

TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST NINE 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 September 30, 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 nine months of 2004.

III. SPECIAL ITEMS

Special items of operating income

There were no special items affecting the operating income during the first nine months of 2004 and the first nine months of 2003.

Special items of net income

<i>(in millions of euros)</i>		Upstream	Downstream	Chemicals	Corporate	Total
9 months 2004	Restructuring charges	-	-	(43)	-	(43)
	Asset impairment	-	-	-	-	-
	Gain on assets' sales	-	-	-	-	-
	Additional Toulouse- AZF reserve	-	-	(98)	-	(98)
	Other items	-	-	(4)	-	(4)
	Total	-	-	(145)	-	(145)
9 months 2003	Restructuring charges	-	-	(34)	-	(34)
	Asset impairment	-	-	-	-	-
	Gain on assets' sales	-	-	-	30	30
	Other items	-	-	(158)	-	(158)
	Total	-	-	(192)	30	(162)

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Notes to the consolidated financial statements for the first nine months of 2004

In the first nine months of 2004, the special items amount to (145) M€ and concern essentially an additional provision related to AZF plant explosion in Toulouse.

The special items that had a positive impact in the first nine months of 2003 include gains on the sale of Sanofi-Synthélabo shares, while the negative impacts include, in the Chemicals segment, a restructuring charge and a 155 M€ provision related to investigations of anti-trust practices by the European Commission.

IV. SHAREHOLDERS' EQUITY

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

As of September 30, 2004, TOTAL S.A. held 27,945,307 of its own shares, representing 4.27% of its share capital, detailed as follows :

- 9,765,307 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,
- 18,180,000 shares, of which 1,680,000 shares were purchased in November and December 2003, and 16,500,000 during the first nine months of 2004, pursuant to the authorization granted by the Ordinaries and Extraordinaries Shareholders' Meetings held on May 6, 2003 and on May 14, 2004. These shares are deducted from the consolidated shareholders' equity.

Shares held by the subsidiaries

As of September 30, 2004, TOTAL S.A. held indirectly, through its subsidiaries 25,082,817 of its own shares, representing 3.83% 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.

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Notes to the consolidated financial statements for the first nine months of 2004

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, 2002	687,190,510	6,872	30,514	(830)	(35,026,899)	(4,410)	32,146
Cash dividend	-	-	(2,571)	-	-	-	(2,571)
Net income for the 9 months	-	-	5,435	-	-	-	5,435
Issuance of common shares	1,529,923	15	92	-	-	-	107
Purchase of treasury shares	-	-	-	-	(27,715,000)	(3,516)	(3,516)
Cancellation of repurchased shares	(9,900,000)	(99)	(1,165)	-	9,900,000	1,264	-
Translation adjustments	-	-	-	(1,367)	-	-	(1,367)
Other changes, net	-	-	47	-	-	-	47
As of September 30, 2003	678,820,433	6,788	32,352	(2,197)	(52,841,899)	(6,662)	30,281
Cash dividend	-	-	-	-	-	-	-
Net income for the fourth quarter	-	-	1,590	-	-	-	1,590
Issuance of common shares	397,803	4	21	-	-	-	25
Purchase of treasury shares	-	-	-	-	(3,515,000)	(478)	(478)
Cancellation of repurchased shares	(30,100,000)	(301)	(3,614)	-	30,100,000	3,915	-
Translation adjustments	-	-	-	(1,071)	-	-	(1,071)
Other changes, net	-	-	59	-	-	-	59
As of December 31, 2003	649,118,236	6,491	30,408	(3,268)	(26,256,899)	(3,225)	30,406
Cash dividend	-	-	(2,853)	-	-	-	(2,853)
Net income of the 9 months	-	-	6,375	-	-	-	6,375
Issuance of common shares	5,195,630	52	445	-	-	-	497
Purchase of treasury shares	-	-	-	-	(16,500,000)	(2,563)	(2,563)
Cancellation of repurchased shares	-	-	-	-	-	-	-
Translation adjustments	-	-	-	271	-	-	271
Other changes, net	-	-	(68)	-	-	-	(68)
As of September 30, 2004	654,313,866	6,543	34,307	(2,997)	(42,756,899)	(5,788)	32,065

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Notes to the consolidated financial statements for the first nine months of 2004

V. SUBSIDIARIES' REDEEMABLE PREFERRED SHARES

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

VI. LONG-TERM DEBT

The Group has issued debenture loans through its subsidiary Total Capital during the first nine 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)
- Debenture 4.875% 2004-2010 (150 million GBP)
- Debenture 4% 2004-2010 (100 million CAD)
- Debenture 5.75% 2004-2011 (100 million AUD)
- Debenture 4.875% 2004-2011 (200 million CAD)
- Debenture 5% 2002-2007 (75 million GBP)
- Debenture 3.25% 2003-2008 (100 million USD)
- Debenture 3.25% 2003-2008 (50 million USD)
- Debenture 3.25% 2003-2008 (50 million USD)

The Group has reimbursed debenture loans during the first nine months of 2004 :

- Debenture 4% 2000-2004 (100 million CHF)
- Debenture 4% 2000-2004 (150 million CHF)
- Debenture 4% 2000-2004 (200 million CHF)
- Debenture 6.875% 1997-2004 (300 million USD)
- Debenture 2.25% 1999-2004 (250 million CHF)
- Debenture 7% 1994-2004 (1,500 million FRF)

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. ACQUISITION OF AVENTIS BY SANOFI-SYNTHELABO

Following the acquisition of Aventis by Sanofi-Synthélabo which occurred in August 2004, Total's share in Sanofi Aventis has been reduced to approximately 13.4%, leading to a dilutive gain estimated at 2.3 billion euros after tax. Considering that the current works aimed at determining precisely the impact of this transaction in the Sanofi-Synthélabo's accounts are still in progress, Total has decided to defer the recording in its accounts until the 4th quarter of 2004 in order to better assess the effects (dilutive gain and share of intermediate result). Consequently, the prior percentage for consolidation of Sanofi-Synthélabo has been maintained as of September 30, 2004 (25.6%).

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Notes to the consolidated financial statements for the first nine months of 2004

VIII. INFORMATION BY BUSINESS SEGMENT

Amounts in millions of euros

9 months 2004	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	15,547	57,501	14,797	23		87,868
Intersegment sales	10,416	2,034	511	128	(13,089)	-
Total sales	25,963	59,535	15,308	151	(13,089)	87,868
Depreciation, depletion, and amortization of tangible assets	(2,460)	(640)	(578)	(26)		(3,704)
Operating income	9,360	2,025	661	(140)		11,906
Amortization of intangible assets and acquisition goodwill	(16)	(84)	(87)	(27)		(214)
Equity in income (loss) of affiliates and other items	403	152	(180)	491		866
Tax on net operating income	(5,335)	(625)	(133)	168		(5,925)
Net operating income	4,412	1,468	261	492		6,633
Net cost of net debt						(72)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(186)
Net income						6,375

9 months 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	-	-	(220)	-		(220)
Tax on net operating income	-	-	73	-		73
Net operating income	-	-	(147)	-		(147)
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						2
Net income						(145)

9 months 2004 (adjusted for special items)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	15,547	57,501	14,797	23		87,868
Intersegment sales	10,416	2,034	511	128	(13,089)	-
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Operating income	9,360	2,025	661	(140)		11,906
Amortization of intangible assets and acquisition goodwill	(16)	(84)	(87)	(27)		(214)
Equity in income (loss) of affiliates and other items	403	152	40	491		1,086
Tax on net operating income	(5,335)	(625)	(206)	168		(5,998)
Net operating income	4,412	1,468	408	492		6,780
Net cost of net debt						(72)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(188)
Net income						6,520

9 months 2004	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	3,924	893	613	46		5,476
Divestitures at selling price	315	127	68	28		538
Cash flow from operating activities (1)	7,239	2,952	229	321		10,741

(1) In the Chemicals segment, this figure amounts to 516 millions of euros excluding an amount of 287 millions of euros paid relating to the Toulouse AZF plant explosion.

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Notes to the consolidated financial statements for the first nine months of 2004

Amounts in millions of euros

9 months 2003	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	13,553	50,617	12,925	24		77,119
Intersegment sales	8,650	1,712	414	81	(10,857)	-
Total sales	22,203	52,329	13,339	105	(10,857)	77,119
Depreciation, depletion, and amortization of tangible assets	(2,447)	(652)	(548)	(25)		(3,672)
Operating income	7,824	1,570	401	(163)		9,632
Amortization of intangible assets and acquisition goodwill	(11)	(72)	(106)	(16)		(205)
Equity in income (loss) of affiliates and other items	195	233	(389)	446		485
Tax on net operating income	(4,144)	(453)	100	285		(4,212)
Net operating income	3,864	1,278	6	552		5,700
Net cost of net debt						(109)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(156)
Net income						5,435

9 months 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	-	-	(213)	40		(173)
Tax on net operating income	-	-	21	(10)		11
Net operating income	-	-	(192)	30		(162)
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						-
Net income						(162)

9 months 2003 (adjusted for special items)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	13,553	50,617	12,925	24		77,119
Intersegment sales	8,650	1,712	414	81	(10,857)	-
Total sales	22,203	52,329	13,339	105	(10,857)	77,119
Depreciation, depletion, and amortization of tangible assets	(2,447)	(652)	(548)	(25)		(3,672)
Operating income	7,824	1,570	401	(163)		9,632
Amortization of intangible assets and acquisition goodwill	(11)	(72)	(106)	(16)		(205)
Equity in income (loss) of affiliates and other items	195	233	(176)	406		658
Tax on net operating income	(4,144)	(453)	79	295		(4,223)
Net operating income	3,864	1,278	198	522		5,862
Net cost of net debt						(109)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(156)
Net income						5,597

9 months 2003	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	3,554	531	788	45		4,918
Divestitures at selling price	309	120	797	74		1,300
Cash flow from operating activities (1)	7,024	3,312	96	(227)		10,205

(1) In the Chemicals segment, this figure amounts to 730 millions of euros excluding an amount of 634 millions of euros paid relating to the Toulouse AZF plant explosion.