the Upstream segment of the business.

Outlook continued

The Group's 2014 effective tax rate is now expected to be 40%, down from 41% previously, as a result of certain changes in tax positions in a number of jurisdictions. The Group will provide 2015 effective tax rate guidance in February 2015.

Risk management for commodity prices and foreign exchange rates

Commodity prices
In the first quarter, BG Group entered into Brent oil swaps at an average price of $106 per barrel for the period of April through December 2014.

In the second quarter, $30 million pre-tax realised losses and $106 million pre-tax unrealised losses were recognised. After the effect of UK tax, the forecast remaining positions are expected to hedge more than 70% of the Group's 2014 earnings sensitivity to oil price movements from July through December.

The hedge impact is allocated across both Upstream and LNG Shipping & Marketing segments in accordance with the Group's expected Brent exposures. In the second quarter, approximately 75% of the recorded realised hedge impact was in the Upstream segment, with the balance in the LNG Shipping & Marketing segment.

BG Group's policy is not to hedge commodity prices as a matter of course. However, from time to time it may elect to hedge certain revenue or cost streams.

Foreign exchange rates
The Group enters into currency exchange rate transactions to hedge certain currency cash flows and to adjust the currency composition of its assets and liabilities.

In the first quarter, BG Group entered into foreign exchange hedging instruments that are intended to reduce the Group's exposure to the Australian dollar and the Brazilian real for the period of April through December 2014, related to its capital investment for the year.

In the second quarter, $29 million pre-tax realised gains and $18 million pre-tax unrealised gains were recognised in the income statement, with a further $11 million realised gains capitalised as assets under construction. For the period of July through December 2014, the Australian dollar forwards are expected to hedge approximately 50% of the forecast remaining sensitivity of the Group's underlying cash flow to the Australian dollar/US dollar exchange rate and the costless collars on the Brazilian real are expected to hedge approximately 60% of the forecast remaining sensitivity to the Brazilian real/US dollar exchange rate outside of the cap and floor levels.

Upstream

Second Quarter 2014 $m	Second Quarter 2013 $m		Business Performance	Half Year 2014 $m	Half Year 2013 $m	
53.78	59.82	-10%	**E&P production volumes (mmboe)**	**110.79**	119.12	-7%
3 088	2 767	+12%	E&P	**6 205**	5 730	+8%
81	149	-46%	Liquefaction	**216**	258	-16%
3 169	2 916	+9%	**Upstream revenue and other operating income**	**6 421**	5 988	+7%
(451)	(422)	+7%	Lifting costs	**(900)**	(796)	+13%
(378)	(258)	+47%	Royalties and other operating costs	**(768)**	(541)	+42%
(829)	(680)	+22%	**E&P operating costs**	**(1 668)**	(1 337)	+25%
(368)	(121)	+204%	Other E&P costs	**(625)**	(334)	+87%
(595)	(671)	-11%	DD&A	**(1 252)**	(1 328)	-6%
1 296	1 295	–	**E&P operating profit before exploration charge**	**2 660**	2 731	-3%
(117)	(133)	-12%	Exploration charge	**(278)**	(239)	+16%
1 179	1 162	+1%	**E&P operating profit**	**2 382**	2 492	-4%
71	112	-37%	Liquefaction operating profit	**165**	218	-24%
(19)	(23)	-17%	Business development	**9**	(28)	–
1 231	1 251	-2%	**Upstream operating profit**	**2 556**	2 682	-5%
2 475	2 590	-4%	Capital investment on a cash basis	**4 746**	5 218	-9%

Second Quarter 2014 $/boe	Second Quarter 2013 $/boe	First Quarter 2014 $/boe	E&P unit costs and margins	Half Year 2014 $/boe	Half Year 2013 $/boe
8.39	7.05	7.88	Lifting costs	**8.12**	6.68
7.03	4.32	6.84	Royalties and other operating costs	**6.94**	4.54
15.42	11.37	14.72	**E&P operating costs**	**15.06**	11.22
6.84	2.02	4.51	Other E&P costs	**5.64**	2.80
11.06	11.22	11.52	DD&A	**11.30**	11.15
33.32	24.61	30.75	**E&P unit costs**	**32.00**	25.17
24.10	21.65	23.93	E&P operating profit margin[a]	**24.01**	22.93
35.16	32.87	35.45	E&P EBITDA margin[a]	**35.31**	34.08

a) Margins calculated on the basis of E&P operating profit before exploration charge.

Additional operating and financial data is given on page 40.

Upstream continued

Second Quarter 2014	Second Quarter 2013	First Quarter 2014		Half Year 2014	Half Year 2013
			E&P production volumes (mmboe)		
12.27	8.75	11.57	Oil	**23.84**	16.77
7.83	8.22	8.80	Liquids	**16.63**	16.91
33.68	42.85	36.64	Gas	**70.32**	85.44
53.78	59.82	57.01	**Total**	**110.79**	119.12
			E&P production volumes (boed in thousands)		
135	96	129	Oil	**132**	93
86	90	98	Liquids	**92**	93
370	471	406	Gas	**388**	472
591	657	633	**Total**	**612**	658
			E&P production volumes by country (boed in thousands)		
30	25	26	Australia	**28**	24
51	34	47	Bolivia	**49**	34
68	37	57	Brazil	**62**	36
57	118	66	Egypt	**61**	116
20	20	18	India	**19**	20
86	85	98	Kazakhstan	**92**	92
2	2	1	Norway	**2**	3
37	41	42	Thailand	**40**	42
60	75	73	Trinidad and Tobago	**67**	75
28	38	36	Tunisia	**32**	38
112	114	125	UK	**119**	108
40	68	44	USA	**41**	70
591	657	633	**Total**	**612**	658
			E&P average realised prices		
$110.21	$102.11	$108.95	Oil price per barrel	**$109.64**	$106.38
$91.33	$82.88	$88.60	Liquids price per barrel	**$89.89**	$89.15
38.01p (63.74c)	54.48p (83.49c)	50.37p (83.47c)	UK gas price per produced therm	**44.79p (74.58c)**	56.28p (87.29c)
43.58c	42.98c	45.04c	International gas price per produced therm	**44.33c**	42.10c
45.90c	47.55c	50.00c	Average realised gas price per produced therm	**49.04c**	46.83c

Second quarter

Revenue and other operating income increased 9% to $3 169 million. While E&P production was 10% lower at 591 kboed, revenues benefited from a material increase in oil volumes, particularly from Brazil, and higher oil and liquid prices. The decrease in production reflected reservoir decline and lower entitlement in Egypt, declines in the USA and a higher number of shutdown days in Trinidad and Tobago and Tunisia. These reductions have been partially offset by new developments coming onstream in Brazil, Bolivia and the UK, although the performance from Jasmine has been lower than expected. E&P production volumes have benefitted from the deferral of shutdown activity in the UK to later in the year. As a result, Group volumes are now expected to be slightly below the second quarter for the remainder of the year, as this downtime will materially offset production from new developments expected onstream. Full year production is expected to be at the lower end of the guidance range of 590 - 630 kboed.

The Group's average realised oil price (unhedged) increased 8% to $110.21 per barrel and the liquids price increased 10% to $91.33 per barrel, reflecting movements in market prices. The average realised gas price per produced therm decreased 3% to 45.90 cents. International gas price realisations were 1% higher, but the average UK realised gas price was 30% lower, reflecting lower market prices.

E&P operating profit, before exploration, of $1 296 million was up slightly, reflecting the increase in revenue and other operating income offset by higher costs. Unit operating expenditure increased to $15.42 per barrel of oil equivalent (boe), principally as a result of higher royalty and lifting costs from new developments in Brazil, higher royalties in Bolivia, higher lifting costs in the UK as a result of preparation work ahead of planned shutdowns and higher unit lifting costs in Egypt reflecting lower production.

Other E&P unit costs also increased to $6.84 per boe and included the impact of higher shipping costs and the timing of oil liftings in Brazil.

The unit DD&A charge decreased to $11.06 per boe as a result of reserves maturation in Brazil and reduced depreciation charges in Egypt and the USA following the recognition of impairments in the fourth quarter of 2013, partly offset by the higher cost of new developments in the UK.

Unit E&P EBITDA margin was $2.29 per boe higher at $35.16 per boe, with an increase in unit revenue primarily reflecting a material rise in the share of oil in the portfolio, offset by the higher unit operating and other costs. The unit E&P EBIT margin was $2.45 per boe higher at $24.10 per boe, as a result of the improvement in EBITDA margin coupled with the decrease in unit DD&A charges.

The exploration charge of $117 million decreased 12% as a result of lower well write-offs. Gross exploration expenditure of $325 million included Tanzania ($105 million), Trinidad and Tobago ($65 million) and Australia ($63 million).

BG Group's share of operating profit from liquefaction activities decreased 37% to $71 million, primarily as a result of significantly lower throughput at Egyptian LNG, which is expected to continue for the foreseeable future.

Business development costs of $19 million were incurred as the Group progressed potential integrated LNG projects in western Canada and Tanzania.

Capital investment on a cash basis of $2 475 million included investment in Australia ($1 007 million), Brazil ($690 million), the UK ($127 million), Trinidad and Tobago ($121 million) and Norway ($117 million).

Half year

Revenue and other operating income increased 7% to $6 421 million. While E&P production was 7% lower at 612 kboed, revenues benefitted from a material increase in oil volumes, particularly from Brazil. Production volumes were impacted by reservoir decline and lower entitlement in Egypt, declines in the USA and a higher number of shutdown days in both Trinidad and Tobago and Tunisia, partially offset by the continued ramp-up of production from new developments in Brazil, Bolivia and the UK.

The Group's average realised oil price (unhedged) increased 3% to $109.64 per barrel and the liquids prices increased 1% to $89.89 per barrel, reflecting movements in market prices. The Group's average realised gas price per therm increased 5%, as a favourable change in the mix of fields was partly offset by a 20% reduction in the average realised UK gas price reflecting lower market prices.

Half year continued

E&P operating profit, before exploration, of $2 660 million was 3% lower, as the increase in revenue and other operating income was more than offset by higher operating costs. Unit operating expenditure increased to $15.06 per boe, principally as a result of higher royalty and lifting costs from new developments in Brazil, higher royalties in Bolivia, higher lifting costs in the UK as a result of asset integrity work and preparation for the shutdowns later in the year, and higher unit lifting costs in Egypt reflecting lower production.

Other E&P unit costs also increased to $5.64 per boe and included the impact of higher shipping costs and the timing of oil liftings in Brazil.

The unit DD&A charge increased to $11.30 per boe as a result of the higher cost of new developments in the UK, partly offset by a reduced depreciation charge in Egypt and the USA following the recognition of impairments in the fourth quarter of 2013 and reserves maturation in Brazil.

The unit E&P EBITDA margin was $1.23 per boe higher at $35.31 per boe, as a result of an increase in unit revenue primarily reflecting a material rise in the share of oil in the portfolio, partially offset by the higher unit operating and other costs. The unit E&P EBIT margin was $1.08 per boe higher at $24.01 per boe, with the improvement in EBITDA margin partially offset by the increase in unit DD&A charges.

The exploration charge of $278 million increased 16%. Gross exploration expenditure of $610 million included Tanzania ($133 million), Australia ($113 million) and Trinidad and Tobago ($67 million).

BG Group’s share of operating profit from liquefaction activities decreased 24% to $165 million, primarily as a result of lower throughput at Egyptian LNG.

Business development costs of $41 million were incurred as the Group progressed potential integrated LNG projects in western Canada and Tanzania. These costs were more than offset by the reimbursement of previous business development expenditure from a partner.

Capital investment on a cash basis of $4 746 million included investment in Australia ($2 081 million), Brazil ($1 124 million), the UK ($277 million), Norway ($225 million) and Egypt ($205 million).

LNG Shipping & Marketing

Second Quarter 2014 $m	Second Quarter 2013 $m		Business Performance	Half Year 2014 $m	Half Year 2013 $m	
3 102	2 399	+29%	**LNG delivered volumes (thousand tonnes)**	**5 549**	5 379	+3%
2 445	1 677	+46%	**Revenue and other operating income**	**4 417**	3 723	+19%
765	531	+44%	Shipping and marketing	**1 490**	1 316	+13%
(16)	(10)	+60%	Business development and other	**(49)**	(53)	-8%
749	521	+44%	**Total operating profit**	**1 441**	1 263	+14%
1	9	-89%	Capital investment on a cash basis	**8**	11	-27%

Second Quarter 2014	Second Quarter 2013	First Quarter 2014		Half Year 2014	Half Year 2013
			LNG cargo supply by source		
16	14	15	Atlantic LNG	**31**	30
1	4	–	Egyptian LNG	**1**	14
10	7	8	Nigeria	**18**	14
14	14	14	Equatorial Guinea	**28**	28
9	–	3	Spot purchases	**12**	2
50	39	40	**Total**	**90**	88
			LNG cargo deliveries by geographical region		
32	25	26	Asia	**58**	58
1	1	2	Europe & Other	**3**	3
2	1	1	North America	**3**	5
15	12	11	South America	**26**	22
50	39	40	**Total**	**90**	88

Additional operating and financial data is given on page 40.

Second quarter

Revenue and other operating income was 46% higher reflecting a 29% increase in delivered volumes and favourable pricing resulting from higher realised prices in Asian and South American markets. Revenues in 2013 also included losses from the Group's historical LNG hedging programme which completed in the first quarter of 2014.

Total operating profit increased 44% to $749 million as the impact of increased volumes and lower hedging losses was partly offset by lower average cargo margins following an increase in spot cargo purchases. The Group continues to expect full year LNG Shipping & Marketing total operating profit to be in the range $2.1 - 2.4 billion, with the remainder of the year reflecting forecast lower near-term global LNG prices and an adverse change in the Group's supply and sales mix, combined with lower delivered volumes.

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

Half year

Revenue and other operating income was 19% higher as a result of lower losses from the Group's historical LNG hedging programme which completed in the first quarter of 2014, combined with a 3% increase in delivered volumes and favourable pricing. Overall volumes increased despite fewer cargoes delivered from Egypt from 14 in 2013 to one in 2014.

Total operating profit increased 14% to $1 441 million reflecting the higher revenues, partially offset by lower average cargo margins primarily as a result of an increase in spot cargo purchases.

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

BG GROUP

Interim Management Report

This results announcement also represents BG Group's half-yearly financial report for the purposes of the Disclosure and Transparency Rules (DTR) made by the UK Financial Conduct Authority. In order to comply with the requirements of the DTR, this announcement must contain an Interim Management Report which must include (a) an indication of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and (b) a description of the principal risks and uncertainties for the remaining six months of the financial year. The principal risks and uncertainties for the remaining six months of the financial year are set out on pages 17 to 20. The important events that occurred during the first six months of the year are set out on pages 1 to 13 and should be read in conjunction with the important events that occurred during the first quarter of the year as set out in BG Group's First Quarter Results released on 1 May 2014. The relevant sections of the Group's First Quarter Results are repeated below without amendment. Where necessary, further updates have been provided in the Second quarter business highlights on pages 4 to 6. Together with the Principal Risks and Uncertainties on pages 17 to 20, and information on the Group's related party transactions on page 21, they form BG Group's Interim Management Report for the purposes of the DTR.

First quarter business highlights

Australia

In the Ruby Jo upstream development area, three of the six planned field compression stations (FCSs) started operating in the quarter, a fourth started up in April, with the two remaining FCSs expected to commence operations by the end of the second quarter. Importantly, operations at the central processing plant (CPP) started up in April. Drilling again exceeded expectations with 170 wells in the quarter.

At the LNG export facility, the first storage tank was successfully hydro tested and the plant remains on track to start commissioning the gas turbine generators in the second quarter. The QCLNG project is on schedule for first LNG in the fourth quarter of 2014, and within the project's Phase 1 $20.4 billion budget.

Brazil

Gross production from the three installed floating production, storage and offloading (FPSO) vessels in the Santos Basin exceeded 220 thousand barrels of oil equivalent per day (kboed) by the end of the quarter, following the February installation of a second well on FPSO 2 (Sapinhoá South), the first using a buoyancy supported riser (BSR) system. This well is currently producing around 35 thousand barrels of oil per day (kbopd). A third well was connected in April and is currently producing around 30 kbopd. In addition, a second BSR was installed in April. Plateau on FPSO 2 is expected mid-year from only four producing wells.

On FPSO 3 (Lula North East), a first BSR has been fully installed. The connection of new producing wells is imminent, with a second permanent well due in May. The second BSR is in position, with permanent tethering underway, in advance of additional well connections in the second half of 2014. Plateau on FPSO 3 is expected by the end of the year.

The operator expects to install FPSO 4 (Sapinhoá North) in the third quarter and FPSO 5 (Iracema South) by year end. Both vessels are in Brazil for the completion of topsides facilities, which include hydrocarbon processing capabilities. Both are on budget and around 90% complete. FPSO 6 (Iracema North), which is due onstream in the fourth quarter of 2015, is also on budget and around 60% complete.

In March, the installation licence for the deep water scope of the Cabiúnas gas pipeline was received. It is expected that the shallow water licence will be received in the second quarter of 2014.The pipeline represents the next major phase of gas export infrastructure.

The Iara ADR-1 appraisal well is currently undergoing drill stem testing. BG Group and its partners expect to start an extended well test (EWT) on Iara-4 in June ahead of Declaration of Commerciality (DoC) by the end of 2014.

First quarter business highlights continued

Canada

In March, BG Group's pipeline partner, Spectra Energy Corp, submitted an Environmental Assessment Certificate Application to the British Columbia Environmental Assessment Office for the Westcoast Connector Gas Transmission Project. Further, BG Group received the final licence it requires from the National Energy Board to allow exports of up to 25 million tonnes per annum (mtpa) of LNG for 25 years from the date of first export.

In April, BG Group signed a non-binding Memorandum of Understanding (MoU) with China National Offshore Oil Corporation (CNOOC) in relation to the Prince Rupert LNG project.

Egypt

Production volumes in the first quarter of 66 kboed were 35% lower than in the fourth quarter of 2013 (102 kboed) as a result of deteriorating reservoir performance and the continuing high level of diversions to the domestic market, where the Group is entitled to a lower share of production. Consequently, volumes from Egyptian LNG were severely restricted, with no cargoes lifted by BG Group in the first quarter. One cargo is expected to be lifted by BG Group in the second quarter.

Looking forward, the strong likelihood of continued diversions to the domestic market, combined with further reservoir deterioration, means that the Group currently expects very limited cargoes to be lifted from Egyptian LNG for the foreseeable future. In the absence of concerted action from the Egyptian government, the future commercial operation of Egyptian LNG is increasingly at risk.

Due to a reduction in LNG exports and lower than expected direct payments from EGPC, the domestic receivables balance increased to $1.4 billion as at 31 March 2014, $0.7 billion of which is overdue.

In the first quarter of 2014, Upstream and LNG activities in Egypt accounted for 10% of BG Group's production and around 5% of earnings from continuing operations. The book value of BG Group's investment in Egypt as at 31 March 2014, including receivables, was $2.7 billion, of which $0.2 billion relates to Egyptian LNG.

Phase 9a is on track to commence production in the third quarter of 2014. On plateau, Phase 9a will only temporarily offset reservoir decline. Release of funds for any further development is contingent upon an improvement in the investment climate including a significant improvement in the outstanding receivable position. Discussions with the Egyptian government are ongoing.

Results from the Notus high-pressure high-temperature discovery well proved gas in all targeted zones. These results are being assessed ahead of discussions with the government regarding possible development plans.

Kenya

In March, the Sunbird-1 exploration well intersected a gross hydrocarbon column of 44 metres in the Miocene reef, at 1 584 metres subsea, in a water depth of 723 metres, offshore Kenya. Oil and gas samples have been recovered to surface and are being analysed.

Myanmar

In March, BG Group was awarded exploration acreage in the Rakhine Basin, offshore western Myanmar as part of the government's 2013 offshore bid round. The Group will operate two blocks, A4 and AD2 (45% and 55% equity respectively) and also secured non-operated acreage in blocks A7 and AD5 (45% equity in each).

BG Group and its partners have committed to a 3D seismic acquisition programme in each block, which is expected to begin in 2015, following an Environmental and Social Impact Assessment, with options beyond that for drilling. This award is in line with the Group's strategy to focus on securing prospective frontier acreage and enter, on average, one new basin each year.

First quarter business highlights continued

Tanzania
In April, BG Group and its partners in offshore Blocks 1, 3 & 4 and the partners in block 2 signed a Heads of Agreement setting out how the companies will collaborate on development of a potential joint LNG project. Under the agreement, BG Group will be the lead developer during the pre-FEED phase. Joint project offices will be established in Dar es Salaam and London.

Good progress has been made with the Tanzania Petroleum Development Corporation (TPDC) and the Tanzanian Ministry of Energy and Minerals on the preparatory work needed to progress the selection and acquisition of a site for the potential LNG project. The site announcement is expected in the second quarter of 2014.

Thailand
In February, the Group achieved its first quarter milestone of gas from the Bongkot South Phase 4b project. This involved the installation and hook-up of four wellhead platforms, with gas from the project being exported via a new build spur line connected to existing infrastructure and condensate exported to the floating, storage and offloading vessel at Bongkot North.

USA
In March, subsidiaries of Energy Transfer Equity, L.P. and Energy Transfer Partners, L.P. (collectively Energy Transfer) filed an application with the Federal Energy Regulatory Commission (FERC) seeking authorisation for the siting, construction, ownership and operation of the proposed Lake Charles LNG export project. Pending receipt of all necessary approvals and a final investment decision, expected in 2015, construction is expected to start shortly afterwards, with first LNG exports anticipated in 2019. Energy Transfer will own and finance the proposed facility and BG Group will manage construction and operate the proposed facility, while being the largest customer of the project.

Portfolio management
In March, BG Group agreed to acquire an additional 25% interest in Block 5(c), offshore Trinidad and Tobago, taking its interest in the block to 100%. The transaction is subject to government approval.

In April, BG Group farmed down 25% of its interests in the BAR-M-215, 217, 252 and 254 blocks in the Barreirinhas Basin, offshore Brazil, to PTT Exploration and Production Public Company Limited (PTTEP). The transaction is subject to approval by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP).

Organisational restructuring
BG Group continues to drive productivity improvements in the business, including simplifying the organisation, as a key part of delivering the Group's long term strategy. During the quarter, the Group recognised an exceptional post-tax charge for restructuring costs of $62 million in relation to staff redundancies in the UK, Australia and Egypt.

Principal Risks and Uncertainties

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

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

The principal risks and uncertainties facing the Group are set out on pages 38 to 43 of the Annual Report and Accounts (ARA) 2013. These remain largely unchanged and are summarised (for reference) on pages 18 to 20 of this release. This summary is not intended, and should not be used, as a substitute for reading the appropriate pages of the ARA, which include further commentary on the risks and the Group's management of them.

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

Project and milestone delivery
Successful delivery of the Group's major growth projects safely, to schedule and on budget, while optimising operational and cost performance in existing producing assets, and in line with the expectations of the market, remains a critical success factor of the Group. Substantial delay to, or failure to complete, major development projects in Brazil and Australia constitutes a significant risk for the Group's prospects, reputation and financial position. During the remaining six months of 2014, the Group will undertake a number of key operational activities on major projects and any unforeseen difficulties could impact project and milestone delivery. Notwithstanding those risks, the Group continues to make good progress against its plans and remains on time and on budget in both Brazil and Australia.

Australia
Whilst the project is on schedule for first LNG in the fourth quarter of 2014 and within the Phase 1 $20.4 billion budget, the Group needs to deliver a number of important operational activities. Following the expiration of the agreement between Bechtel and labour unions, the labour unions could undertake lawful industrial action, which could put the overall programme schedule at risk.

Brazil
Further appraisal activity is being undertaken in Iara, the results of which will be used in formulating the Declaration of Commerciality (DoC), due by the end of 2014. The DoC, and the subsequent scope of development of Iara, is subject to agreement between BG Group, its partners and all relevant stakeholders, and may be impacted by potential unitisation with adjoining acreage.

Norway
The *Petrojarl Knarr* FPSO is currently sailing towards Norway in line with the schedule. The Group's target for first oil production in the fourth quarter remains in place, but is subject to the receipt of Norwegian regulatory approvals, along with favourable weather conditions on the journey from South Korea and during subsequent mooring and well connection activities in the field. Given seasonal weather conditions in the North Sea, if mooring and well connection activities are not completed as planned, the next installation window is likely to be the second quarter of 2015.

Egypt
The environment for investment in Egypt remains challenging. At the end of the second quarter, the domestic receivables balance increased to $1.5 billion with $1.2 billion overdue. As at 30 June 2014, the book value of BG Group's investment in Egypt including receivables, was $2.8 billion, of which $0.2 billion relates to Egyptian LNG. The recovery of the receivables and the full realisation of the carrying value of the Group's Egyptian operations remain dependent on the business environment in Egypt. In the absence of concerted action from the Egyptian government, the future commercial operation of Egyptian LNG remains at risk. The Group expects the earnings contribution from Egypt to continue to reduce significantly over time.

Principal Risks and Uncertainties continued

Global LNG
BG Group's LNG portfolio flexibility has been constrained by the significant decline in Egyptian LNG volumes. A significant delay to the start of QCLNG and/or sub-optimal performance in the upstream operations or LNG plants from which the Group lifts cargoes could constrain the Group's LNG business.

Human resources
BG Group's performance, operating results and future growth depend on its ability to attract, retain, motivate and organise sufficient people with the appropriate level of expertise and knowledge. In the first half of 2014, the Group undertook a Voluntary Redundancy programme that resulted in a significant reduction in headcount at corporate headquarters. In the second half of 2014, there will be a focus on optimising organisational efficiency and effectiveness.

Summary of Principal Risks and Uncertainties

Asset integrity, safety, health and security
Oil and gas exploration and production activities carry significant inherent risks relating to asset integrity, major accident hazards and well control incidents. Incidents may result in loss of life, damage to the environment or to facilities. There may be associated loss or deferment of production and revenues or delay/cancellation of exploration activities.

BG Group is exposed to security threats, such as terrorism, piracy, civil unrest or criminality. BG Group is also subject to various health and safety laws in jurisdictions around the world. Failure to comply with such laws could impact the Group's reputation. New laws and regulations may result in BG Group having to introduce operating procedures or curtail or cease certain operations, which could diminish productivity and materially and adversely impact the results of operations.

Capital requirements, liquidity and interest rates
BG Group's ability to deliver its strategic growth objectives is dependent on a number of factors, including the ability to fund capital intensive development projects. BG Group is exposed to liquidity risks, including risks associated with refinancing borrowings as they mature and the risk that financial assets cannot readily be converted to cash without loss of value. BG Group's financing costs may be adversely affected by interest rate volatility.

Commodity prices and exchange rates
BG Group's cash flows and profitability are sensitive to commodity prices. Oil prices are one of the most significant drivers of BG Group's profitability. There is no guarantee that movements in sales prices and costs will align in any year, pressurising investment and project economics.

The Group does not hedge all commodity prices as a matter of course, but may hedge certain expected commodity sales, LNG contracts and other revenue streams from time to time. The standalone value of hedges can move significantly, potentially increasing the volatility of cash requirements and accounting profits.

Group capital expenditure in US Dollars depends on prevailing exchange rates, particularly for the Australian Dollar, the Brazilian Real and Pound Sterling.

Concentration risk
Over the coming decade, BG Group will be increasingly exposed to portfolio concentration risk on both the supply side (Australia, Brazil) and the demand side (China).

Counterparty risk
Counterparties (including sovereign entities) may not meet payment or performance obligations. Political and economic risk events may contribute to non-payment of financial obligations to BG Group by governments or government-owned entities, or which may otherwise impact successful project delivery and implementation.

Principal Risks and Uncertainties continued

Cyber security risk
Increasingly sophisticated techniques from an ever growing number of sources of threat are being used to target the Group. These may seek to compromise or attack computer networks to obtain information and/or cause harm.

Environment and climate change
BG Group's activities may adversely affect the environment. As a result, there is a risk that laws or regulations in this area may increase cost, attract adverse publicity or restrict or prohibit the successful delivery of projects. Policies and initiatives at national and international level to address climate change may affect business conditions and demand for energy sources.

Geopolitical and macroeconomic risks
A significant slowdown in global demand for oil would impact oil prices and hence revenues. Such an outcome could be driven by a variety of macroeconomic and geopolitical factors outside of BG Group's control.

Government take (contract renegotiation, taxation, expropriation) or other action
Governments or regulators may act or intervene in a way that diminishes or destroys value for BG Group, through expropriation of assets or property, or by altering fiscal or other commercial terms governing oil, gas and LNG operations for the industry generally or BG Group specifically. These may include the imposition of higher taxes, royalties or local content or domestic market requirements, especially where such government or regulatory bodies face financial pressures. Governments may also act in a way that delays project schedules or increases costs, thus eroding value.

Insufficient exploration success/reserves replacement
There may be insufficient addition of new resources and reserves to enable future economically viable production and maintain production growth. Competition for exploration and development rights and access to gas and oil resources is intense and requires continuous innovation. Where such rights are awarded, there is no guarantee that hydrocarbons in commercially viable quantities will be discovered. Maturation of discovered resources may not optimise value.

Gas and oil reserves and resources cannot be measured precisely. The estimation process involves subjective judgements. Estimates of reserves and resources may be subject to revisions. Changing regulations, guidelines, tax rules or a decline in the price of gas or oil may also have an effect on reserves and resources. Changes to gas and oil prices in fields subject to Production Sharing Contracts (PSC) may result in revised entitlements. Changes in perspectives on political risk may also result in reserves and resource changes arising from PSC extension expectations and/or equity reductions.

BG Group also faces risks from unfavourable unitisation decisions wherever the Group holds an interest in a field that may extend outside the boundaries of concession or licensing areas. Unitisation is inherently complex and involves not only a negotiation based on interpretation of technical data, but also an in depth knowledge of the local laws and legislations governing that country. Unitisation decisions could also work in the Group's favour.

Licence to operate
There are political pressures in many countries where BG Group operates. Pressures from populations and advocacy groups may lead to changes in regulatory or legal conditions. This risk may be exacerbated if BG Group does not recognise, and take account of, the interests and rights of the communities where it operates.

Mergers, acquisitions and disposals
BG Group may fail to make or successfully integrate acquisitions, or fail to complete divestment agreements. Acquisitions may result in significant unanticipated costs and liabilities. The Group may be liable for past acts or omissions, and liabilities it has acquired may be unforeseen or greater than anticipated. The Group may also retain unforeseen liabilities for divested businesses if the buyer fails to honour its commitments or the Group agrees or is obligated to retain such liabilities.

Partner dependency
A material portion of BG Group's business is conducted by joint ventures, associates, partners, contractors or sub-contractors. In many cases, BG Group is not the operator or does not have full operational control and is dependent on third parties to achieve its strategic and business objectives.

Principal Risks and Uncertainties continued

Project selection and sanction
Selection of capital efficient projects is critical to BG Group's future growth, reputation and financial position. Significant issues that can impact the selection and sanction of developments include: insufficient understanding of subsurface uncertainties (through ineffective and/or insufficient appraisal and data gathering), well engineering risks (including unexpected drilling conditions or geological irregularities), non-availability of skilled front-end resources, equipment and materials availability and cost, poor contractor performance, environmental factors, permitting, landowner agreements, governmental and regulatory requirements, key stakeholder reactions, and variations in macroeconomic conditions.

Regulation, legislation and litigation
The oil, gas and LNG industry is subject to legislation, regulation and intervention by governments worldwide. The cost and risks of compliance can therefore be significant. Any actual or perceived non-compliance with applicable laws and/or regulations could harm the Group. Corruption risk is heightened in some countries.

Subsurface risk
Inherent uncertainty in the development of oil and gas discoveries could lead to detrimental well and reservoir performance outcomes that may impact both short-term production volumes and ultimate hydrocarbon volume recovery. All data is subject to judgemental interpretation.

Statement of Directors' responsibilities

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

The Directors of BG Group plc are listed in the 2013 Annual Report and Accounts with the exception of Chris Finlayson, who resigned effective from 28 April 2014, and Peter Backhouse, who stepped down as a director effective 15 May 2014.

By order of the Board

Andrew Gould 30 July 2014
Interim Executive Chairman

Simon Lowth 30 July 2014
Chief Financial Officer

Legal Notice

Certain statements included in these results contain forward-looking information concerning BG Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which BG Group operates. 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 2013. 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.

Reference Conditions 2014 and 2015

- Brent Oil price real (1/1/2014): 2014 and 2015: $100/bbl
- US Henry Hub real (1/1/2014): 2014: $4.0/mmbtu; 2015 $4.25/mmbtu
- US/UK exchange rates of $1.55:£1
- US/AUD exchange rates of $1:$A1.05
- US/BRL exchange rates of $1:BRL2.10
- Prepared under International Financial Reporting Standards
- All production includes fuel gas

Going Concern

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

Related Parties

Information on related party transactions is provided in note 12, page 39.

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 and are required to be measured at fair value at the balance sheet date. Unrealised gains and losses on these contracts reflect the comparison between current market gas prices and the actual prices to be realised under the gas sales contract and are disclosed separately as 'disposals, re-measurements and impairments'.

BG Group also uses commodity instruments to manage certain price exposures in respect of optimising the timing and location of its physical gas and LNG sales commitments. These instruments are also required to be measured at fair value at the balance sheet date under IAS 39 and where practical have been designated as formal hedges. However, IAS 39 does not always allow the matching of fair values to the economically hedged value of the related commodity, resulting in unrealised movements in fair value being recorded in the income statement. These movements in fair value, together with any unrealised gains and losses associated with discontinued hedge accounting relationships that continue to represent economic hedges, are disclosed separately as 'disposals, re-measurements and impairments'.

BG Group also uses financial instruments, including derivatives, to manage foreign exchange and interest rate exposure. These instruments are required to be recognised at fair value or amortised cost on the balance sheet in accordance with IAS 39. Most of these instruments have been designated either as hedges of foreign exchange movements associated with the Group's net investments in foreign operations, or as hedges of interest rate risk. Where these instruments 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 associated 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, as they require separate disclosure in order to provide a clearer understanding of the results for the period.

For a reconciliation between the overall results and Business Performance and details of disposals, re-measurements and impairments, see the consolidated income statement (page 24), note 2 (page 31) and note 3 (page 33).

Joint ventures and associates
Under IFRS, the results from joint ventures and associates, accounted for under the equity method, are required to be presented net of finance costs and tax on the face of the income statement. Given the relevance of these businesses within BG Group, the results of joint ventures and associates are presented before interest and tax, and after tax. This approach provides additional information on the source of BG Group's operating profits. For a reconciliation between operating profit and earnings including and excluding the results of joint ventures and associates, see note 3 (page 33).

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

Independent review report to BG Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014, which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

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

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London

30 July 2014

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

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

Consolidated Income Statement

Second Quarter

	Notes	2014 Business Performance[a] $m	2014 Disposals, re-measurements and impairments (Note 2)[a] $m	2014 Total Result $m	2013 Business Performance[a] $m	2013 Disposals, re-measurements and impairments (Note 2)[a] $m	2013 Total Result $m
Group revenue		**5 514**	**–**	**5 514**	4 406	–	4 406
Other operating income	2	**(13)**	**(84)**	**(97)**	(45)	67	22
Group revenue and other operating income	3	**5 501**	**(84)**	**5 417**	4 361	67	4 428
Operating costs		**(3 604)**	**(4)**	**(3 608)**	(2 721)	–	(2 721)
Profits and losses on disposal of non-current assets and impairments	2	**–**	**178**	**178**	–	(333)	(333)
Operating profit/(loss)[b]	3	**1 897**	**90**	**1 987**	1 640	(266)	1 374
Finance income	2, 4	**48**	**193**	**241**	42	57	99
Finance costs	2, 4	**(55)**	**(109)**	**(164)**	(62)	(67)	(129)
Share of post-tax results from joint ventures and associates	3	**62**	**–**	**62**	103	–	103
Profit/(loss) before tax		**1 952**	**174**	**2 126**	1 723	(276)	1 447
Taxation	2, 5	**(743)**	**(16)**	**(759)**	(737)	123	(614)
Profit/(loss) for the period from continuing operations	3	**1 209**	**158**	**1 367**	986	(153)	833
Profit/(loss) for the period from discontinued operations	6	**–**	**–**	**–**	–	266	266
Profit/(loss) for the period		**1 209**	**158**	**1 367**	986	113	1 099
Profit attributable to:							
Shareholders (earnings)		**1 209**	**158**	**1 367[c]**	986	108	1 094[c]
Non-controlling interest		**–**	**–**	**–**	–	5	5
		1 209	**158**	**1 367**	986	113	1 099
Earnings per share continuing operations – basic	7	**35.5c**	**4.6c**	**40.1c**	29.0c	(4.5c)	24.5c
Earnings per share discontinued operations – basic		**–**	**–**	**–**	–	7.7c	7.7c
Earnings per share continuing operations – diluted	7	**35.3c**	**4.6c**	**39.9c**	28.8c	(4.4c)	24.4c
Earnings per share discontinued operations – diluted		**–**	**–**	**–**	–	7.6c	7.6c
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates[d]	3	**1 992**	**90**	**2 082**	1 788	(266)	1 522

a) See Presentation of Non-GAAP measures (page 22) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

c) Comprises earnings from continuing operations of $1 367 million (2013 $833 million) and from discontinued operations of $nil (2013 $261 million).

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

The notes on pages 30 to 39 form an integral part of these condensed financial statements.

Consolidated Income Statement

Half Year

		2014			2013		
	Notes	Business Performance[a] $m	Disposals, re-measurements and impairments (Note 2)[a] $m	Total Result $m	Business Performance[a] $m	Disposals, re-measurements and impairments (Note 2)[a] $m	Total Result $m
Group revenue		**10 493**	**–**	**10 493**	9 316	–	9 316
Other operating income	2	**69**	**(5)**	**64**	(38)	160	122
Group revenue and other operating income	3	**10 562**	**(5)**	**10 557**	9 278	160	9 438
Operating costs		**(6 759)**	**(79)**	**(6 838)**	(5 620)	–	(5 620)
Profits and losses on disposal of non-current assets and impairments	2	**–**	**133**	**133**	–	(323)	(323)
Operating profit/(loss)[b]	3	**3 803**	**49**	**3 852**	3 658	(163)	3 495
Finance income	2, 4	**72**	**207**	**279**	71	189	260
Finance costs	2, 4	**(130)**	**(109)**	**(239)**	(119)	(267)	(386)
Share of post-tax results from joint ventures and associates	3	**126**	**–**	**126**	183	–	183
Profit/(loss) before tax		**3 871**	**147**	**4 018**	3 793	(241)	3 552
Taxation	2, 5	**(1 510)**	**(39)**	**(1 549)**	(1 624)	113	(1 511)
Profit/(loss) for the period from continuing operations	3	**2 361**	**108**	**2 469**	2 169	(128)	2 041
Profit/(loss) for the period from discontinued operations	6	**–**	**8**	**8**	–	269	269
Profit/(loss) for the period		**2 361**	**116**	**2 477**	2 169	141	2 310
Profit attributable to:							
Shareholders (earnings)		**2 361**	**116**	**2 477[c]**	2 169	132	2 301[c]
Non-controlling interest		**–**	**–**	**–**	–	9	9
		2 361	**116**	**2 477**	2 169	141	2 310
Earnings per share continuing operations – basic	7	**69.3c**	**3.2c**	**72.5c**	63.8c	(3.8c)	60.0c
Earnings per share discontinued operations – basic		**–**	**0.2c**	**0.2c**	–	7.6c	7.6c
Earnings per share continuing operations – diluted	7	**69.0c**	**3.2c**	**72.2c**	63.5c	(3.8c)	59.7c
Earnings per share discontinued operations – diluted		**–**	**0.2c**	**0.2c**	–	7.6c	7.6c
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates[d]	3	**4 001**	**49**	**4 050**	3 935	(163)	3 772

a) See Presentation of Non-GAAP measures (page 22) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

c) Comprises earnings from continuing operations of $2 469 million (2013 $2 041 million) and from discontinued operations of $8 million (2013 $260 million).

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

The notes on pages 30 to 39 form an integral part of these condensed financial statements.

For information on dividends paid in the period, see note 9 (page 39).

Consolidated Statement of Comprehensive Income

Second Quarter			Half Year	
2014 $m	2013 $m		**2014 $m**	2013 $m
1 367	1 099	Profit for the period	**2 477**	2 310
		Other comprehensive income:		
		Items that may be reclassified to the income statement:		
212	84	Hedge adjustments net of tax[a]	**316**	(484)
(7)	(9)	Fair value movements on 'available-for-sale' assets	**4**	(20)
(93)	(1 870)	Currency translation adjustments	**369**	(1 060)
		Other items:		
23	16	Re-measurement of defined benefit pension obligations net of tax[b]	**(1)**	(25)
135	(1 779)	Other comprehensive income net of tax	**688**	(1 589)
1 502	(680)	Total comprehensive income for the period	**3 165**	721
		Attributable to:		
1 502	(685)	BG Group shareholders	**3 165**	712
–	5	Non-controlling interest	**–**	9
1 502	(680)		**3 165**	721

a) Income tax relating to hedge adjustments is a $56 million charge for the quarter (2013 $26 million charge) and a $78 million charge for the half year (2013 $144 million credit).

b) Income tax relating to the re-measurement of defined benefit pension obligations is a $6 million charge for the quarter (2013 $4 million charge) and a $1 million credit for the half year (2013 $8 million credit).

The notes on pages 30 to 39 form an integral part of these condensed financial statements.

Consolidated Balance Sheet

	As at 30 Jun 2014 $m	As at 31 Dec 2013 $m	As at 30 Jun 2013 $m
Assets			
Non-current assets			
Goodwill and other intangible assets	**4 315**	3 889	4 416
Property, plant and equipment	**44 710**	42 225	45 184
Investments	**3 360**	2 933	2 867
Deferred tax assets	**1 369**	1 397	1 002
Trade and other receivables	**835**	777	788
Commodity contracts and other derivative financial instruments	**831**	623	376
	55 420	51 844	54 633
Current assets			
Inventories	**898**	838	873
Trade and other receivables	**6 771**	6 900	6 401
Current tax receivable	**73**	77	25
Commodity contracts and other derivative financial instruments	**138**	107	49
Cash and cash equivalents	**4 968**	6 208	4 705
	12 848	14 130	12 053
Assets classified as held for sale[(a)]	**355**	–	–
Total assets	**68 623**	65 974	66 686
Liabilities			
Current liabilities			
Borrowings	**(60)**	(475)	(1 044)
Trade and other payables	**(5 726)**	(5 631)	(5 816)
Current tax liabilities	**(1 985)**	(1 831)	(1 761)
Commodity contracts and other derivative financial instruments	**(311)**	(297)	(316)
	(8 082)	(8 234)	(8 937)
Non-current liabilities			
Borrowings	**(16 292)**	(17 054)	(15 258)
Trade and other payables	**(129)**	(150)	(167)
Commodity contracts and other derivative financial instruments	**(105)**	(173)	(157)
Deferred tax liabilities	**(4 427)**	(4 120)	(4 606)
Retirement benefit obligations	**(135)**	(168)	(313)
Provisions for other liabilities and charges	**(4 401)**	(4 115)	(4 070)
	(25 489)	(25 780)	(24 571)
Liabilities associated with assets classified as held for sale[(a)]	**(422)**	–	(12)
Total liabilities	**(33 993)**	(34 014)	(33 520)
Net assets	**34 630**	31 960	33 166
Equity			
Total shareholders' equity	**34 630**	31 960	33 166
Total equity	**34 630**	31 960	33 166

a) As at 30 June 2014, assets classified as held for sale include certain UK North Sea assets.

The notes on pages 30 to 39 form an integral part of these condensed financial statements.

Consolidated Statement of Changes in Equity

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

	Called up share capital $m	Share premium account $m	Hedging reserve $m	Translation reserve $m	Other reserves $m	Retained earnings $m	Total $m	Non-con-trolling interest $m	Total $m
Equity as at 31 December 2012	**578**	**619**	**(191)**	**1 927**	**2 710**	**27 248**	**32 891**	**57**	**32 948**
Total comprehensive income for the period	–	–	115	(1 659)	–	2 256	**712**	9	**721**
Issue of shares	–	19	–	–	–	–	**19**	–	**19**
Purchase of own shares	–	–	–	–	–	(13)	**(13)**	–	**(13)**
Adjustment in respect of employee share schemes	–	–	–	–	–	61	**61**	–	**61**
Disposal of non-controlling interest	–	–	–	–	–	–	**–**	(66)	**(66)**
Dividends on ordinary shares	–	–	–	–	–	(504)	**(504)**	–	**(504)**
Equity as at 30 June 2013	**578**	**638**	**(76)**	**268**	**2 710**	**29 048**	**33 166**	**–**	**33 166**

The notes on pages 30 to 39 form an integral part of these condensed financial statements.

Consolidated Cash Flow Statement

Second Quarter 2014 $m	Second Quarter 2013 $m		Half Year 2014 $m	Half Year 2013 $m
		Cash flows from operating activities		
2 126	1 718	Profit before tax[(a)]	**4 027**	3 828
(62)	(103)	Share of post-tax results from joint ventures and associates	**(126)**	(183)
690	755	Depreciation of property, plant and equipment and amortisation of intangible assets	**1 439**	1 499
80	(20)	Fair value movements in commodity based contracts	**(37)**	(95)
(253)	88	(Profits) and losses on disposal of non-current assets and impairments[(b)]	**(133)**	82
20	66	Unsuccessful exploration expenditure written off	**77**	71
6	(44)	Increase/(decrease) in provisions for liabilities and retirement benefit obligations	**6**	(34)
(241)	(100)	Finance income	**(279)**	(263)
164	128	Finance costs	**239**	386
10	16	Share-based payments	**31**	36
31	268	Decrease in working capital	**412**	179
2 571	2 772	**Cash generated by operations**	**5 656**	5 506
(446)	(617)	Income taxes paid	**(1 171)**	(1 126)
2 125	2 155	**Net cash inflow from operating activities**	**4 485**	4 380
		Cash flows from investing activities		
55	37	Dividends received	**86**	54
55	271	Proceeds from disposal of property, plant and equipment, intangible assets and investments	**56**	492
(2 271)	(2 375)	Purchase of property, plant and equipment and intangible assets	**(4 372)**	(4 917)
(1)	1	Repayments from joint ventures and associates	**29**	47
(205)	(229)	Interests in subsidiaries, joint ventures and associates and other investments	**(387)**	(323)
29	27	Other loan repayments	**56**	54
(2 338)	(2 268)	**Net cash outflow from investing activities**	**(4 532)**	(4 593)
		Cash flows from financing activities		
(239)	(218)	Net interest paid	**(251)**	(238)
(542)	(473)	Dividends paid	**(543)**	(474)
(407)	1 136	Net proceeds from issue and repayment of borrowings	**(434)**	1 120
9	11	Issue of shares	**12**	19
–	–	Movements in own shares	**–**	(13)
(1 179)	456	**Net cash (outflow)/inflow from financing activities**	**(1 216)**	414
(1 392)	343	**Net (decrease)/increase in cash and cash equivalents[(c)]**	**(1 263)**	201
6 344	4 387	Cash and cash equivalents at beginning of period[(d)]	**6 208**	4 520
16	(25)	Effect of foreign exchange rate changes	**23**	(16)
4 968	4 705	**Cash and cash equivalents at end of period[(d)]**	**4 968**	4 705

The cash flows above are inclusive of discontinued operations (see note 6 page 37).

a) Includes profit before tax from discontinued operations for the quarter of $nil (2013 $271 million) and for the half year of $9 million (2013 $276 million).

b) Includes profit on disposal of non-current assets and impairments of discontinued operations for the quarter of $nil (2013 $245 million) and for the half year of $nil (2013 $241 million).

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

d) The balance at 30 June 2014 includes cash and cash equivalents of $4 968 million (31 December 2013 $6 208 million; 30 June 2013 $4 705 million) and cash included within assets held for sale of $nil (31 December 2013 $nil; 30 June 2013 $nil).

The notes on pages 30 to 39 form an integral part of these condensed financial statements.

Notes

1. Basis of preparation

These results, approved by the Board on 30 July 2014, are the condensed financial statements ('the financial statements') of BG Group plc for the quarter ended and the half year ended 30 June 2014. 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 2013 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 2013 which were audited by Ernst & Young LLP and on which the Auditors' Report was unqualified and did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006. These financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, the requirements of the Disclosure and Transparency Rules issued by the Financial Conduct Authority and the accounting policies, methods of computation and presentation as set out in the Annual Report and Accounts 2013, except as stated below.

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

A single amount is presented on the income statement for discontinued operations, comprising the post-tax results of these businesses and the post-tax profit or loss recognised on re-measurement to fair value less costs to sell and on disposal of the businesses.

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

New accounting standards and interpretations

The IASB issued IFRS 11 'Joint Arrangements' in May 2011. The standard aims to provide a more substance-based reflection of joint arrangements in the financial statements by focusing on the rights and obligations of the arrangement rather than the legal form. The standard has been adopted by the Group for the year ended 31 December 2014 and has not had a material impact on the Group's financial statements.

A number of amendments to accounting standards issued by the IASB are applicable from 1 January 2014. They have not had a material impact on the Group's financial statements for the period ended 30 June 2014.

Changes in functional currency

Following a period of sustained growth and increased production performance, the cash flows and economic returns of the Group's Brazil upstream operations are now principally denominated in US dollars. From 1 January 2014, the functional currency of these operations changed from Brazilian real to US dollar in accordance with IAS 21.

2. Disposals, re-measurements and impairments

Second Quarter 2014 $m	Second Quarter 2013 $m		Half Year 2014 $m	Half Year 2013 $m
(84)	67	Revenue and other operating income – re-measurements of commodity based contracts	**(5)**	160
(4)	–	Operating costs	**(79)**	–
		Profits and losses on disposal of non-current assets and impairments:		
213	(104)	Disposals of non-current assets	**213**	(94)
(40)	(233)	Impairments	**(40)**	(233)
5	4	Other	**(40)**	4
178	(333)		**133**	(323)
84	(10)	Net finance income/(costs) – re-measurements of financial instruments	**98**	(78)
(16)	123	Taxation	**(39)**	113
158	(153)	Impact on earnings – continuing operations	**108**	(128)

Second quarter and half year: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a charge of $84 million for the quarter (2013 $67 million credit), of which a credit of $23 million (2013 $35 million) represents non-cash mark-to-market movements on certain gas contracts. For the half year, a charge of $5 million in respect of re-measurements is included within revenue and other operating income (2013 $160 million credit), of which a credit of $100 million represents non-cash mark-to-market movements on certain gas contracts (2013 $41 million). 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 $107 million charge for the quarter (2013 $32 million credit) and a net $105 million charge for the half year (2013 $119 million credit) representing unrealised mark-to-market movements associated with economic hedges, including a charge of $106 million in the quarter and $114 million in the half year associated with Brent oil swaps partially hedging the Group’s exposure to commodity prices in 2014.

Second quarter and half year: Operating costs

Operating costs in 2014 include $4 million pre-tax charge (post-tax $3 million) in the quarter and $79 million pre-tax charge (post-tax $65 million) in the half year relating to exceptional restructuring costs in the UK, Egypt and Australia.

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

In 2014, the second quarter 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, and a pre-tax charge of $3 million (post-tax $2 million) as a result of land relinquishments in the USA.

In 2013, the second quarter included a pre-tax charge of $116 million (post-tax $75 million) as a result of land relinquishments in the USA.

Other disposals in 2014 resulted in a pre-tax result to the income statement of $nil (2013 $12 million gain) in the second quarter (post-tax $nil, 2013 $12 million gain) and a pre-tax result of $nil (2013 $22 million gain) in the half year (post-tax $nil, 2013 $22 million gain).

Second quarter and half year: Impairments

In 2014, the second quarter and half year included a pre-tax charge of $40 million (post-tax $38 million gain) in respect of the impairment of certain E&P assets. In 2013, the second quarter and the half year included a pre-tax charge of $233 million (post-tax $113 million) in respect of the impairment of certain E&P assets primarily as a result of reserves revisions.

Second quarter and half year: Other

Other disposals in 2014 resulted in a pre-tax gain of $5 million (2013 $4 million) in the second quarter (post-tax $3 million, 2013 $1 million) and a pre-tax charge of $40 million (2013 $4 million gain) in the half year (post-tax $34 million; 2013 $1 million gain).

2. Disposals, re-measurements and impairments continued

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

Re-measurements presented in net finance income includes foreign exchange movements on 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 an $18 million credit in the second quarter and $31 million credit in the half year primarily associated with derivatives partially hedging the Group's Australian dollar foreign exchange exposure in its 2014 capex programme that do not qualify for hedge accounting under IAS 39.

3. Segmental analysis

Profit for the period Analysed by operating segment	Business Performance		Disposals, re-measurements and impairments		Total Result	
Second Quarter	**2014 $m**	2013 $m	**2014 $m**	2013 $m	**2014 $m**	2013 $m
Group revenue[(a)]						
Upstream	**3 176**	2 912	**–**	–	**3 176**	2 912
LNG Shipping & Marketing	**2 451**	1 725	**–**	–	**2 451**	1 725
Other activities	**2**	1	**–**	–	**2**	1
Less: intra-group sales	**(115)**	(232)	**–**	–	**(115)**	(232)
Group revenue	**5 514**	4 406	**–**	–	**5 514**	4 406
Other operating income[(b)]	**(13)**	(45)	**(84)**	67	**(97)**	22
Group revenue and other operating income	**5 501**	4 361	**(84)**	67	**5 417**	4 428
Operating profit/(loss) before share of results from joint ventures and associates						
Upstream	**1 153**	1 120	**(91)**	(313)	**1 062**	807
LNG Shipping & Marketing	**743**	515	**181**	35	**924**	550
Other activities	**1**	5	**–**	12	**1**	17
	1 897	1 640	**90**	(266)	**1 987**	1 374
Share of pre-tax operating results from joint ventures and associates						
Upstream	**78**	131	**–**	–	**78**	131
LNG Shipping & Marketing	**6**	6	**–**	–	**6**	6
Other activities	**11**	11	**–**	–	**11**	11
	95	148	**–**	–	**95**	148
Total operating profit/(loss)						
Upstream	**1 231**	1 251	**(91)**	(313)	**1 140**	938
LNG Shipping & Marketing	**749**	521	**181**	35	**930**	556
Other activities	**12**	16	**–**	12	**12**	28
	1 992	1 788	**90**	(266)	**2 082**	1 522
Net finance (costs)/income						
Finance income	**48**	42	**193**	57	**241**	99
Finance costs	**(55)**	(62)	**(109)**	(67)	**(164)**	(129)
Share of joint ventures and associates	**(3)**	(6)	**–**	–	**(3)**	(6)
	(10)	(26)	**84**	(10)	**74**	(36)
Taxation						
Taxation	**(743)**	(737)	**(16)**	123	**(759)**	(614)
Share of joint ventures and associates	**(30)**	(39)	**–**	–	**(30)**	(39)
	(773)	(776)	**(16)**	123	**(789)**	(653)
Profit/(loss) for the period from continuing operations attributable to Shareholders (earnings)	**1 209**	986	**158**	(153)	**1 367**	833

a) External sales are attributable to segments as follows: Upstream $3 061 million (2013 $2 686 million), LNG Shipping & Marketing $2 451 million (2013 $1 719 million) and Other $2 million (2013 $1 million). Intra-group sales are attributable to segments as follows: Upstream $115 million (2013 $226 million) and LNG Shipping & Marketing $nil (2013 $6 million).

b) Business Performance Other operating income is attributable to segments as follows: Upstream $(7) million (2013 $4 million), LNG Shipping & Marketing $(6) million (2013 $(48) million) and Other $nil (2013 $(1) million).

3. Segmental analysis continued

Half Year	Business Performance 2014 $m	Business Performance 2013 $m	Disposals, re-measurements and impairments 2014 $m	Disposals, re-measurements and impairments 2013 $m	Total Result 2014 $m	Total Result 2013 $m
Group revenue[(a)]						
Upstream	**6 421**	5 982	**–**	–	**6 421**	5 982
LNG Shipping & Marketing	**4 348**	3 766	**–**	–	**4 348**	3 766
Other activities	**4**	2	**–**	–	**4**	2
Less: intra-group sales	**(280)**	(434)	**–**	–	**(280)**	(434)
Group revenue	**10 493**	9 316	**–**	–	**10 493**	9 316
Other operating income[(b)]	**69**	(38)	**(5)**	160	**64**	122
Group revenue and other operating income	**10 562**	9 278	**(5)**	160	**10 557**	9 438
Operating profit/(loss) before share of results from joint ventures and associates						
Upstream	**2 386**	2 436	**(130)**	(297)	**2 256**	2 139
LNG Shipping & Marketing	**1 429**	1 251	**185**	122	**1 614**	1 373
Other activities	**(12)**	(29)	**(6)**	12	**(18)**	(17)
	3 803	3 658	**49**	(163)	**3 852**	3 495
Share of pre-tax operating results from joint ventures and associates						
Upstream	**170**	246	**–**	–	**170**	246
LNG Shipping & Marketing	**12**	12	**–**	–	**12**	12
Other activities	**16**	19	**–**	–	**16**	19
	198	277	**–**	–	**198**	277
Total operating profit/(loss)						
Upstream	**2 556**	2 682	**(130)**	(297)	**2 426**	2 385
LNG Shipping & Marketing	**1 441**	1 263	**185**	122	**1 626**	1 385
Other activities	**4**	(10)	**(6)**	12	**(2)**	2
	4 001	3 935	**49**	(163)	**4 050**	3 772
Net finance (costs)/income						
Finance income	**72**	71	**207**	189	**279**	260
Finance costs	**(130)**	(119)	**(109)**	(267)	**(239)**	(386)
Share of joint ventures and associates	**(8)**	(13)	**–**	–	**(8)**	(13)
	(66)	(61)	**98**	(78)	**32**	(139)
Taxation						
Taxation	**(1 510)**	(1 624)	**(39)**	113	**(1 549)**	(1 511)
Share of joint ventures and associates	**(64)**	(81)	**–**	–	**(64)**	(81)
	(1 574)	(1 705)	**(39)**	113	**(1 613)**	(1 592)
Profit/(loss) for the period from continuing operations attributable to Shareholders (earnings)	**2 361**	2 169	**108**	(128)	**2 469**	2 041

a) External sales are attributable to segments as follows: Upstream $6 142 million (2013 $5 563 million), LNG Shipping & Marketing $4 347 million (2013 $3 751 million) and Other $4 million (2013 $2 million). Intra-group sales are attributable to segments as follows: Upstream $279 million (2013 $419 million) and LNG Shipping & Marketing $1 million (2013 $15 million).

b) Business Performance Other operating income is attributable to segments as follows: Upstream $nil (2013 $6 million), LNG Shipping & Marketing $69 million (2013 $(43) million) and Other $nil (2013 $(1) million).

3. Segmental analysis continued

	Business Performance		Disposals, re-measurements and impairments		Total Result	
Second Quarter	**2014 $m**	2013 $m	**2014 $m**	2013 $m	**2014 $m**	2013 $m
Total operating profit/(loss)						
Upstream	**1 231**	1 251	**(91)**	(313)	**1 140**	938
LNG Shipping & Marketing	**749**	521	**181**	35	**930**	556
Other activities	**12**	16	**–**	12	**12**	28
	1 992	1 788	**90**	(266)	**2 082**	1 522
Less: Share of pre-tax operating results from joint ventures and associates					**(95)**	(148)
Add: Share of post-tax results from joint ventures and associates					**62**	103
Net finance costs					**77**	(30)
Profit before tax					**2 126**	1 447
Taxation					**(759)**	(614)
Profit for the period from continuing operations attributable to Shareholders (earnings)					**1 367**	833

	Business Performance		Disposals, re-measurements and impairments		Total Result	
Half Year	**2014 $m**	2013 $m	**2014 $m**	2013 $m	**2014 $m**	2013 $m
Total operating profit/(loss)						
Upstream	**2 556**	2 682	**(130)**	(297)	**2 426**	2 385
LNG Shipping & Marketing	**1 441**	1 263	**185**	122	**1 626**	1 385
Other activities	**4**	(10)	**(6)**	12	**(2)**	2
	4 001	3 935	**49**	(163)	**4 050**	3 772
Less: Share of pre-tax operating results from joint ventures and associates					**(198)**	(277)
Add: Share of post-tax results from joint ventures and associates					**126**	183
Net finance costs					**40**	(126)
Profit before tax					**4 018**	3 552
Taxation					**(1 549)**	(1 511)
Profit for the period from continuing operations attributable to Shareholders (earnings)					**2 469**	2 041

4. Net finance income/(costs)

Second Quarter 2014 $m	Second Quarter 2013 $m		Half Year 2014 $m	Half Year 2013 $m
(123)	(134)	Interest payable[(a)]	**(265)**	(267)
(24)	(28)	Interest on obligations under finance leases	**(49)**	(53)
130	129	Interest capitalised	**258**	262
(38)	(29)	Unwinding of discount on provisions[(b)]	**(74)**	(61)
(109)	(67)	Disposals, re-measurements and impairments[(c)]	**(109)**	(267)
(164)	(129)	Finance costs	**(239)**	(386)
48	42	Interest receivable[(a)]	**72**	71
193	57	Disposals, re-measurements and impairments[(c)]	**207**	189
241	99	Finance income	**279**	260
77	(30)	Net finance income/(costs)[(d)]	**40**	(126)

a) In 2014, net interest payable includes foreign exchange gains of $34 million for the quarter (2013 $18 million) and foreign exchange gains of $21 million for the half year (2013 $23 million).

b) Relates to the unwinding of the discount on provisions and amounts in respect of pension obligations which represent the unwinding of discount on the plans' net deficit.

c) Net finance income/(costs) in disposals, re-measurements and impairments for the quarter of $84 million (2013 $(10) million) and for the half year of $98 million (2013 $(78) million) is included in note 2 (page 31) 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.

d) Excludes Group share of net finance costs from joint ventures and associates for the quarter of $3 million (2013 $6 million) and for the half year of $8 million (2013 $13 million).

5. Taxation

The tax charge for the second quarter was as follows:

Second Quarter	Business Performance 2014 $m	Business Performance 2013 $m	Disposals, re-measurements and impairments 2014 $m	Disposals, re-measurements and impairments 2013 $m	Total Result 2014 $m	Total Result 2013 $m
Tax charge/(credit) for the period excluding share of taxation from joint ventures and associates	**743**	737	**16**	(123)	**759**	614
Share of taxation from joint ventures and associates	**30**	39	**–**	–	**30**	39
Total including share of taxation from joint ventures and associates	**773**	776	**16**	(123)	**789**	653

The tax charge for the half year was as follows:

Half Year	Business Performance 2014 $m	Business Performance 2013 $m	Disposals, re-measurements and impairments 2014 $m	Disposals, re-measurements and impairments 2013 $m	Total Result 2014 $m	Total Result 2013 $m
Tax charge/(credit) for the period excluding share of taxation from joint ventures and associates	**1 510**	1 624	**39**	(113)	**1 549**	1 511
Share of taxation from joint ventures and associates	**64**	81	**–**	–	**64**	81
Total including share of taxation from joint ventures and associates	**1 574**	1 705	**39**	(113)	**1 613**	1 592

Business Performance taxation for the half year, including share of taxation from joint ventures and associates, was $1 574 million (2013 $1 705 million). In the second quarter, the Group's effective tax rate for 2014 reduced to 40% from previous guidance of 41%, reflecting certain changes in tax positions across a number of jurisdictions. The effective tax rate of 40% is based on the best estimate of the weighted average annual income tax rate expected for the full year (2013 41%).

6. Discontinued operations

The post-tax profit of the businesses comprising discontinued operations for the quarter, including profits and losses on disposals and impairments, was $nil (2013 $266 million) and for the half year was $8 million (2013 $269 million).

In June 2013, BG Group disposed of its 65.12% interest in Gujarat Gas Company Limited in India for consideration of $422 million, which resulted in a pre- and post-tax profit of $245 million in the second quarter of 2013.

Other disposals and impairments resulted in a post-tax result of $nil in the second quarter (2013 $nil) and a post-tax result of $nil for the half year (2013 $2 million loss).

Excluding profits and losses on disposals and impairments, the post-tax profit of the businesses comprising discontinued operations for the second quarter was $nil (2013 $21 million profit) and for the half year was an $8 million profit (2013 $26 million profit).

7. Earnings per ordinary share – continuing operations

Second Quarter					**Half Year**			
2014		2013			**2014**		2013	
$m	**cents per share**	$m	cents per share		**$m**	**cents per share**	$m	cents per share
1 209	**35.5**	986	29.0	Earnings – continuing operations excluding disposals, re-measurements and impairments	**2 361**	**69.3**	2 169	63.8
158	**4.6**	(153)	(4.5)	Disposals, re-measurements and impairments (after tax)	**108**	**3.2**	(128)	(3.8)
1 367	**40.1**	833	24.5	Earnings – continuing operations	**2 469**	**72.5**	2 041	60.0

Basic earnings per share calculations in 2014 are based on the weighted average number of shares in issue of 3 407 million for the quarter and half year.

The earnings figure used to calculate diluted earnings per ordinary share is the same as that used to calculate earnings per ordinary share given above, divided by 3 423 million for the quarter and for the half year, being the weighted average number of ordinary shares in issue during the period as adjusted for dilutive equity instruments.

8. Reconciliation of net borrowings[a] – Half Year

	$m
Net borrowings as at 31 December 2013	**(10 610)**
Net decrease in cash and cash equivalents	**(1 263)**
Cash outflow from changes in borrowings	**434**
Disposal of finance lease liabilities	**923**
Foreign exchange and other re-measurements	**139**
Net borrowings as at 30 June 2014	**(10 377)**

As at 30 June 2014, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately $0.6 billion, including BG Group shareholder loans of approximately $0.7 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 43.

Net borrowings comprise:

	As at 30 Jun 2014 $m	As at 31 Dec 2013 $m
Amounts receivable/(due) within one year		
Cash and cash equivalents	**4 968**	6 208
Trade and other receivables[a]	**39**	38
Borrowings	**(60)**	(475)
Commodity contracts and other derivative financial instruments	**47**	(11)
	4 994	5 760
Amounts receivable/(due) after more than one year		
Borrowings	**(16 292)**	(17 054)
Trade and other receivables[a]	**133**	134
Commodity contracts and other derivative financial instruments	**788**	550
	(15 371)	(16 370)
Net borrowings	**(10 377)**	(10 610)

a) Finance lease receivable of $172 million (2013 $172 million) included within current and non-current trade and other receivables on the balance sheet.

Liquidity and Capital Resources – as at 30 June 2014

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 $9.0 billion was unutilised.

BGEH 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, and a further £250 million which expires in 2015. BGEH also had a $1.8 billion undrawn credit facility provided by an export credit agency.

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.

9. Dividends

	Half Year			
	2014		2013	
	$m	cents per share	$m	cents per share
Prior year final dividend, paid in the period	**547**	**15.68**	478	14.26

The final dividend of 15.68 cents per ordinary share ($547 million) in respect of the year ended 31 December 2013 was paid on 30 May 2014 to shareholders on the register at the close of business on 25 April 2014. The interim dividend of 14.38 cents per ordinary share ($490 million) in respect of the year ending 31 December 2014 is payable on 12 September 2014 to shareholders on the register as at 15 August 2014.

10. Quarterly information: earnings and earnings per share

	2014 $m	2013 $m	2014 cents per share	2013 cents per share
First quarter				
Total Result – continuing operations	**1 102**	1 208	**32.4**	35.5
Total Result – discontinued operations	**8**	(1)	**0.2**	–
Business Performance	**1 152**	1 183	**33.8**	34.8
Second quarter				
Total Result – continuing operations	**1 367**	833	**40.1**	24.5
Total Result – discontinued operations	**–**	261	**–**	7.7
Business Performance	**1 209**	986	**35.5**	29.0
Third quarter				
Total Result – continuing operations		1 230		36.2
Total Result – discontinued operations		(11)		(0.3)
Business Performance		1 070		31.5
Fourth quarter				
Total Result – continuing operations		(1 066)		(31.3)
Total Result – discontinued operations		(13)		(0.4)
Business Performance		1 135		33.3
Full year				
Total Result – continuing operations		2 205		64.8
Total Result – discontinued operations		236		6.9
Business Performance		4 374		128.6

11. Commitments and contingencies

Details of the Group's commitments and contingent liabilities as at 31 December 2013 can be found in note 22, page 125 of the Annual Report and Accounts 2013. The Group's capital expenditure commitments have decreased by approximately $1.2 billion in the six month period to 30 June 2014, primarily reflecting progress on the Group's major growth projects. There have been no material changes to the Group's other commitments or contingent liabilities in the period.

12. Related party transactions

The Group provides goods and services to, and receives goods and services from, its joint ventures and associates. In addition, the Group provides financing to some of these parties by way of loans. Details of related party transactions for the year ended 31 December 2013 can be found in note 23, page 127 of the Annual Report and Accounts 2013. There have been no material changes in these relationships in the six month period to 30 June 2014. No related party transactions have taken place in the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period.

Supplementary information: Operating and financial data

Second Quarter 2014	Second Quarter 2013	First Quarter 2014		Half Year 2014	Half Year 2013
			Gross exploration expenditure ($m)		
228	267	181	Capitalised expenditure (including acquisitions)	**409**	501
97	67	104	Other expenditure	**201**	168
325	334	285	Total	**610**	669
			Gross exploration expenditure by country ($m)		
63	59	50	Australia	**113**	96
17	67	46	Brazil	**63**	121
15	44	29	Egypt	**44**	89
1	–	51	Kenya	**52**	6
105	84	28	Tanzania	**133**	184
65	4	2	Trinidad and Tobago	**67**	5
11	30	14	UK	**25**	59
9	12	30	Uruguay	**39**	37
39	34	35	Other	**74**	72
325	334	285	Total	**610**	669
			Exploration expenditure charge ($m)		
20	66	57	Capitalised expenditure written off	**77**	71
97	67	104	Other expenditure	**201**	168
117	133	161	Total	**278**	239

Supplementary information: Operating and financial data continued

Second Quarter 2014	Second Quarter 2013	First Quarter 2014		Half Year 2014	Half Year 2013
			Capital investment ($m)		
1 007	1 237	1 074	Australia	**2 081**	2 727
690	598	434	Brazil	**1 124**	1 053
81	147	124	Egypt	**205**	264
43	39	52	Kazakhstan	**95**	70
117	52	108	Norway	**225**	84
75	92	51	Tanzania	**126**	169
36	26	40	Thailand	**76**	53
121	35	55	Trinidad and Tobago	**176**	62
127	193	150	UK	**277**	401
29	27	31	USA	**60**	67
149	144	152	Other	**301**	268
2 475	2 590	2 271	Upstream	**4 746**	5 218
1	9	7	LNG Shipping & Marketing	**8**	11
–	–	5	Other	**5**	1
–	5	–	Discontinued operations	**–**	10
2 476	2 604	2 283	Capital investment on a cash basis ($m)	**4 759**	5 240
(52)	433	(126)	Other items[(a)]	**(178)**	613
2 424	3 037	2 157	**Total capital investment ($m)**	**4 581**	5 853
2 424	3 022	2 148	Upstream[(b)]	**4 572**	5 830
–	10	5	LNG Shipping & Marketing	**5**	12
–	–	4	Other	**4**	1
–	5	–	Discontinued operations	**–**	10
2 424	3 037	2 157	**Total capital investment ($m)**	**4 581**	5 853

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

b) Includes E&P development expenditure of $1 720 million for the quarter (Q2 2013 $2 069 million; Q1 2014 $1 500 million) and $3 220 million for the half year (2013 $3 981 million).

Supplementary information: Operating and financial data continued

Second Quarter 2014	Second Quarter 2013	First Quarter 2014		Half Year 2014	Half Year 2013
			Depreciation and amortisation by segment ($m)		
652	715	708	Upstream	**1 360**	1 419
37	40	40	LNG Shipping & Marketing	**77**	79
1	–	1	Other	**2**	1
690	755	749	Total	**1 439**	1 499
			LNG cargo deliveries by country		
5	–	3	China	**8**	2
–	2	–	India	**–**	3
12	12	7	Japan	**19**	30
1	–	–	Malaysia	**1**	–
7	3	7	Singapore	**14**	3
4	4	8	South Korea	**12**	16
2	4	1	Taiwan	**3**	4
1	–	–	Thailand	**1**	–
32	25	26	**Asia**	**58**	58
–	1	1	Mexico	**1**	1
–	–	–	Portugal	**–**	1
1	–	–	UAE	**1**	–
–	–	1	UK	**1**	1
1	1	2	**Europe & Other**	**3**	3
2	1	1	USA	**3**	5
2	1	1	**North America**	**3**	5
3	1	2	Brazil	**5**	1
12	11	9	Chile	**21**	21
15	12	11	**South America**	**26**	22
50	39	40	Total	**90**	88
3 102	2 399	2 447	**LNG delivered volumes (thousand tonnes)**	**5 549**	5 379

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
BSR	Buoyancy supported riser
Capital investment	Comprises expenditure on property, plant and equipment, other intangible assets and investments, including business combinations
Capital investment on a cash basis	Comprises 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
Delivered volumes	Comprise all LNG volumes discharged in a given period, excluding LNG utilised by the ships
EBITDA	Earnings before interest, tax, depreciation and amortisation
E&P	Exploration and Production
E&P EBITDA margin	E&P EBITDA before exploration charge divided by production volumes for the period
E&P operating profit margin	E&P operating profit before exploration charge divided by production volumes for the period
DD&A	depreciation, depletion and amortisation
FPSO	Floating Production Storage and Offloading system
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 loan repayments
Gearing ratio	net borrowings as a percentage of total shareholders' funds (excluding the re-measurement of commodity financial instruments and associated deferred tax) plus net borrowings
IAS	International Accounting Standard issued by the IASB
IASB	International Accounting Standards Board
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
mmcfd	million cubic feet per day
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
tcf	trillion cubic feet
Total operating profit	Operating profit plus share of pre-tax operating results of joint ventures and associates
Unit operating expenditure per boe	Production costs and royalties incurred over the period divided by the net production for the period. This measure does not include the impact of depreciation and amortisation costs and exploration costs as they are not considered to be costs associated with the operation of producing assets
Unit lifting costs per boe	'Unit operating expenditure' as defined above, excluding royalty, tariff and insurance costs incurred over the period divided by the net production for the period
Upstream	Exploration & Production and LNG liquefaction businesses

Enquiries

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

Investor Relations Department
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Thames Valley Park Drive
Reading
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Tel: 0118 929 3025
email: invrel@bg-group.com

General enquiries about shareholder matters should be made to:

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

Tel: 0871 384 2064
Online: via https://help.shareview.co.uk

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

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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
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USA

email: info@otcmarkets.com

Financial Calendar

Ex-dividend for 2014 interim dividend	13 August 2014
Record date for 2014 interim dividend	15 August 2014
Payment of 2014 interim dividend	12 September 2014
Announcement of 2014 third quarter results	28 October 2014

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

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