BG GROUP

BG Group plc

2012 FOURTH QUARTER & FULL YEAR RESULTS

Key Points

- Full year earnings up 3% to $4.4 billion
- Fourth quarter earnings down 29% to $1.0 billion; 2011 benefited from a $277 million tax credit
- Full year production up 3%, consistent with third quarter guidance
- Full year cash flow from operations up 10% to $10.7 billion; gearing at 24%
- Full year dividend increased by 10% to 26.14 cents per share (16.67 pence per share)
- In January, first production from 120 000 bopd FPSO on Sapinhoá field; on schedule and budget
- QCLNG on track for first LNG in 2014; $20.4 billion capex guidance reaffirmed
- 2013 production outlook of 630 kboed to 660 kboed
- 2013 profit outlook for new LNG Shipping & Marketing segment slightly ahead of 2012 results, at $2.5 billion to $2.7 billion

Fourth Quarter 2012 $m	Fourth Quarter 2011[b] $m		**Business Performance[a]**	Full Year 2012 $m	Full Year 2011[b] $m	
1 831	2 089	-12%	Total operating profit including share of pre-tax operating results from joint ventures and associates	**8 047**	7 732	+4%
1 030	1 456	-29%	Earnings for the period	**4 395**	4 251[c]	+3%
30.3c	42.9c	-29%	Earnings per share	**129.4c**	125.4c	+3%
14.26c	12.96c	+10%	Dividend per share	**26.14c**	23.76c	+10%
			Total results for the period (including disposals, re-measurements and impairments)			
1 535	1 813	-15%	Operating profit before share of results from joint ventures and associates	**6 191**	6 977	-11%
1 649	1 912	-14%	Total operating profit including share of pre-tax operating results from joint ventures and associates	**6 633**	7 426	-11%
940	1 358	-31%	Earnings for the period continuing operations	**3 309**	4 096[c]	-19%
786	(22)	–	Earnings for the period discontinued operations[d]	**1 210**	138	–
27.7c	40.0c	-31%	Earnings per share continuing operations	**97.5c**	120.8c	-19%
23.1c	(0.6)c	–	Earnings per share discontinued operations	**35.6c**	4.1c	–

a) 'Business Performance' excludes disposals, certain re-measurements and impairments as exclusion of these items provides a clear and consistent presentation of the underlying operating performance of the Group's ongoing business. For further information see Presentation of Non-GAAP measures (page 10) and notes 1 to 3 (pages 18 to 21). Unless otherwise stated, the results discussed in this release relate to BG Group's Business Performance.

b) 2011 results have been restated to reflect the presentation of the majority of the businesses that comprised the Transmission & Distribution segment as discontinued operations (see note 1, page 18).

c) Includes a charge in respect of prior period taxation (Business Performance $195 million, Total results $148 million) arising on the revision of deferred tax balances at 1 January 2011 due to changes in UK taxation rates.

d) Includes profit/(loss) on disposal of non-current assets and impairments of $749 million in the quarter (2011 $(41) million) and $1 003 million in the full year (2011 $(45) million). For further information on discontinued operations see Business segment changes (page 4), note 1 (page 18) and note 6 (page 25).

BG Group's Chief Executive, Chris Finlayson said:

"For the full year, BG Group delivered earnings growth of 3%. Cash flow from operations was strong, up 10% to $10.7 billion. Our LNG business performed well with total operating profit up 13%, demonstrating the value of our flexible LNG model, which allowed us to capture increased margins by diverting cargoes to higher value markets. A 3% increase in production was consistent with our third quarter guidance.

"Earnings in the fourth quarter were down 29% to $1.0 billion, primarily as a result of a one-off $277 million tax credit in 2011. Excluding this tax credit, underlying earnings fell by 13%, broadly in line with the 12% decline in total operating profit. In the Upstream segment, total operating profit decreased by 12%, and fewer LNG cargo deliveries combined with lower spot prices resulted in a 16% lower contribution from LNG Shipping & Marketing."

On 2012 accomplishments, Chris continued "we made important progress on our key projects in Brazil and Australia. In January this year, in line with plan, we achieved the start of commercial production on the Sapinhoá field in block BM-S-9, via our second FPSO, and our third FPSO is also on schedule and on budget for production from the Lula field in block BM-S-11 in the second quarter of this year.

"In Australia, the Queensland Curtis LNG project made good progress towards first LNG in 2014. With 94% of the $20.4 billion budget now covered by contracts and other agreements, we are confident in delivering the first phase of this project on schedule and on budget. In December, we achieved a monthly record of 55 wells drilled. On Curtis Island, construction continues apace with work on the LNG storage tanks and jetties well advanced. We expect to have first gas in the LNG plant to enable commissioning to start around the end of the year. In the USA, we have further reduced our drilling activity to four rigs where lower pricing led to a non-cash post-tax impairment of $1.3 billion, previously reported in the second quarter."

Chris highlighted BG Group's exploration performance in 2012, saying "we continued to deliver excellent performance in exploration and appraisal, with 18 successful wells out of 19 tests in the year, including a further four successes in Tanzania. Elsewhere, our risked exploration resources grew by more than 20% with new licences acquired in Uruguay, Egypt, India and Trinidad and Tobago.

"We made outstanding progress with our portfolio rationalisation programme in 2012. We have now signed agreements expected to release $8.1 billion of capital by the end of 2013, exceeding our target given just 12 months ago. We have made the strategic choice to sell non-core businesses and have now exited our T&D segment, reinforcing our focus on E&P and LNG. Going forward, we will continue to keep our portfolio under active review and management."

Chris said "our funding diversification programme continued to be well received, including three tranches of hybrid bonds, all over subscribed, which raised $2.1 billion from international markets, and we secured a $1.8 billion loan commitment from the Export-Import Bank of the United States."

On outlook Chris said "I believe that 630 000 to 660 000 barrels of oil equivalent per day (boed) is an appropriate range for our 2013 production outlook, given the risks and opportunities we face. Given this starting point in 2013, and adjusting for the CNOOC deal, the Group's previous guidance of more than 1 million boed will not be reached in 2015. Nonetheless, we still expect strong volume and cash flow growth in 2014 and 2015. We expect 2013 LNG Shipping & Marketing, on the new segment definition, to generate operating profit of $2.5 billion to $2.7 billion, slightly ahead of 2012 results.

"We have much to accomplish and clear milestones to deliver in 2013. We have seven projects coming onstream over the year. Our focus is squarely on safety and execution in both our growth projects and base assets. In Egypt, BG Group continues to keep the business environment under careful review. We have sanctioned the next phase of development for the West Delta Deep field, subject to partner approval, which will come onstream in 2014."

Looking further ahead, Chris said "Importantly, we have begun a review of our longer-term strategy, and I look forward to sharing it with the market in May. We are a company with deep commercial and technical expertise alongside a high-quality resource base. Our strategy will build on our distinctive strengths, which clearly differentiate us from the majors in the industry: world class exploration, a unique LNG model and our commercial agility."

Business Review – Group

Fourth Quarter 2012 $m	Fourth Quarter 2011 Restated[a] $m		Business Performance	Full Year 2012 $m	Full Year 2011 Restated[a] $m	
4 753	4 999	-5%	Revenue and other operating income	**18 963**	17 741	+7%
1 169	1 334	-12%	Upstream[b]	**5 464**	5 440	–
658	784	-16%	LNG Shipping & Marketing[b]	**2 577**	2 282	+13%
4	(29)	–	Other activities	**6**	10	-40%
1 831	2 089	-12%	Total operating profit including share of pre-tax results from joint ventures and associates	**8 047**	7 732	+4%
(56)	(17)	+229%	Net finance costs	**(128)**	(141)	-9%
(745)	(616)	+21%	Taxation for the period	**(3 524)**	(3 340)[c]	+6%
1 030	1 456	-29%	Earnings for the period	**4 395**	4 251	+3%
30.3c	42.9c	-29%	Earnings per share (cents)	**129.4c**	125.4c	+3%
2 248	2 655	-15%	Cash generated by operations	**10 715**	9 773	+10%
2 747	2 665	+3%	Capital investment on a cash basis[d]	**10 407**	10 691	-3%

a) See note 1 (page 18).

b) See Business segment changes (page 4).

c) Includes a charge of $195 million in respect of prior period taxation arising on the revision of deferred tax balances at 1 January 2011 due to changes in UK taxation rates.

d) Includes capital investment relating to discontinued operations for the quarter of $35 million (2011 $80 million) and for the full year of $281 million (2011 $317 million).

Fourth quarter

Revenue and other operating income decreased by 5% to $4 753 million, reflecting fewer LNG cargo deliveries and a 2% decrease in production volumes.

Total operating profit decreased by 12% to $1 831 million as a result of the decrease in revenue and other operating income combined with higher operating costs and depreciation, and a higher exploration charge in the Upstream segment.

Net finance costs of $56 million included foreign exchange losses of $20 million (2011 $17 million including foreign exchange gains of $13 million).

Earnings in the quarter were 29% lower, as the tax charge in the fourth quarter of 2011 included a $277 million credit resulting from one-off adjustments in respect of tax positions in a number of jurisdictions.

Cash generated by operations decreased by 15% to $2 248 million reflecting lower operating profits and a higher working capital cash outflow.

As of 31 December 2012, the Group's net debt was $10 624 million and the gearing ratio was 24.2%. The average maturity of the Group's gross borrowings remains at around 17 years.

Capital investment (excluding acquisitions and on a cash basis) of $2 747 million was predominantly in the Upstream segment ($2 707 million). This investment was focused primarily on the Group's major projects in Australia, Brazil, the UK and Egypt. Further details on key project developments are provided in the fourth quarter business highlights section.

Full year

Revenue and other operating income increased by 7% to $18 963 million, reflecting the benefit in the E&P business of higher realised gas and liquids prices, a 3% increase in production volumes and favourable changes in the production mix. In addition, the Group's LNG business posted another year of improved profits, up 13%, as a result of increased margins driven by strong demand from high value Asian markets.

Total operating profit increased by 4% to $8 047 million, as the increase in revenue and other operating income was partly offset by higher operating costs and depreciation in the Upstream segment.

Net finance costs of $128 million included interest received on tax refunds of $23 million and foreign exchange losses of $29 million (2011 $141 million including foreign exchange losses of $1 million).

The Group's effective tax rate (including BG Group's share of joint venture and associates' tax) for the full year was 44.5%, marginally higher than the 2011 effective tax rate of 44%.The effective tax rate for 2011 included a $277 million credit in the fourth quarter resulting from one-off adjustments in respect of tax positions in a number of jurisdictions and a $195 million charge in the first quarter which resulted from the increase in UK North Sea taxation.

Cash generated by operations increased by 10% to $10 715 million, reflecting strong business performance and the reversal of prior period margin calls on the Group's hedged LNG contracts as a result of the continued reduction in hedging activities.

Capital investment (excluding acquisitions and on a cash basis) of $10 407 million included investment in Upstream ($10 099 million) and LNG Shipping & Marketing ($18 million).

Taking into account the outlook for earnings growth, cash flow and the balance sheet position, the Board has recommended a final dividend of 14.26 cents per share (9.03 pence per share), bringing the full year dividend to 26.14 cents per share (16.67 pence per share), an increase of 10% compared with last year. The final dividend will be paid to shareholders in Pounds Sterling on 31 May 2013.

Business segment changes

In the fourth quarter, the Group completed the sale of its interest in Comgás in Brazil and the disposal of BG Italia Power (BGIP) and reached agreement to sell its interest in Gujarat Gas Company Limited (GGCL) in India. Together, Comgás, BGIP and GGCL represented the majority of the Group's Transmission & Distribution (T&D) business segment and as a result of these transactions, these businesses, together with certain other assets in the T&D segment, have been treated as discontinued operations for the year ended 31 December 2012. The remaining T&D businesses, primarily Mahanagar Gas in India, have been allocated to the Other segment. Comparative information has also been restated. For further information on discontinued operations, see note 1 (page 18) and note 6 (page 25).

Additionally, the Group's remaining business segments have been reviewed. Previously, exploration and production operations have been reported in the E&P segment and liquefaction operations in the LNG segment. The Group's operations are integrated across all parts of the gas chain, particularly in Australia, Egypt and Trinidad and Tobago, which comprise exploration, production and liquefaction operations, and therefore the liquefaction businesses have been combined with the previous E&P segment to form the 'Upstream' segment. The remaining businesses comprising the LNG segment, including the Group's interests in regasification plants, have been renamed 'LNG Shipping & Marketing'.

The impact of these segmental changes and discontinued operations on full year 2012 is set out in the tables below. The new segmental presentation is consistent with the basis used to present information for internal reporting purposes.

Business Performance Operating Profit

	Full Year 2012				
	Upstream/E&P $m	LNG Shipping & Marketing/LNG $m	T&D $m	Other $m	Total $m
Revised segmental presentation	**5 464**	**2 577**	**–**	**6**	**8 047**
Discontinued operations	–	–	478	–	478
Retained T&D businesses	–	–	26	(26)	–
Liquefaction businesses	(346)	346	–	–	–
Previous segmental presentation	**5 118**	**2 923**	**504**	**(20)**	**8 525**

Capital investment on a cash basis

	Full Year 2012					
	Upstream/E&P $m	LNG Shipping & Marketing/LNG $m	T&D $m	Other $m	Discontinued $m	Total $m
Revised segmental presentation	**10 099**	**18**	**–**	**9**	**281**	**10 407**
Discontinued operations	**–**	**–**	**281**	**–**	**(281)**	**–**
Retained T&D businesses	**–**	**–**	**9**	**(9)**	**–**	**–**
Liquefaction businesses	**(2 339)**	**2 339**	**–**	**–**	**–**	**–**
Previous segmental presentation	**7 760**	**2 357**	**290**	**–**	**–**	**10 407**

Comparative information by quarter for segmental operating profit and capital investment on a cash basis is given in Supplementary information (page 29).

Disposals, re-measurements and impairments – continuing operations

Total results included a post-tax charge of $90 million (2011 $98 million charge) for the fourth quarter in respect of disposals, re-measurements and impairments, and a post-tax charge of $1 086 million for the full year (2011 $155 million charge). The full year charge comprised a non-cash, post-tax charge of $1 295 million as a result of the impairment of certain assets associated with the shale gas business in the USA, recorded in the second quarter following the weaker outlook for US natural gas prices, and a post-tax credit of $209 million in respect of other disposals, re-measurements and impairments. For further information see Presentation of Non-GAAP measures (page 10) and notes 1 to 3 (pages 18 to 21).

2013 outlook

BG Group's production outlook for 2013 is 630 kboed to 660 kboed. Year on year production is expected to be slightly down in the first half; lower in the third quarter, when the Group performs most of its maintenance programme, and then grows strongly in the fourth quarter, driven by the ramp up of two FPSOs in Brazil, and significant volumes from Jasmine and Margarita Phase 2. The timing for Elgin/Franklin resuming production remains a key uncertainty. Given this starting point in 2013, and adjusting for the CNOOC deal, the Group's previous guidance of more than 1 mmboed will not be reached in 2015. The Group still expects strong volume and cash flow growth in 2014 and 2015.

At reference conditions, E&P unit operating costs are expected to be in the range $11.00 to $11.50 per boe. E&P unit depreciation costs are expected to be in the range $10.50 to $11.00 per boe.

The LNG Shipping & Marketing total operating profit, on the new segment definition, is expected to be $2.5 billion to $2.7 billion at current market conditions. The 2013 outlook is slightly ahead of the 2012 results, and is equivalent to $2.9 billion to $3.1 billion under the old LNG segment definition. This assumes supply volumes from long-term contracts of around 11.3 million tonnes of LNG, 0.3 million tonnes lower than 2012, primarily related to lower supply from Egypt. This volume forecast also assumes minimal spot cargoes, given current tight market conditions. In Chile, the pricing has switched to a predominately Henry Hub linked basis. The portfolio is substantially unhedged in 2013.

Planned capital expenditures on a cash basis are some $12 billion: $5.5 billion for Australia; $2.7 billion for Brazil; $3.0 billion for base producing assets; and $0.8 billion for other projects. Exploration and appraisal expenditure is expected to be around $1.6 billion, approximately 50% of which will be expensed.

The Group expects its effective tax rate for 2013 to be around 44%.

BG Group will address longer-term outlook during a strategy presentation on 14 May 2013.

Fourth quarter business highlights

Australia

Significant progress continues to be made at Queensland Curtis LNG (QCLNG) with the completion of a number of important milestones that advance the two-train LNG project. At year end, more than 50% of the first phase scope to the end of 2014 has been completed on a value of work done basis. Additionally, 94% of the $20.4 billion budget is covered by contracts and other agreements, which provides the Group confidence that the project remains on budget and schedule to deliver first LNG in 2014.

In the upstream, the pace of drilling accelerated again in the fourth quarter, with 148 wells and a record 55 wells in December. This brings the total number of wells to 1 160. In December, the Group added its 11th rig and expects to maintain this level throughout 2013. In addition, progress has been made on the field compression stations with Argyle and Bellevue now operating.

Construction of the pipeline infrastructure progresses with all of the clearing, stringing and mainline welding for the 200 kilometre gas collection system having been completed and 75% lowered into the ground. The 340 kilometre export pipeline is 74% mainline welded, with 45% of the pipeline lowered into the ground.

Progress on the LNG plant continues with 49 of the 80 modules required for the first phase having now left Thailand, 24 of which have been delivered to Curtis Island.

BG Group's operations in Queensland were affected by the flooding associated with tropical cyclone Oswald in late January. The Group's preliminary assessment is that its systems have worked well and the impact is limited.

Brazil

In January 2013, first production from the Sapinhoá field commenced with the 120 000 barrels of oil per day (bopd) *Cidade de São Paulo* (FPSO 2) delivered on schedule and on budget. The first well is producing about 15 000 bopd during the 90-day commissioning of natural gas and reinjection systems, with total productive capacity of more than 25 000 bopd thereafter.

Additionally, FPSO 3 on the Lula field is on schedule and budget for start-up in the second quarter of 2013. Together, these two new units will more than triple gross processing capacity from around 100 000 bopd and 176 million standard cubic feet of gas per day (mmscfd) to 340 000 bopd and 528 mmscfd. Hull conversion is ongoing in China for FPSOs 4 and 5, which are both around 50% complete. Integration activities will take place in Brazil ahead of planned start-up in 2014.

Drilling times (spud to target depth) in the Santos Basin have continued to improve, with the average time to total depth some 25% lower than in 2011. With almost 50% of total costs drilling related, this highlights the continuing potential for further cost reduction in this area.

Egypt

Production during 2012 from Egypt was lower than forecast as the Phase 7 compression project was less effective than expected in arresting reservoir decline. Following an agreement signed with Egypt General Petroleum Corporation (EGPC) in 2011, the repayment of the Group's receivable balance in respect of domestic gas sales is partly linked to production levels, in particular the volume of gas allocated for export as LNG. As at 31 December 2012, this receivable balance was $1.3 billion, of which $0.6 billion was overdue. Under repayment terms being negotiated with EGPC, and based upon post-investment forecast production levels, the existing $1.3 billion receivable balance would be fully recovered by the end of 2015, and all future receivables would be current by 2017. However, the recoverability of the receivable balances within these timeframes and the full realisation of the carrying value of the Group's significant Egyptian operations depend on the business environment in Egypt, together with the outcome of current negotiations with EGPC, reservoir performance, the Group's continued investment plans and the successful operational delivery of those plans. BG Group plans to begin the next phase of development for the West Delta Deep Marine field, Phase 9a, this year, subject to partner consent and expects to drill around 12 new development wells in 2013 which will provide additional information regarding reserves and reservoir performance.

Fourth quarter business highlights (continued)

Tanzania

In the quarter, BG Group completed one successful exploration well and a successful appraisal well, plus a sidetrack in the greater Jodari area located in Block 1. These wells confirmed previously disclosed volumes and significantly reduced the Jodari field uncertainty. The Group estimates gross total resources in current discoveries across its Tanzanian interests to be near 10 tcf (BG Group 60% and operator), with extensive further potential to be explored in the remaining exploration prospects. Production tests on Jodari and Mzia are planned in the first half of 2013.

Portfolio rationalisation programme

The Group continued with the successful execution of its portfolio rationalisation programme. The programme is refocusing the Group's portfolio on its core strengths in E&P and LNG, by exiting the T&D sector. BG Group also made the strategic decision to sell down certain interests in QCLNG, signing the heads of agreement in October which deepens the Group's partnership with China National Offshore Oil Corporation (CNOOC). Agreements were also signed for the sale of 5 million tonnes of LNG, which will make BG Group the largest supplier of LNG into the world's fastest growing energy market.

In November, the sale of the Group's entire 60.1% holding in Comgás for Brazilian Reais 3.4 billion (approximately $1.7 billion) in cash, to Cosan S.A. Indústria e Comércio was completed.

During the quarter, the Group also completed the disposal of BG Italia Power and signed agreements to dispose of its interests in MetroGAS S.A. and the Bolivia-to-Brazil pipeline. The sale of the Bolivia-to-Brazil pipeline completed in January 2013.

In total, the Group has agreed disposals that are expected to release $8.1 billion of capital by the end of 2013.

Funding programme

During 2012, BG Group's funding diversification programme raised $2.1 billion from capital markets and secured $2.3 billion of agreements from export credit agencies.

In November, the Group announced a new five-year $3 billion syndicated committed credit facility which replaced $2.3 billion of expiring bilateral committed credit lines. The new facility is in addition to the $2.2 billion of five-year bilateral committed credit lines secured in 2011, taking the total of BG Group's undrawn committed bank borrowing facilities to $5.2 billion.

In December, BG Group secured agreement for a $1.8 billion loan from the Export-Import Bank of the United States. This agreement, which is subject to documentation, is designed to support the export of US services and equipment for the ongoing delivery of the QCLNG project in Australia.

Board changes

In December, BG Group announced the appointment of Chris Finlayson as Chief Executive from 1 January 2013. Sir Frank Chapman stepped down from the Board and Group Executive Committee on 31 December 2012, and continues to work as an advisor in support of the Chief Executive transition until his retirement in June 2013.

Upstream – New segment basis

Fourth Quarter 2012 $m	Fourth Quarter 2011 Restated[a] $m		Business Performance	Full Year 2012 $m	Full Year 2011 Restated[a] $m	
58.9	60.2	-2%	Production volumes (mmboe)	**240.5**	234.1	+3%
2 928	2 962	-1%	Revenue and other operating income	**11 954**	11 151	+7%
1 337	1 504	-11%	E&P operating profit before exploration charge	**5 802**	5 796	–
(260)	(216)	+20%	Exploration charge	**(684)**	(647)	+6%
1 077	1 288	-16%	E&P operating profit	**5 118**	5 149	-1%
92	46	+100%	Liquefaction operating profit	**346**	291	+19%
1 169	1 334	-12%	Total operating profit	**5 464**	5 440	–
2 707	2 595	+4%	Capital investment on a cash basis	**10 099**	10 307	-2%

a) See note 1 (page 18).

Additional operating and financial data is given on page 29.

Fourth quarter

Revenue and other operating income of $2 928 million was broadly in line with 2011, as a decrease in production volumes was offset by the effect of higher realised prices. Volumes decreased by 2% primarily due to the loss of non-operated production resulting from the long-term shutdown at Elgin/Franklin and an extended shutdown at Buzzard.

The Group's average realised gas price increased by 7% to 46.03 cents per therm. International gas price realisations were 12% higher at 42.98 cents per therm, reflecting generally higher market prices and changes in the production mix. The average realised gas price in the UK increased by 7% to 51.37 pence per therm owing to higher market prices.

Total E&P operating profit of $1 077 million was 16% lower as a result of higher operating costs, depreciation and a higher exploration charge. Unit operating expenditure increased by $1.84 per boe to $11.03 per boe, principally reflecting the impact of higher royalty costs arising from changes in the production mix and higher commodity prices. The unit depreciation charge increased by $1.82 per boe to $9.44 per boe due to new developments coming onstream and as a result of changes in the production mix. The exploration charge of $260 million was $44 million higher primarily as a result of higher seismic acquisition costs. Gross exploration expenditure of $386 million included spend in Tanzania ($77 million), Egypt ($70 million), Australia ($68 million), the UK ($43 million) and Brazil ($28 million). BG Group's share of operating profit from liquefaction activities increased by 100% to $92 million, primarily as a result of lower planned maintenance at Atlantic LNG and reduced business development expenditure.

Capital investment on a cash basis of $2 707 million included investment in Australia ($1 330 million), Brazil ($534 million), the UK ($230 million) and Egypt ($186 million).

Full year

Revenue and other operating income increased by 7% to $11 954 million, reflecting higher realised gas and liquids prices, a 3% increase in production volumes and improved production mix. Total E&P operating profit was in line with 2011 as the increase in revenue and other operating income was offset by higher operating costs and depreciation.

The Group's average realised gas price increased by 8% to 44.84 cents per therm, reflecting generally higher market prices and changes in the production mix. Production volumes increased as a result of new fields coming onstream in Brazil, Bolivia and Thailand. Unit operating expenditure increased by $1.48 per boe to $10.25 per boe, in line with the revised guidance provided in the third quarter. This increase principally reflects the impact of higher royalty costs arising from changes in the production mix and generally higher commodity prices. The unit depreciation charge increased by $1.39 per boe to $9.05 per boe as a combined result of the impact of new fields coming onstream and changes in the production mix. BG Group's share of operating profit from liquefaction activities of $346 million was 19% higher than 2011.

Capital investment on a cash basis of $10 099 million included investment in Australia ($5 043 million), Brazil ($1 553 million), the UK ($1 099 million) and Egypt ($637 million).

LNG Shipping & Marketing – New segment basis

Fourth Quarter 2012 $m	Fourth Quarter 2011 Restated[(a)] $m		Business Performance	Full Year 2012 $m	Full Year 2011 Restated[(a)] $m	
2 947	3 164	-7%	LNG managed volumes (thousand tonnes)	**12 143**	12 762	-5%
2 109	2 373	-11%	Revenue and other operating income	**8 074**	7 834	+3%
689	812	-15%	Shipping and marketing	**2 709**	2 379	+14%
(31)	(28)	+11%	Business development and other	**(132)**	(97)	+36%
658	784	-16%	Total operating profit	**2 577**	2 282	+13%
3	(10)	–	Capital investment on a cash basis	**18**	64	-72%

a) See note 1 (page 18).

Additional operating and financial data is given on page 29.

Fourth quarter

LNG Shipping & Marketing total operating profit of $658 million was 16% lower than last year as a result of fewer cargo deliveries and lower Asian spot prices.

During the quarter, BG Group delivered 48 LNG cargoes, four fewer than 2011, primarily as a result of fewer spot cargo deliveries. Cargo deliveries comprised 30 to Asia, 13 to South America, 4 to the USA and 1 to Europe (2011 52 cargoes: 33 Asia, 9 South America, 7 USA, 2 Europe and 1 Middle East).

Full year

LNG Shipping & Marketing total operating profit for the year increased by 13% to $2 577 million despite 11 fewer cargo deliveries, reflecting favourable market conditions and strong demand, particularly from Japan. The tightening of the LNG market, which overall benefits the LNG Shipping & Marketing business, also resulted in a reduction in the number of spot cargoes available for purchase. Spot cargo purchases in the year declined from 22 to 15.

During the year, BG Group delivered 197 LNG cargoes, comprising 122 to Asia, 47 to South America, 19 to the USA, 8 to Europe and 1 to the Middle East (2011 208 cargoes: 109 Asia, 44 South America, 29 USA, 23 Europe and 3 Middle East). Deliveries to Japan increased from 40 to 67, reflecting record demand as all nuclear units were offline by the end of the second quarter, of which only two were back online at year end.

Profits from liquefaction activities of $346 million for the year are now reported within the Upstream segment. The total operating profit for the previously reported LNG segment was $2 923 million, exceeding the upper end of the $2.6 billion to $2.8 billion guidance range for 2012.

Presentation of Non-GAAP measures

Business Performance
'Business Performance' excludes discontinued operations and disposals, certain re-measurements and impairments (see below) as exclusion of these items provides a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

BG Group uses commodity instruments to manage price exposures associated with its marketing and optimisation activity. This activity enables the Group to take advantage of commodity price movements. It is considered more appropriate to include both unrealised and realised gains and losses arising from the mark-to-market of derivatives associated with this activity in 'Business Performance'.

Disposals, certain re-measurements and impairments
BG Group's commercial arrangements for marketing gas include the use of long-term gas sales contracts. Whilst the activity surrounding these contracts involves the physical delivery of gas, certain 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 underlying borrowings and foreign exchange movements on monetary items that form part of the Group's net investment in foreign operations, 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 12), note 2 (page 19) and note 3 (page 21).

Joint ventures and associates
Under IFRS, the results from jointly controlled entities (joint ventures) and associates, accounted for under the equity method, are required to be presented net of finance costs and tax on the face of the income statement. Given the relevance of these businesses within BG Group, the results of joint ventures and associates are presented before interest and tax, and after tax. This approach provides additional information on the source of BG Group's operating profits. For a reconciliation between operating profit and earnings including and excluding the results of joint ventures and associates, see note 3 (page 21).

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.

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 2011. 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.

Please note that these results should be read in conjunction with BG Group's 2012 Results Presentation which has also been issued today. The 2012 Results Presentation is available for viewing at www.bg-group.com

Key Assumptions

REFERENCE CONDITIONS

- Brent Oil price real (1/1/2013): 2013: $100/bbl
- US Henry Hub real (1/1/2013): 2013: $3.5/mmbtu
- US/UK exchange rates of $1.6:£1
- US/AUD exchange rates of $1:$A1
- US/BRL exchange rates of $1:BRL1.90
- Prepared under International Financial Reporting Standards
- All production includes fuel gas

PRINCIPAL RISKS

- Major recession, significant political upheaval or terrorist attacks in the major markets in which we operate
- Failure to ensure the safe and secure operation of our assets worldwide
- Operational performance including shut-down, asset integrity, natural hazards, reservoir and well performance
- Implementation risk, being the challenges associated with delivering capital intensive projects on time and on budget
- Commodity risk, being the risk of significant fluctuation in oil and/or gas prices from those assumed
- Foreign exchange risk, exchange rates maybe being significantly different to those assumed
- Interest rate, liquidity and credit risk
- Technical, environmental, commercial, economic, legal, litigation, regulatory, political and country risk
- Risks associated with successful discoveries, estimation, appraisal and development of reserves

Consolidated Income Statement

Fourth Quarter

	Notes	2012 Business Performance[b] $m	2012 Disposals, re-measurements and impairments (Note 2)[b] $m	2012 Total Result $m	2011 Restated[a] Business Performance[b] $m	2011 Restated[a] Disposals, re-measurements and impairments (Note 2)[b] $m	2011 Restated[a] Total Result $m
Group revenue		**4 737**	**–**	**4 737**	4 937	–	4 937
Other operating income	2	**16**	**89**	**105**	62	256	318
Group revenue and other operating income	3	**4 753**	**89**	**4 842**	4 999	256	5 255
Operating costs		**(3 036)**	**–**	**(3 036)**	(3 009)	–	(3 009)
Profits and losses on disposal of non-current assets and impairments	2	**–**	**(271)**	**(271)**	–	(433)	(433)
Operating profit/(loss)[c]	3	**1 717**	**(182)**	**1 535**	1 990	(177)	1 813
Finance income	2, 4	**22**	**(48)**	**(26)**	23	80	103
Finance costs	2, 4	**(70)**	**34**	**(36)**	(24)	22	(2)
Share of post-tax results from joint ventures and associates	3	**81**	**–**	**81**	50	–	50
Profit/(loss) before tax		**1 750**	**(196)**	**1 554**	2 039	(75)	1 964
Taxation	2, 5	**(720)**	**106**	**(614)**	(583)	(23)	(606)
Profit/(loss) for the period from continuing operations	3	**1 030**	**(90)**	**940**	1 456	(98)	1 358
Profit/(loss) for the period from discontinued operations	6	**–**	**804**	**804[d]**	–	(14)	(14)[d]
Profit/(loss) for the period		**1 030**	**714**	**1 744**	1 456	(112)	1 344
Attributable to:							
BG Group shareholders (earnings)		**1 030**	**696**	**1 726[e]**	1 456	(120)	1 336[e]
Non-controlling interest		**–**	**18**	**18**	–	8	8
		1 030	**714**	**1 744**	1 456	(112)	1 344
Earnings per share continuing operations – basic	7	**30.3c**	**(2.6c)**	**27.7c**	42.9c	(2.9c)	40.0c
Earnings per share discontinued operations – basic		**–**	**23.1c**	**23.1c**	–	(0.6c)	(0.6c)
Earnings per share continuing operations – diluted	7	**30.1c**	**(2.6c)**	**27.5c**	42.6c	(2.9c)	39.7c
Earnings per share discontinued operations – diluted		**–**	**23.0c**	**23.0c**	–	(0.6c)	(0.6c)
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates[f]	3	**1 831**	**(182)**	**1 649**	2 089	(177)	1 912

a) See note 1 (page 18).

b) See Presentation of Non-GAAP measures (page 10) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

d) Includes profit/(loss) on disposal of non-current assets and impairments of $749 million (2011 $(41) million).

e) Comprises earnings from continuing operations of $940 million (2011 $1 358 million) and from discontinued operations of $786 million (2011 $(22) million).

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

Consolidated Income Statement

Full Year

	Notes	2012 Business Performance[b] $m	2012 Disposals, re-measurements and impairments (Note 2)[b] $m	2012 Total Result $m	2011 Restated[a] Business Performance[b] $m	2011 Restated[a] Disposals, re-measurements and impairments (Note 2)[b] $m	2011 Restated[a] Total Result $m
Group revenue		**18 933**	**–**	**18 933**	17 667	–	17 667
Other operating income	2	**30**	**237**	**267**	74	108	182
Group revenue and other operating income	3	**18 963**	**237**	**19 200**	17 741	108	17 849
Operating costs		**(11 358)**	**–**	**(11 358)**	(10 458)	–	(10 458)
Profits and losses on disposal of non-current assets and impairments	2	**–**	**(1 651)**	**(1 651)**	–	(414)	(414)
Operating profit/(loss)[c]	3	**7 605**	**(1 414)**	**6 191**	7 283	(306)	6 977
Finance income	2, 4	**125**	**97**	**222**	76	98	174
Finance costs	2, 4	**(214)**	**(122)**	**(336)**	(158)	(25)	(183)
Share of post-tax results from joint ventures and associates	3	**289**	**–**	**289**	269	–	269
Profit/(loss) before tax		**7 805**	**(1 439)**	**6 366**	7 470	(233)	7 237
Taxation	2, 5	**(3 410)**	**353**	**(3 057)**	(3 219)	78	(3 141)
Profit/(loss) for the year from continuing operations	3	**4 395**	**(1 086)**	**3 309**	4 251	(155)	4 096
Profit/(loss) for the year from discontinued operations	6	**–**	**1 304**	**1 304[d]**	–	219	219[d]
Profit/(loss) for the year		**4 395**	**218**	**4 613**	4 251	64	4 315
Attributable to:							
BG Group shareholders (earnings)		**4 395**	**124**	**4 519[e]**	4 251	(17)	4 234[e]
Non-controlling interest		**–**	**94**	**94**	–	81	81
		4 395	**218**	**4 613**	4 251	64	4 315
Earnings per share continuing operations – basic	7	**129.4c**	**(31.9c)**	**97.5c**	125.4c	(4.6c)	120.8c
Earnings per share discontinued operations – basic		**–**	**35.6c**	**35.6c**	–	4.1c	4.1c
Earnings per share continuing operations – diluted	7	**128.7c**	**(31.8c)**	**96.9c**	124.6c	(4.5c)	120.1c
Earnings per share discontinued operations – diluted		**–**	**35.4c**	**35.4c**	–	4.0c	4.0c
Total operating profit/(loss) including share of pre-tax operating results from joint ventures and associates[f]	3	**8 047**	**(1 414)**	**6 633**	7 732	(306)	7 426

a) See note 1 (page 18).

b) See Presentation of Non-GAAP measures (page 10) for an explanation of results excluding disposals, certain re-measurements and impairments and presentation of the results of joint ventures and associates.

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

d) Includes profit/(loss) on disposal of non-current assets and impairments of $1 003 million (2011 $(45) million).

e) Comprises earnings from continuing operations of $3 309 million (2011 $4 096 million) and from discontinued operations of $1 210 million (2011 $138 million).

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

Consolidated Statement of Comprehensive Income

Fourth Quarter 2012 $m	Fourth Quarter 2011 $m		Full Year 2012 $m	Full Year 2011 $m
1 744	1 344	Profit for the period	**4 613**	4 315
139	(253)	Hedge adjustments net of tax[(a)]	**915**	(304)
–	11	Fair value movements on 'available-for-sale' assets net of tax[(b)]	**14**	14
(507)	389	Currency translation adjustments[(c)]	**(1 055)**	(285)
(368)	147	Other comprehensive income, net of tax	**(126)**	(575)
1 376	1 491	Total comprehensive income for the period	**4 487**	3 740
		Attributable to:		
1 356	1 493	BG Group shareholders	**4 410**	3 694
20	(2)	Non-controlling interest	**77**	46
1 376	1 491		**4 487**	3 740

a) Income tax relating to hedge adjustments is a $46 million charge for the quarter (2011 $75 million credit) and a $304 million charge for the full year (2011 $80 million credit).

b) Income tax relating to fair value movements on 'available-for-sale' assets is $nil for the quarter (2011 $5 million charge) and a $6 million credit for the full year (2011 $6 million charge).

c) In the quarter a $378 million gain and in the full year a $355 million gain was transferred to the income statement as part of the profit on disposal of non-US Dollar denominated operations (2011: $nil for the quarter, $15million loss for the full year).

Consolidated Balance Sheet

	As at 31 Dec 2012 $m	As at 31 Dec 2011 $m
Assets		
Non-current assets		
Goodwill	**24**	752
Other intangible assets	**4 469**	6 159
Property, plant and equipment	**43 925**	37 316
Investments	**2 488**	3 044
Deferred tax assets	**778**	589
Trade and other receivables	**896**	695
Commodity contracts and other derivative financial instruments	**532**	366
	53 112	48 921
Current assets		
Inventories	**792**	768
Trade and other receivables	**6 369**	7 375
Current tax receivable	**25**	141
Commodity contracts and other derivative financial instruments	**129**	331
Cash and cash equivalents	**4 434**	3 601
	11 749	12 216
Assets classified as held for sale[(a)]	**386**	245
Total assets	**65 247**	61 382
Liabilities		
Current liabilities		
Borrowings	**(1 064)**	(1 160)
Trade and other payables	**(5 301)**	(5 342)
Current tax liabilities	**(1 377)**	(1 238)
Commodity contracts and other derivative financial instruments	**(423)**	(1 345)
	(8 165)	(9 085)
Non-current liabilities		
Borrowings	**(14 443)**	(13 977)
Trade and other payables	**(123)**	(72)
Commodity contracts and other derivative financial instruments	**(347)**	(696)
Deferred income tax liabilities	**(4 636)**	(3 961)
Retirement benefit obligations	**(99)**	(214)
Provisions for other liabilities and charges	**(4 182)**	(3 603)
	(23 830)	(22 523)
Liabilities associated with assets classified as held for sale[(a)]	**(158)**	(99)
Total liabilities	**(32 153)**	(31 707)
Net assets	**33 094**	29 675
Equity		
Total shareholders' equity	**33 037**	29 384
Non-controlling interest in equity	**57**	291
Total equity	**33 094**	29 675

a) As at 31 December 2012 assets classified as held for sale include Gujarat Gas Company Limited in India, the Group's remaining equity share of GNL Quintero S.A. in Chile and the Group's equity interest in the Bolivia-Brazil pipeline (2011 included BG Group's equity share of First Gas in the Philippines).

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-controlling interest $m	Total $m
Equity as at 31 December 2011	**577**	**584**	**(642)**	**2 508**	**2 710**	**23 647**	**29 384**	**291**	**29 675**
Total comprehensive income for the year	–	–	451	(574)	–	4 533	**4 410**	77	**4 487**
Issue of shares	1	35	–	–	–	–	**36**	–	**36**
Net purchase of own shares	–	–	–	–	–	(16)	**(16)**	–	**(16)**
Adjustment in respect of employee share schemes	–	–	–	–	–	70	**70**	–	**70**
Disposal of non-controlling interest	–	–	–	–	–	–	**–**	(294)	**(294)**
Dividends on ordinary shares	–	–	–	–	–	(847)	**(847)**	–	**(847)**
Dividends to non-controlling interest	–	–	–	–	–	–	**–**	(17)	**(17)**
Equity as at 31 December 2012	**578**	**619**	**(191)**	**1 934**	**2 710**	**27 387**	**33 037**	**57**	**33 094**

	Called up share capital $m	Share premium account $m	Hedging reserve $m	Translation reserve $m	Other reserves $m	Retained earnings $m	Total $m	Non-controlling interest $m	Total $m
Equity as at 31 December 2010	**576**	**537**	**(457)**	**2 877**	**2 710**	**20 085**	**26 328**	**356**	**26 684**
Total comprehensive income for the year	–	–	(185)	(369)	–	4 248	**3 694**	46	**3 740**
Issue of shares	1	47	–	–	–	–	**48**	–	**48**
Net purchase of own shares	–	–	–	–	–	(23)	**(23)**	–	**(23)**
Adjustment in respect of employee share schemes	–	–	–	–	–	97	**97**	–	**97**
Dividends on ordinary shares	–	–	–	–	–	(760)	**(760)**	–	**(760)**
Dividends to non-controlling interest	–	–	–	–	–	–	**–**	(111)	**(111)**
Equity as at 31 December 2011	**577**	**584**	**(642)**	**2 508**	**2 710**	**23 647**	**29 384**	**291**	**29 675**

Consolidated Cash Flow Statement

Fourth Quarter 2012 $m	Fourth Quarter 2011 $m		Full Year 2012 $m	Full Year 2011 $m
		Cash flows from operating activities		
2 505	1 939	Profit before tax[(a)]	**7 928**	7 550
(87)	(62)	Share of post-tax results from joint ventures and associates	**(311)**	(289)
649	585	Depreciation of property, plant and equipment and amortisation of intangible assets	**2 593**	2 291
(65)	(305)	Fair value movements in commodity based contracts	**(241)**	(105)
(608)	500	(Profits) and losses on disposal of non-current assets and impairments[(b)]	**519**	482
132	109	Unsuccessful exploration expenditure written off	**339**	293
27	72	(Decrease)/increase in provisions	**(171)**	(46)
27	(122)	Finance income	**(245)**	(204)
35	44	Finance costs	**407**	303
13	14	Share-based payments	**73**	72
(380)	(119)	Increase in working capital	**(176)**	(574)
2 248	2 655	**Cash generated by operations**	**10 715**	9 773
(609)	(581)	Income taxes paid	**(2 720)**	(2 791)
1 639	2 074	**Net cash inflow from operating activities**	**7 995**	6 982
		Cash flows from investing activities		
36	96	Dividends received from joint ventures and associates	**151**	204
1 674	4	Proceeds from disposal of property, plant and equipment, intangible assets and investments	**2 939**	200
(2 602)	(2 574)	Purchase of property, plant and equipment and intangible assets	**(9 974)**	(10 300)
10	(16)	Loans to joint ventures and associates	**(4)**	(145)
40	19	Repayments from joint ventures and associates	**702**	94
(155)	(75)	Interests in subsidiaries, joint ventures and associates and other investments	**(429)**	(246)
27	–	Other loan (advances)/repayments	**(280)**	–
(970)	(2 546)	**Net cash outflow from investing activities**	**(6 895)**	(10 193)
		Cash flows from financing activities		
(254)	(69)	Net interest paid[(c)]	**(541)**	(247)
(3)	(4)	Dividends paid	**(859)**	(772)
–	(43)	Dividends paid to non-controlling interest	**(18)**	(136)
(626)	2 540	Net proceeds from issue and repayment of borrowings	**1 189**	5 452
7	14	Issue of shares	**36**	48
–	2	Movements in own shares	**(16)**	(23)
(876)	2 440	**Net cash (outflow)/inflow from financing activities**	**(209)**	4 322
(207)	1 968	**Net increase in cash and cash equivalents[(d)]**	**891**	1 111
4 667	1 627	Cash and cash equivalents at beginning of period[(e)]	**3 601**	2 551
60	6	Effect of foreign exchange rate changes	**28**	(61)
4 520	3 601	**Cash and cash equivalents at end of period[(e)]**	**4 520**	3 601

a) Includes profit/(loss) before tax from discontinued operations for the quarter of $951 million (2011 $(25) million) and for the full year of $1 562 million (2011 $313 million).

b) Includes profit on disposal of non-current assets and impairments of discontinued operations for the quarter of $879 million (2011 $(67) million) and for the full year of $1 132 million (2011 $(68) million).

c) Includes capitalised interest for continuing and discontinued operations for the quarter of $131 million (2011 $88 million) and for the full year of $467 million (2011 $206 million).

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

e) The balance at 31 December 2012 includes cash and cash equivalents of $4 434 million (31 December 2011 $3 601 million) and cash included within assets held for sale of $86 million (31 December 2011 $nil).

Notes

1. Basis of preparation

These primary statements are the unaudited preliminary consolidated financial statements (‘the financial statements’) of BG Group plc for the quarter and the full year ended 31 December 2012. 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 2011 which have been prepared in accordance with IFRS as adopted by the EU, as they provide an update of previously reported information. The latest statutory accounts delivered to the registrar were for the year ended 31 December 2011 which were audited by BG Group’s statutory auditors PricewaterhouseCoopers LLP and on which the Auditors’ Report was unqualified and did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006. These financial statements have been prepared in accordance with the accounting policies set out in the 2011 Annual Report and Accounts.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the date of the financial statements. The assumptions used to assess the recoverability of the Group’s Egyptian operations are dependent on the Group’s continued investment plans (for further information see page 6). If in the future such estimates and assumptions, which are based on management’s best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

BG Group announced an agreement to sell the Group's interest in Gujarat Gas Company Limited in India in October 2012, and the completion of the disposal of Comgás in Brazil in November 2012. These operations represent the majority of the Group's Transmission and Distribution business segment and are considered to be a separate major line of business for BG Group. As a result, these operations have been treated as discontinued. In addition, during the fourth quarter of 2012 the Group disposed of BG Italia Power in Italy and agreement was reached to dispose of the Group's interest in the Brazil-Bolivia Pipeline. These activities have also been included within discontinued operations.

The Transmission and Distribution businesses that remain with BG Group, principally Mahanagar Gas in India, have been allocated to the Other business segment.

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. Comparative information has also been restated to reflect the presentation of discontinued operations as a separate line item.

The Group’s remaining business segments have been reviewed. As the Group’s operations are integrated across all parts of the gas chain, particularly in Australia, Egypt and Trinidad and Tobago, which comprise exploration, production and liquefaction operations, its liquefaction businesses have been combined with the previous E&P segment to form the ‘Upstream’ segment, and the remaining businesses comprising the LNG segment have been renamed ‘LNG Shipping & Marketing’. The new segmental presentation is consistent with the basis used to present information for internal reporting purposes.

Presentation of results

The presentation of BG Group’s results separately identifies the effect of:

- The re-measurement of certain financial instruments; and
- Profits and losses on the disposal and impairment of non-current assets and businesses and certain other exceptional items.

These items, which are detailed in note 2 to the financial statements (page 19), are excluded from Business Performance in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group’s ongoing businesses

New accounting standards and interpretations

A number of amendments to accounting standards issued by the IASB are applicable from 1 January 2012. They have not had a material impact on the Group’s financial statements for the quarter ended and year ended 31 December 2012.

2. Disposals, re-measurements and impairments

Fourth Quarter 2012 $m	Fourth Quarter 2011 Restated(a) $m		Full Year 2012 $m	Full Year 2011 Restated(a) $m
89	256	Revenue and other operating income – re-measurements of commodity based contracts	**237**	108
(271)	(433)	Profits and (losses) on disposal of non-current assets and impairments	**(1 651)**	(414)
(14)	102	Net finance (costs)/income – re-measurements of financial instruments	**(25)**	73
106	(23)	Taxation	**353**	78
(90)	(98)	Impact on earnings – continuing operations	**(1 086)**	(155)

a) See note 1 (page 18).

Fourth quarter and full year: Revenue and other operating income

Re-measurements included within revenue and other operating income amount to a credit of $89 million for the quarter (2011 $256 million credit), of which a credit of $66 million (2011 $54 million credit) represents non-cash mark-to-market movements on certain long-term gas contracts. For the full year, a credit of $237 million in respect of re-measurements is included within revenue and other operating income (2011 $108 million credit), of which a credit of $140 million represents non-cash mark-to-market movements on certain long-term gas contracts (2011 $55 million credit). Whilst the activity surrounding these contracts involves the physical delivery of gas, the contracts fall within the scope of IAS 39 and meet the definition of a derivative instrument. In addition, re-measurements include a $23 million credit for the quarter (2011 $202 million credit) and a $97 million credit for the full year (2011 $53 million credit) representing unrealised mark-to-market movements associated with economic hedges.

Fourth quarter and full year: Disposals and impairments of non-current assets

In December 2012 a $154 million pre-tax impairment charge (post-tax $34 million) was recognised against Upstream assets in Norway.

In September 2012, BG Group completed the sale of the initial tranche of 20% equity in the Quintero LNG regasification facility in Chile. This resulted in a pre-tax profit on disposal of $146 million (post-tax $110 million).

The second quarter of 2012 included a pre-tax charge of $1 800 million (post-tax $1 295 million charge) in respect of the impairment of certain assets associated with the shale gas business in the USA, as a result of the weaker outlook for US natural gas prices.

In June 2012, the Group disposed of 10% of its interest in the Karachaganak gas-condensate project for $651 million in cash, additional capacity in the Caspian Pipeline Consortium pipeline, and the final settlement of cost recovery and other claims. This resulted in the recognition of a pre-tax profit on disposal in the quarter of $4 million (post-tax $4 million) and in the full year of $404 million (post-tax $168 million).

Other disposals, impairments and other items in 2012 resulted in a pre-tax charge to the income statement of $121 million in the fourth quarter (post-tax $93 million charge) and a pre-tax charge of $247 million in the full year (post-tax $159 million charge).

In the fourth quarter of 2011, BG Group reviewed its operations in the Africa, Central and South Asia region and made the decision to cease exploration activity in certain locations. As a result of this review a pre-tax charge of $393 million was recognised in the Upstream segment (post-tax $314 million) comprising impairments and related provisions.

In April 2011, BG Group signed and completed a Sale and Purchase Agreement with its partners in Genting Sanyen Power in Malaysia for the divestment of the Group's 20% interest in the power plant. This resulted in the recognition of a pre and post-tax profit of $28 million in the second quarter of 2011.

Other disposals and impairments in 2011 resulted in a pre-tax charge of $40 million in the fourth quarter (post-tax $25 million) and a pre-tax charge of $49 million in the full year (post-tax $21 million).

Fourth quarter and full year: Net finance costs/income

Re-measurements presented in net finance costs/income includes foreign exchange movements on certain borrowings and movements on monetary items that form part of the Group's net investment in foreign operations, offset by mark-to-market movements on certain derivatives used to hedge foreign exchange and interest rate risk.

Fourth quarter and full year: Taxation

In 2011, taxation for the full year includes a $47 million credit which primarily relates to the impact of the increase in UK North Sea taxation on re-measurement balances.

3. Segmental analysis

Profit for the period
Analysed by operating segment

Fourth Quarter	Business Performance 2012 $m	Business Performance 2011 Restated[a] $m	Disposals, re-measurements and impairments 2012 $m	Disposals, re-measurements and impairments 2011 Restated[a] $m	Total Result 2012 $m	Total Result 2011 Restated[a] $m
Group revenue						
Upstream	**2 926**	2 958	**–**	–	**2 926**	2 958
LNG Shipping & Marketing	**2 095**	2 315	**–**	–	**2 095**	2 315
Other activities	**3**	4	**–**	–	**3**	4
Less: intra-group sales	**(287)**	(340)	**–**	–	**(287)**	(340)
Group revenue	**4 737**	4 937	**–**	–	**4 737**	4 937
Other operating income[b]	**16**	62	**89**	256	**105**	318
Group revenue and other operating income	**4 753**	4 999	**89**	256	**4 842**	5 255
Operating profit/(loss) before share of results from joint ventures and associates						
Upstream	**1 072**	1 261	**(204)**	(331)	**868**	930
LNG Shipping & Marketing	**650**	767	**36**	157	**686**	924
Other activities	**(5)**	(38)	**(14)**	(3)	**(19)**	(41)
	1 717	1 990	**(182)**	(177)	**1 535**	1 813
Share of pre-tax operating results from joint ventures and associates						
Upstream	**97**	73	**–**	–	**97**	73
LNG Shipping & Marketing	**8**	17	**–**	–	**8**	17
Other activities	**9**	9	**–**	–	**9**	9
	114	99	**–**	–	**114**	99
Total operating profit/(loss)						
Upstream	**1 169**	1 334	**(204)**	(331)	**965**	1 003
LNG Shipping & Marketing	**658**	784	**36**	157	**694**	941
Other activities	**4**	(29)	**(14)**	(3)	**(10)**	(32)
	1 831	2 089	**(182)**	(177)	**1 649**	1 912
Net finance (costs)/income						
Finance income	**22**	23	**(48)**	80	**(26)**	103
Finance costs	**(70)**	(24)	**34**	22	**(36)**	(2)
Share of joint ventures and associates	**(8)**	(16)	**–**	–	**(8)**	(16)
	(56)	(17)	**(14)**	102	**(70)**	85
Taxation						
Taxation	**(720)**	(583)	**106**	(23)	**(614)**	(606)
Share of joint ventures and associates	**(25)**	(33)	**–**	–	**(25)**	(33)
	(745)	(616)	**106**	(23)	**(639)**	(639)
Profit/(loss) for the period from continuing operations	**1 030**	1 456	**(90)**	(98)	**940**	1 358
Attributable to:						
BG Group shareholders (earnings)	**1 030**	1 456	**(90)**	(98)	**940**	1 358
	1 030	1 456	**(90)**	(98)	**940**	1 358

a) See note 1 (page 18).

b) Business Performance Other operating income is attributable to segments as follows: Upstream $2 million (2011 $4 million) and LNG Shipping & Marketing $14 million (2011 $58 million).

3. Segmental analysis continued

Full Year	Business Performance 2012 $m	Business Performance 2011 Restated[(a)] $m	Disposals, re-measurements and impairments 2012 $m	Disposals, re-measurements and impairments 2011 Restated[(a)] $m	Total Result 2012 $m	Total Result 2011 Restated[(a)] $m
Group revenue[(b)]						
Upstream	**11 941**	11 157	**–**	–	**11 941**	11 157
LNG Shipping & Marketing	**8 057**	7 754	**–**	–	**8 057**	7 754
Other activities	**12**	19	**–**	–	**12**	19
Less: intra-group sales	**(1 077)**	(1 263)	**–**	–	**(1 077)**	(1 263)
Group revenue	**18 933**	17 667	**–**	–	**18 933**	17 667
Other operating income[(c)]	**30**	74	**237**	108	**267**	182
Group revenue and other operating income	**18 963**	17 741	**237**	108	**19 200**	17 849
Operating profit/(loss) before share of results from joint ventures and associates						
Upstream	**5 104**	5 098	**(1 695)**	(308)	**3 409**	4 790
LNG Shipping & Marketing	**2 536**	2 219	**297**	(23)	**2 833**	2 196
Other activities	**(35)**	(34)	**(16)**	25	**(51)**	(9)
	7 605	7 283	**(1 414)**	(306)	**6 191**	6 977
Share of pre-tax operating results from joint ventures and associates						
Upstream	**360**	342	**–**	–	**360**	342
LNG Shipping & Marketing	**41**	63	**–**	–	**41**	63
Other activities	**41**	44	**–**	–	**41**	44
	442	449	**–**	–	**442**	449
Total operating profit/(loss)						
Upstream	**5 464**	5 440	**(1 695)**	(308)	**3 769**	5 132
LNG Shipping & Marketing	**2 577**	2 282	**297**	(23)	**2 874**	2 259
Other activities	**6**	10	**(16)**	25	**(10)**	35
	8 047	7 732	**(1 414)**	(306)	**6 633**	7 426
Net finance (costs)/income						
Finance income	**125**	76	**97**	98	**222**	174
Finance costs	**(214)**	(158)	**(122)**	(25)	**(336)**	(183)
Share of joint ventures and associates	**(39)**	(59)	**–**	–	**(39)**	(59)
	(128)	(141)	**(25)**	73	**(153)**	(68)
Taxation						
Taxation	**(3 410)**	(3 219)	**353**	78	**(3 057)**	(3 141)
Share of joint ventures and associates	**(114)**	(121)	**–**	–	**(114)**	(121)
	(3 524)	(3 340)	**353**	78	**(3 171)**	(3 262)
Profit/(loss) for the year from continuing operations	**4 395**	4 251	**(1 086)**	(155)	**3 309**	4 096
Attributable to:						
BG Group shareholders (earnings)	**4 395**	4 251	**(1 086)**	(155)	**3 309**	4 096
	4 395	4 251	**(1 086)**	(155)	**3 309**	4 096

a) See note 1 (page 18).

b) External sales are attributable to segments as follows: Upstream $11 161 million (2011 $10 125 million), LNG Shipping & Marketing $7 760 million (2011 $7 523 million) and Other $12 million (2011 $19 million). Intra-group sales are attributable to segments as follows: Upstream $780 million (2011 $1 032 million) and LNG Shipping & Marketing $297 million (2011 $231 million).

c) Business Performance Other operating income is attributable to segments as follows: Upstream $13 million (2011 $(6) million) and LNG Shipping & Marketing $17 million (2011 $80 million).

3. Segmental analysis continued

Fourth Quarter	Business Performance 2012 $m	Business Performance 2011 Restated[a] $m	Disposals, re-measurements and impairments 2012 $m	Disposals, re-measurements and impairments 2011 Restated[a] $m	Total Result 2012 $m	Total Result 2011 Restated[a] $m
Total operating profit/(loss)						
Upstream	**1 169**	1 334	**(204)**	(331)	**965**	1 003
LNG Shipping & Marketing	**658**	784	**36**	157	**694**	941
Other activities	**4**	(29)	**(14)**	(3)	**(10)**	(32)
	1 831	2 089	**(182)**	(177)	**1 649**	1 912
Less: Share of pre-tax operating results from joint ventures and associates					**(114)**	(99)
Add: Share of post-tax results from joint ventures and associates					**81**	50
Net finance income/(costs)					**(62)**	101
Profit before tax					**1 554**	1 964
Taxation					**(614)**	(606)
Profit for the period from continuing operations					**940**	1 358

Full Year	Business Performance 2012 $m	Business Performance 2011 Restated[a] $m	Disposals, re-measurements and impairments 2012 $m	Disposals, re-measurements and impairments 2011 Restated[a] $m	Total Result 2012 $m	Total Result 2011 Restated[a] $m
Total operating profit/(loss)						
Upstream	**5 464**	5 440	**(1 695)**	(308)	**3 769**	5 132
LNG Shipping & Marketing	**2 577**	2 282	**297**	(23)	**2 874**	2 259
Other activities	**6**	10	**(16)**	25	**(10)**	35
	8 047	7 732	**(1 414)**	(306)	**6 633**	7 426
Less: Share of pre-tax operating results from joint ventures and associates					**(442)**	(449)
Add: Share of post-tax results from joint ventures and associates					**289**	269
Net finance costs					**(114)**	(9)
Profit before tax					**6 366**	7 237
Taxation					**(3 057)**	(3 141)
Profit for the year from continuing operations					**3 309**	4 096

a) See note 1 (page 18).

4. Net finance (costs)/income

Fourth Quarter 2012 $m	Fourth Quarter 2011 Restated[a] $m		Full Year 2012 $m	Full Year 2011 Restated[a] $m
(151)	(67)	Interest payable[b]	**(479)**	(193)
(26)	(27)	Interest on obligations under finance leases	**(104)**	(107)
131	85	Interest capitalised	**457**	191
(24)	(15)	Unwinding of discount on provisions[c]	**(88)**	(49)
34	22	Disposals, re-measurements and impairments[d]	**(122)**	(25)
(36)	(2)	Finance costs	**(336)**	(183)
22	23	Interest receivable	**125**	76
(48)	80	Disposals, re-measurements and impairments[d]	**97**	98
(26)	103	Finance income	**222**	174
(62)	101	Net finance (costs)/income[e]	**(114)**	(9)

a) See note 1 (page 18).

b) In 2012, interest payable includes foreign exchange losses of $20 million for the quarter and foreign exchange losses for the full year of $29 million. In 2011, interest payable includes foreign exchange gains of $13 million for the quarter and foreign exchange losses for the full year of $1 million.

c) Relates to the unwinding of the discount on provisions and amounts in respect of pension obligations which represent the unwinding of discount on the plans' liabilities offset by the expected return on the plans' assets.

d) Net finance income/(costs) on disposals, re-measurements and impairments for the quarter of $(14) million (2011 $102 million) and for the full year of $(25) million (2011 $73 million) is included in note 2 (page 19) 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.

e) Excludes the Group's share of net finance costs from joint ventures and associates for the quarter of $8 million (2011 $16 million) and for the full year of $39 million (2011 $59 million).

5. Taxation

The tax charge for the fourth quarter was as follows:

Fourth Quarter	Business Performance 2012 $m	Business Performance 2011 Restated[a] $m	Disposals, re-measurements and impairments 2012 $m	Disposals, re-measurements and impairments 2011 Restated[a] $m	Total Result 2012 $m	Total Result 2011 Restated[a] $m
Tax charge/(credit) for the period excluding share of taxation from joint ventures and associates	**720**	583	**(106)**	23	**614**	606
Share of taxation from joint ventures and associates	**25**	33	**–**	–	**25**	33
Total including share of taxation from joint ventures and associates	**745**	616	**(106)**	23	**639**	639

a) See note 1 (page 18).

The tax charge for the full year was as follows:

Full Year	Business Performance 2012 $m	Business Performance 2011 Restated[a] $m	Disposals, re-measurements and impairments 2012 $m	Disposals, re-measurements and impairments 2011 Restated[a] $m	Total Result 2012 $m	Total Result 2011 Restated[a] $m
Tax charge/(credit) for the year	**3 410**	3 024	**(353)**	(31)	**3 057**	2 993
Prior period taxation[b]	**–**	195	**–**	(47)	**–**	148
Total excluding share of taxation from joint ventures and associates	**3 410**	3 219	**(353)**	(78)	**3 057**	3 141
Share of taxation from joint ventures and associates	**114**	121	**–**	–	**114**	121
Total including share of taxation from joint ventures and associates	**3 524**	3 340	**(353)**	(78)	**3 171**	3 262

a) See note 1 (page 18).

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

Business Performance taxation for the full year, excluding prior period taxation but including share of taxation from joint ventures and associates, was $3 524 million (2011 $3 145 million).

6. Discontinued operations

The post-tax profit/(loss) of the businesses comprising discontinued operations for the quarter was $804 million (2011 $(14) million) and for the full year was $1 304 million (2011 $219 million). This includes the profit/(loss) on disposal of non-current assets and impairments of $749 million in the quarter (2011 $(41) million) and $1 003 million in the full year (2011 $(45) million).

In May 2012, the Group disposed of its 40% equity interest in two gas-fired power generation plants in the Philippines to its partner, First Gen Corporation, for net cash proceeds of $360 million. The sale and purchase agreement, completed on signing, covers the 1 000 megawatt Santa Rita power plant and the 500 megawatt San Lorenzo power plant, both on the island of Luzon. This resulted in a pre and post-tax profit of $252 million in the second quarter of 2012.

In November, the Group completed the sale of the Group's entire 60.1% holding in Comgás, originally announced in May, for Brazilian Reais 3.4 billion in cash (approximately $1.7 billion) to Cosan S.A. Indústria e Comércio. This resulted in a pre-tax profit of $1 037 million (post-tax profit of $896 million) in the fourth quarter of 2012.

In October, BG Group announced it had reached agreement to sell its 65.12% interest in Gujarat Gas Company Limited in India for approximately Indian Rupees 24.6 billion ($470 million) to GSPC Distribution Networks Limited, a subsidiary of Gujarat State Petroleum Corporation. This transaction is expected to complete during the first half of 2013.

Other disposals and impairments resulted in a post-tax charge of $147 million in the fourth quarter and a post-tax charge of $145 million in the full year.

Excluding profits and losses on disposals and impairments, the post-tax profit/(loss) of the businesses comprising discontinued operations for the fourth quarter was a $55 million profit (2011 $27 million profit) and for the full year was a $301 million profit (2011 $264 million profit).

7. Earnings per ordinary share – continuing operations

Fourth Quarter					Full Year			
2012		2011			**2012**		2011	
$m	**cents per share**	$m	cents per share		**$m**	**cents per share**	$m	cents per share
1 030	**30.3**	1 456	42.9	Earnings – continuing operations excluding disposals, re-measurements and impairments	**4 395**	**129.4**	4 251	125.4
(90)	**(2.6)**	(98)	(2.9)	Disposals, re-measurements and impairments (after tax and non-controlling interest)	**(1 086)**	**(31.9)**	(155)	(4.6)
940	**27.7**	1 358	40.0	Earnings – continuing operations	**3 309**	**97.5**	4 096	120.8

Basic earnings per share calculations in 2012 are based on the weighted average number of shares in issue of 3 399 million for the quarter and 3 396 million for the full 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 3 418 million for the quarter and 3 415 million for the full 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] – Full Year

	$m
Net borrowings as at 31 December 2011	**(11 336)**
Net increase in cash and cash equivalents	**891**
Cash inflow from changes in borrowings	**(1 189)**
Inception of finance lease liabilities/assets	**2**
Foreign exchange and other re-measurements	**(39)**
Disposals of gross borrowings	**1 133**
Net borrowings classified as held for sale	**(86)**
Net borrowings as at 31 December 2012	**(10 624)**

As at 31 December 2012, BG Group's share of the net borrowings in joint ventures and associates amounted to approximately $1.3 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 35.

Net borrowings comprise:

	As at 31 Dec 2012 $m	As at 31 Dec 2011 $m
Amounts receivable/(due) within one year		
Cash and cash equivalents	**4 434**	3 601
Overdrafts, loans and finance leases	**(1 064)**	(1 160)
Derivative financial instruments[a]	**(71)**	(45)
	3 299	2 396
Amounts receivable/(due) after more than one year		
Loans and finance leases[b]	**(14 248)**	(13 784)
Derivative financial instruments[a]	**325**	52
	(13 923)	(13 732)
Net borrowings	**(10 624)**	(11 336)

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

b) Includes finance lease receivable of $195 million (2011 $193 million) included within non-current assets on the balance sheet.

Liquidity and Capital Resources

All the information below is as at 31 December 2012

The Group's principal borrowing entities are: BG Energy Holdings Limited (BGEH), including wholly owned subsidiary undertakings, the majority of whose borrowings are guaranteed by BG Energy Holdings Limited (collectively BGEH), and Gujarat Gas which conducts its borrowing activities on a stand-alone basis.

BGEH had a $4.0 billion US Commercial Paper Programme and a $2.0 billion Eurocommercial Paper Programme, both of which were unutilised. During 2012, BGEH also had a $15.0 billion Euro Medium Term Note Programme, of which $8.37 billion was unutilised. This programme is expected to be renewed in 2013.

BGEH had aggregate undrawn committed revolving bank borrowing facilities of $5.2 billion, of which $2.18 billion expires in 2016 and $3.04 billion expires in 2017. BGEH also secured $2.3 billion of undrawn credit facilities provided by export credit agencies, subject to documentation.

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

	Full Year			
	2012		2011	
	$m	**cents per share**	$m	cents per share
Prior year final dividend, paid in the year	**443**	**12.96**	401	11.78
Interim dividend, paid in the year	**404**	**11.88**	359	10.80
Total dividend paid in the year	**847**	**24.84**	760	22.58
Proposed final dividend for the year ended 31 December 2012	**485**	**14.26**		

The proposed final dividend for the year ended 31 December 2012 of 14.26 cents per share takes the 2012 full year dividend to 26.14 cents per share.

The final dividend of 12.96 cents per ordinary share ($443 million) in respect of the year ended 31 December 2011 was paid on 25 May 2012 to shareholders on the register at the close of business on 13 April 2012. The interim dividend of 11.88 cents per ordinary share ($404 million) in respect of the year ending 31 December 2012 was paid on 7 September 2012 to shareholders on the register as at 3 August 2012. The proposed final dividend of 14.26 cents per share ($485 million) in respect of the year ended 31 December 2012 is payable on 31 May 2013 to shareholders on the register at the close of business on 19 April 2013.

10. Quarterly information: earnings and earnings per share

	2012 $m	2011 $m	**2012 cents**	2011 cents
First quarter				
Total Result – continuing operations	**1 174**	541	**34.6**	16.0
Total Result – discontinued operations	**47**	56	**1.4**	1.6
Business Performance	**1 229**	767	**36.2**	22.6
Second quarter				
Total Result – continuing operations	**(17)**	1 181	**(0.5)**	34.9
Total Result – discontinued operations	**300**	62	**8.8**	1.8
Business Performance	**1 023**	1 053	**30.1**	31.1
Third quarter				
Total Result – continuing operations	**1 212**	1 016	**35.7**	30.0
Total Result – discontinued operations	**77**	42	**2.2**	1.2
Business Performance	**1 113**	975	**32.8**	28.8
Fourth quarter				
Total Result – continuing operations	**940**	1 358	**27.7**	40.0
Total Result – discontinued operations	**786**	(22)	**23.1**	(0.6)
Business Performance	**1 030**	1 456	**30.3**	42.9
Full year				
Total Result – continuing operations	**3 309**	4 096	**97.5**	120.8
Total Result – discontinued operations	**1 210**	138	**35.6**	4.1
Business Performance	**4 395**	4 251	**129.4**	125.4

Supplementary information: Operating and financial data

Fourth Quarter 2012	Fourth Quarter 2011	Third Quarter 2012		Full Year 2012	Full Year 2011
			E&P production volumes (mmboe)		
6.3	8.6	7.0	Oil	**29.4**	26.8
8.5	8.0	8.2	Liquids	**33.9**	33.7
44.1	43.6	44.2	Gas	**177.2**	173.6
58.9	60.2	59.4	Total	**240.5**	234.1
			E&P production volumes (boed in thousands)		
69	93	76	Oil	**80**	73
92	87	89	Liquids	**93**	92
479	474	481	Gas	**484**	476
640	654	646	Total	**657**	641
$109.62	$108.30	$107.80	Average realised oil price per barrel	**$110.86**	$111.67
$94.85	$89.87	$95.57	Average realised liquids price per barrel	**$94.98**	$91.88
51.37p (82.65c)	47.92p (76.04c)	41.86p (65.45c)	Average realised UK gas price per produced therm	**45.91p (72.80c)**	44.03p (70.63c)
42.98c	38.54c	46.32c	Average realised International gas price per produced therm	**42.05c**	38.17c
46.03c	42.94c	47.95c	Average realised gas price per produced therm	**44.84c**	41.45c
$6.31	$5.98	$6.01	E&P lifting costs per boe	**$6.06**	$5.68
$11.03	$9.19	$10.75	E&P operating expenditure per boe	**$10.25**	$8.77
$9.44	$7.62	$9.07	E&P depreciation per boe	**$9.05**	$7.66
1 951	1 640	1 785	E&P development expenditure (including acquisitions) ($m)	**6 796**	6 161
			Gross exploration expenditure ($m)		
258	318	193	Capitalised expenditure (including acquisitions)	**855**	1 263
128	107	105	Other expenditure	**365**	354
386	425	298	Total	**1 220**	1 617
			Gross exploration expenditure by country ($m)		
68	60	73	Australia	**214**	133
28	30	43	Brazil	**162**	221
70	18	64	Egypt	**188**	28
77	49	31	Tanzania	**278**	219
43	70	38	UK	**156**	142
100	198	49	Other	**222**	874
386	425	298	Total	**1 220**	1 617

Supplementary information: Operating and financial data continued

Fourth Quarter		Third Quarter		Full Year	
2012	2011	2012		**2012**	2011
			Exploration expenditure charge ($m)		
132	109	4	Capitalised expenditure written off	**319**	293
128	107	105	Other expenditure	**365**	354
260	216	109	Total	**684**	647
			Capital investment ($m)		
1 330	1 178	1 345	Australia	**5 043**	4 558
534	259	414	Brazil	**1 553**	905
186	196	160	Egypt	**637**	608
230	237	312	UK	**1 099**	865
76	330	90	USA	**408**	1 683
351	395	356	Other	**1 359**	1 688
2 707	2 595	2 677	**Upstream**	**10 099**	10 307
3	(10)	2	**LNG Shipping & Marketing**	**18**	64
2	-	6	**Other**	**9**	3
35	80	85	**Discontinued operations**	**281**	317
2 747	2 665	2 770	**Capital investment on a cash basis ($m)**[a]	**10 407**	10 691
504	204	121	Other items[b]	**1 317**	(89)
3 251	2 869	2 891	**Total capital investment ($m)**	**11 724**	10 602
3 210	2 787	2 797	Upstream	**11 409**	10 215
2	(2)	3	LNG Shipping & Marketing	**15**	62
2	1	(1)	Other	**3**	3
37	83	92	Discontinued operations	**297**	322
3 251	2 869	2 891	**Total capital investment ($m)**	**11 724**	10 602

a) Capital investment on a cash basis includes acquisitions for the fourth quarter 2012 of $nil (fourth quarter 2011 $nil; third quarter 2012 $nil) and for the full year of $nil (2011 $432 million).

b) Other items include movements in accruals and prepayments and capitalised financing costs.

Supplementary information: Operating and financial data continued

Fourth Quarter 2012	Fourth Quarter 2011	Third Quarter 2012		Full Year 2012	Full Year 2011
			Depreciation and amortisation by segment ($m)		
606	500	584	Upstream	**2 348**	1 943
40	40	39	LNG Shipping & Marketing	**158**	168
1	2	1	Other	**4**	4
647	542	624	Total	**2 510**	2 115
			LNG cargo deliveries by country		
1	3	–	Argentina	**6**	9
2	–	–	Brazil	**3**	–
10	6	8	Chile	**38**	35
3	2	1	China	**6**	11
–	–	–	France	**–**	2
–	–	1	Greece	**1**	–
1	2	3	India	**8**	6
15	16	20	Japan	**67**	40
–	–	–	Netherlands	**1**	–
–	–	1	Portugal	**2**	–
8	7	3	South Korea	**28**	30
–	–	–	Spain	**–**	2
3	6	4	Taiwan	**13**	22
1	1	1	Turkey	**2**	1
–	1	1	UAE	**1**	3
–	1	1	UK	**2**	18
4	7	6	USA	**19**	29
48	52	50	Total	**197**	208
2 947	3 164	3 036	**LNG managed volumes (thousand tonnes)**	**12 143**	12 762

Supplementary information: Operating and financial data continued

Historical information

	Full Year			
	2012 mmboe	2011 mmboe	**2012 kboed**	2011 kboed
E&P Production volumes by country				
Australia	**9.2**	7.6	**25**	21
Bolivia	**10.2**	6.8	**28**	19
Brazil	**9.3**	4.9	**25**	13
Egypt	**48.1**	49.4	**132**	135
India	**9.2**	11.1	**25**	30
Kazakhstan	**36.0**	37.4	**98**	103
Norway	**1.1**	–	**3**	–
Thailand	**13.1**	9.9	**36**	27
Trinidad and Tobago	**26.8**	27.4	**73**	75
Tunisia	**13.5**	14.6	**37**	40
UK	**35.2**	38.3	**96**	105
USA	**28.8**	26.7	**79**	73
Total	**240.5**	234.1	**657**	641

Business segment changes – quarterly restatements

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
	2012				
Operating profit by segment ($m)					
Upstream	1 541	1 338	1 416	1 169	5 464
LNG Shipping & Marketing	720	517	682	658	2 577
Other	(2)	18	(14)	4	6
Total	2 259	1 873	2 084	1 831	8 047

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
	2011				
Operating profit by segment ($m)					
Upstream	1 344	1 502	1 260	1 334	5 440
LNG Shipping & Marketing	484	471	543	784	2 282
Other	5	20	14	(29)	10
Total	1 833	1 993	1 817	2 089	7 732

Supplementary information: Operating and financial data continued

Historical information continued

Business segment changes – quarterly restatements continued

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
			2012		
Capital investment on a cash basis ($m)					
Upstream	2 410	2 305	2 677	2 707	10 099
LNG Shipping & Marketing	9	4	2	3	18
Other	1	-	6	2	9
Discontinued operations	85	76	85	35	281
Total	2 505	2 385	2 770	2 747	10 407

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
			2011		
Capital investment on a cash basis ($m)					
Upstream	2 304	2 642	2 766	2 595	10 307
LNG Shipping & Marketing	28	25	21	(10)	64
Other	1	-	2	-	3
Discontinued operations	73	84	80	80	317
Total	2 406	2 751	2 869	2 665	10 691

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

Additional information: Exploration and Production – Total Resources data

	As at 31 Dec 2012 mmboe	As at 31 Dec 2011 mmboe
Proved[(a)]	**3 431**	3 247
Probable	**3 758**	3 939
Discovered resources	**6 739**	6 160
Risked exploration	**4 583**	3 784
Total reserve/resource base	**18 511**	17 130

Total additions and revisions to proved reserves during the year were 424 mmboe. This includes technical revisions due to new data and field performance updates (94 mmboe increase), extensions, discoveries and reclassifications (397 mmboe increase), acquisitions and disposals (3 mmboe decrease) and the net effect of price movements (64 mmboe decrease).

Total Proved Reserve Replacement Ratio (RRR):

The three/one year average proved reserve replacement ratio is the total net proved reserves changes over the three/one year period, including acquisitions and disposals but excluding production, divided by the total net production for that period.

	3 year	1 year
SEC data[(a)]	217%	176%

Organic Proved Reserve Replacement Ratio (RRR):

The three/one year average proved reserve replacement ratio is the total net proved reserves changes over the three/one year period, excluding acquisitions, disposals and production, divided by the total net production for that period.

	3 year	1 year
SEC data[(a)]	217%	177%

Finding & Development Cost (F&D):

The three/one year average unit finding and development cost is calculated by dividing the total exploration, development and unproved acquisition costs incurred over the period by the total changes in net proved reserves excluding acquisitions, disposals and production for that period.

	3 year	1 year
SEC data[(a)]	$14.4/boe	$18.8/boe

a) SEC definitions have been applied to measure proved reserves.

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
CAGR	compound annual growth rate
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
E&P	Exploration and Production
FPSO	Floating Production, Storage and Offloading system
Gearing ratio	net borrowings as a percentage of total shareholders' funds (excluding the re-measurement of commodity financial instruments and associated deferred tax) plus net borrowings
IAS	International Accounting Standard issued by the IASB
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
kboed	thousand barrels of oil equivalent per day
LNG	Liquefied Natural Gas
LNG Shipping & Marketing	LNG shipping, marketing and interests in regasification businesses
Managed volumes	Comprises all LNG volumes contracted for purchase and having related revenue and other operating income recognised in the applicable period
m	million
mmboe	million barrels of oil equivalent
mmbtu	million british thermal units
mmcfd	million cubic feet per day
mmcmd	million cubic metres per day
mmscfd	million standard cubic feet per day
mmscm	million standard cubic metres
mmscmd	million standard cubic metres per day
mtpa	million tonnes per annum
Net borrowings	Comprise cash, current asset investments, finance lease liabilities/assets, currency and interest rate derivative financial instruments and short and long-term borrowings
PSC	production sharing contract
SEC	US Securities and Exchange Commission
T&D	Transmission and Distribution
Tbtu	trillion british thermal units
tcf	trillion cubic feet
Total operating profit	Group operating profit plus share of pre-tax operating results of joint ventures and associates
UKCS	United Kingdom Continental Shelf
Unit operating expenditure per boe	Production costs and royalties incurred over the period divided by the net production for the period. This measure does not include the impact of depreciation and amortisation costs and exploration costs as they are not considered to be costs associated with the operation of producing assets
Unit lifting costs per boe	'Unit operating expenditure' as defined above, excluding royalty, tariff and insurance costs incurred over the period divided by the net production for the period
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
BG Group plc
Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Tel: 0118 929 3025
e-mail: 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
e-mail: bg@equiniti.com

Media Enquiries:
Neil Burrows

Tel: 0118 929 2462

High resolution images are available at www.vismedia.co.uk

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

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

e-mail: info@otcmarkets.com

Financial calendar

Ex-dividend for 2012 final dividend	17 April 2013
Record date for 2012 final dividend	19 April 2013
Announcement of 2013 first quarter results	2 May 2013
Strategy Presentation	14 May 2013
AGM	23 May 2013
Payment of 2012 final dividend	31 May 2013

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

Registered office

100 Thames Valley Park Drive, Reading RG6 1PT
Registered in England No. 3690065