

TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS OF 2004

(unaudited)

I. ACCOUNTING POLICIES

The consolidated financial statements of TOTAL and its subsidiaries (together, the Company or Group) have been prepared in accordance with generally accepted accounting principles in France (French "GAAP") and comply with the principles and methodology relative to consolidated financial statements, Regulation No. 99-02 approved by the decree dated June 22, 1999 of the French Accounting Regulations Committee.

Furthermore, the Company applies the standards issued by the Financial Accounting Standard Board (FASB) which are compatible with the French Regulations and which contribute, in their current wording, to better reflect the assets and liabilities of the Company and the best comparability with the other oil majors, namely those from North America. The exceptions to the use of FASB standards are presented in the Annual Report as well as in the Annual Report under US Generally Accepted Accounting Principles (Form 20-F).

The accounting policies applied for the consolidated financial statements as of March 31, 2004 are the same as those used for the Financial Statements as of December 31, 2003.

II. CHANGES IN THE GROUP STRUCTURE

There were no major changes in the Group structure during the first three months of 2004.

III. SPECIAL ITEMS

For the first three months of 2004

Special items of operating income

There were no special items affecting the operating income during the first quarter of 2004.

Special items of net income

<i>(in millions of euros)</i>	Upstream	Downstream	Chemicals	Corporate	Total
Restructuring charges	-	-	(17)	-	(17)
Asset impairment	-	-	-	-	-
Gain on assets' sales	-	-	-	-	-
Other items	-	-	-	-	-
Total	-	-	(17)	-	(17)

For the first three months of 2003

There were no special items during the first quarter of 2003.

IV. SHAREHOLDERS' EQUITY

Shares held by the parent company, TOTAL S.A.

As of March 31, 2004, TOTAL S.A. held 16,201,889 of its own shares, representing 2.49% of its share capital, detailed as follows :

- 10,221,889 shares allocated to covering share purchase option plans for Company employees ; these shares are recorded as short-term investments and maintained within the total assets,
- 5,980,000 shares, of which 1,680,000 shares were purchased in November and December 2003, and 4,300,000 during the first three months of 2004, pursuant to the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 6, 2003. These shares are deducted from the consolidated shareholders' equity.

Shares held by the subsidiaries

As of March 31, 2004, TOTAL S.A. held indirectly, through its subsidiaries 25,082,817 of its own shares, representing 3.86% of its share capital :

- 505,918 shares held by a consolidated subsidiary, Total Nucléaire, indirectly controlled by TOTAL S.A. These shares were initially acquired in order to realize short-term cash investments and are recorded in short-term investments in the consolidated financial statements;
- 24,576,899 shares held by subsidiaries of Elf Aquitaine, Financière Valorgest, Sogapar and Fingestval. These shares were deducted from the consolidated shareholders' equity.

Consolidated statements of changes in shareholders' equity

(in millions of euros)	Common shares issued		Paid-in surplus and retained earnings	Cumulative translation adjustments	Treasury shares		Shareholders' equity
	Number	Amount			Number	Amount	
As of December 31, 2003	649,118,236	6,491	30,408	(3,268)	(26,256,899)	(3,225)	30,406
Cash dividend	-	-	-	-	-	-	-
Net income - 1st quarter 2003	-	-	1,961	-	-	-	1,961
Issuance of common shares	622,573	6	33	-	-	-	39
Purchase of treasury shares	-	-	-	-	(4,300,000)	(633)	(633)
Cancellation of purchased treasury shares	-	-	-	-	-	-	-
Translation adjustments	-	-	-	632	-	-	632
Other changes, net	-	-	-	-	-	-	-
As of March 31, 2004	649,740,809	6,497	32,402	(2,636)	(30,556,899)	(3,858)	32,405

(in millions of euros)	Common shares issued		Paid-in surplus and retained earnings	Cumulative translation adjustments	Treasury shares		Shareholders' equity
	Number	Amount			Number	Amount	
As of December 31, 2002	687,190,510	6,872	30,514	(830)	(35,026,899)	(4,410)	32,146
Cash dividend	-	-	-	-	-	-	-
Net income - 1st quarter 2002	-	-	2,120	-	-	-	2,120
Issuance of common shares	236,642	2	5	-	-	-	7
Purchase of treasury shares	-	-	-	-	(13,115,000)	(1,591)	(1,591)
Cancellation of purchased treasury shares	-	-	-	-	-	-	-
Translation adjustments	-	-	-	(633)	-	-	(633)
Other changes, net (1)	-	-	50	-	-	-	50
As of March 31, 2003	687,427,152	6,874	32,689	(1,463)	(48,141,899)	(6,001)	32,099

(1) The change in the category "Other" is primarily due to the effect of the first application of the standard FAS No. 143.

V. SUBSIDIARIES' REDEEMABLE PREFERRED SHARES

There were no operations on these preferred shares during the first three months of 2004.

VI. LONG-TERM DEBT

The Group has issued debenture loans through its subsidiary Total Capital during the first three months of 2004 :

- Debenture 2.375% 2003-2010 (200 million CHF)
- Debenture 4.875% 2004-2010 (250 million GBP)
- Debenture 3.75% 2004-2010 (500 million EUR)
- Debenture 6% 2004-2009 (150 million AUD)
- Debenture 4.875% 2004-2010 (100 million GBP)

The Group has not reimbursed any debenture loan during the first three months of 2004.

In the context of its active cash management, the Group may increase temporarily its short-term borrowings, particularly in the form of commercial paper. The short-term borrowings and the cash and cash equivalents resulting from this cash management in the quarterly financial statements are not necessarily representative of a steady position.

VII - INFORMATION BY BUSINESS SEGMENT

Amounts in millions of euros

First quarter 2004	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,930	17,245	4,673	12		27,860
Intersegment sales	3,062	579	142	41	(3,824)	-
Total sales	8,992	17,824	4,815	53	(3,824)	27,860
Depreciation, depletion, and amortization of tangible assets	(778)	(213)	(194)	(8)		(1,193)
Operating income	2,819	546	199	(58)		3,506
Amortization of intangible assets and acquisition goodwill	(4)	(21)	(32)	(8)		(65)
Equity in income (loss) of affiliates and other items	117	51	(6)	145		307
Tax on net operating income	(1,543)	(165)	(54)	68		(1,694)
Net operating income	1,389	411	107	147		2,054
Net cost of net debt						(32)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(61)
Net income						1,961

First quarter 2004 (special items)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	-	-	-	-	-	-
Intersegment sales	-	-	-	-	-	-
Total sales	-	-	-	-	-	-
Depreciation, depletion, and amortization of tangible assets	-	-	-	-	-	-
Operating income	-	-	-	-	-	-
Amortization of intangible assets and acquisition goodwill	-	-	-	-	-	-
Equity in income (loss) of affiliates and other items	-	-	(26)	-	-	(26)
Tax on net operating income	-	-	9	-	-	9
Net operating income	-	-	(17)	-	-	(17)
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						-
Net income						(17)

First quarter 2004 (adjusted for special items)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,930	17,245	4,673	12	-	27,860
Intersegment sales	3,062	579	142	41	(3,824)	-
Total sales	8,992	17,824	4,815	53	(3,824)	27,860
Depreciation, depletion, and amortization of tangible assets	(778)	(213)	(194)	(8)		(1,193)
Operating income	2,819	546	199	(58)		3,506
Amortization of intangible assets and acquisition goodwill	(4)	(21)	(32)	(8)		(65)
Equity in income (loss) of affiliates and other items	117	51	20	145		333
Tax on net operating income	(1,543)	(165)	(63)	68		(1,703)
Net operating income	1,389	411	124	147		2,071
Net cost of net debt						(32)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(61)
Net income						1,978

First quarter 2004	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	1,212	226	162	11		1,611
Divestitures at selling price	99	43	19	21		182
Cash flow from operating activities (1)	2,330	1,710	(82)	125		4,083

(1) In the Chemicals segment, this figure amounts to 48 million euros excluding an amount of 130 million euros paid relating to the Toulouse AZF plant explosion.

Amounts in millions of euros

First quarter 2003	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,022	18,718	4,553	10	-	28,303
Intersegment sales	3,164	700	151	29	(4,044)	-
Total sales	8,186	19,418	4,704	39	(4,044)	28,303
Depreciation, depletion, and amortization of tangible assets	(829)	(210)	(180)	(10)	-	(1,229)
Operating income	3,025	779	115	(55)	-	3,864
Amortization of intangible assets and acquisition goodwill	(3)	(18)	(33)	(6)	-	(60)
Equity in income (loss) of affiliates and other items	64	63	(193)	110	-	44
Tax on net operating income	(1,681)	(239)	172	131	-	(1,617)
Net operating income	1,405	585	61	180	-	2,231
Net cost of net debt	-	-	-	-	-	(43)
Minority interests and dividends on subsidiaries' redeemable preferred shares	-	-	-	-	-	(68)
Net income	-	-	-	-	-	2,120

First quarter 2003 (special items)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	-	-	-	-	-	-
Intersegment sales	-	-	-	-	-	-
Total sales	-	-	-	-	-	-
Depreciation, depletion, and amortization of tangible assets	-	-	-	-	-	-
Operating income	-	-	-	-	-	-
Amortization of intangible assets and acquisition goodwill	-	-	-	-	-	-
Equity in income (loss) of affiliates and other items	-	-	-	-	-	-
Tax on net operating income	-	-	-	-	-	-
Net operating income	-	-	-	-	-	-
Net cost of net debt	-	-	-	-	-	-
Minority interests and dividends on subsidiaries' redeemable preferred shares	-	-	-	-	-	-
Net income	-	-	-	-	-	-

First quarter 2003 (adjusted for special items)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,022	18,718	4,553	10	-	28,303
Intersegment sales	3,164	700	151	29	(4,044)	-
Total sales	8,186	19,418	4,704	39	(4,044)	28,303
Depreciation, depletion, and amortization of tangible assets	(829)	(210)	(180)	(10)	-	(1,229)
Operating income	3,025	779	115	(55)	-	3,864
Amortization of intangible assets and acquisition goodwill	(3)	(18)	(33)	(6)	-	(60)
Equity in income (loss) of affiliates and other items	64	63	(193)	110	-	44
Tax on net operating income	(1,681)	(239)	172	131	-	(1,617)
Net operating income	1,405	585	61	180	-	2,231
Net cost of net debt	-	-	-	-	-	(43)
Minority interests and dividends on subsidiaries' redeemable preferred shares	-	-	-	-	-	(68)
Net income	-	-	-	-	-	2,120

First quarter 2003	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	1,166	125	175	28	-	1,494
Divestitures at selling price	180	44	755	14	-	993
Cash flow from operating activities	2,571	1,560	(81)	(228)	-	3,822

(1) In the Chemicals segment, this figure amounts to 101 million euros excluding an amount of 182 million euros paid relating to the Toulouse AZF plant explosion.

SK