

TOTAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FIRST THREE MONTHS OF 2005
(unaudited)

I. ACCOUNTING POLICIES

The consolidated financial statements of TOTAL and its subsidiaries (together, the Company or Group) have been prepared in accordance with IFRS (International Financial Reporting Standards), adopted with effect from January 1, 2005, and applicable at year-end closing (December 31, 2005). Financial information presented in this document has been prepared on the basis of IFRS adopted thus far as well as those subject to approval by the European Commission.

The interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and are covered by IFRS 1, First-Time Adoption of IFRS, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 December 2005.

The IFRS accounting principles differ in some areas from the with standards previously applied by the Group. Descriptions of the effect of the transition to IFRS on the net equity and the results of the Group have been provided for in the Annual Report for year 2004, and included in the summarized financial statements for each of the quarters of 2004.

Accounting policies have been applied consistently for each of the presented periods.

II. CHANGES IN THE GROUP STRUCTURE

There were no major changes in the Group structure during the first three months of 2005.

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Notes to the consolidated financial statements for the first three months of 2005

III. ADJUSTMENT ITEMS

The financial information for each business segment is reported on the same basis that is used internally by the chief operating decision maker in assessing segment performance and the allocation of segment resources.

Due to their particular nature or significance, certain transactions qualified as “special items” are monitored at the Group level and excluded from the business segment figures.

In accordance with IAS 2, the Group values inventories of petroleum products in the financial statements according to the FIFO (First-in, First-out) method and other inventories using the weighted-average cost method. However, in the note setting forth information by business segment, the Group continues to present the results of its Downstream segment according to the replacement cost method and those of its Chemicals segment according to the LIFO (Last-in, First-out) method in order to ensure the comparability of the Group’s results with those of its leading competitors, mainly North-American. The inventory valuation effect is the difference between the results according to the FIFO method and the results according to the replacement cost or LIFO methods.

The adjusted results (adjusted operating income, adjusted net operating income, adjusted net income) are defined as replacement cost results, adjusted for special items, and excluding TOTAL’s equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

ADJUSTEMENTS TO OPERATING INCOME

<i>(in millions of euros)</i>	Upstream	Downstream	Chemicals	Corporate	Total
First quarter 2005					
Inventory valuation effect	-	652	70	-	722
Restructuring charges	-	-	-	-	-
Asset impairment charges	-	-	-	-	-
Other items	-	-	-	-	-
Total	-	652	70	-	722
First quarter 2004					
Inventory valuation effect	-	183	65	-	248
Restructuring charges	-	-	-	-	-
Asset impairment charges	-	-	-	-	-
Other items	-	-	-	-	-
Total	-	183	65	-	248

ADJUSTEMENTS TO NET INCOME

<i>(in millions of euros)</i>	Upstream	Downstream	Chemicals	Corporate	Total
First quarter 2005					
Inventory valuation effect	-	449	47	-	496
Total's equity share of special items recorded by Sanofi-Aventis	-	-	-	(42)	(42)
Adjustment related to the Sanofi-Aventis merger	-	-	-	(82)	(82)
Restructuring charges	-	-	(83)	-	(83)
Asset impairment charges	-	-	-	-	-
Gains (losses) on sales of assets	-	-	-	-	-
Toulouse - AZF plant explosion	-	-	-	-	-
Other items	-	-	-	-	-
Total	-	449	(36)	(124)	289
First quarter 2004					
Inventory valuation effect	-	117	44	-	161
Restructuring charges	-	-	(17)	-	(17)
Asset impairment charges	-	-	-	-	-
Gains (losses) on sales of assets	-	-	-	-	-
Other items	-	-	-	-	-
Total	-	117	27	-	144

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Notes to the consolidated financial statements for the first three months of 2005

IV. SHAREHOLDERS' EQUITY

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

As of March 31, 2005, TOTAL S.A. held 18,538,330 of its own shares, representing 2.92 % of its share capital, detailed as follows :

- 9,312,262 shares allocated to covering share purchase option plans for Company employees ;
- 9,226,068 shares purchased for cancellation, of which 4,356,068 shares were purchased in November and December 2004, and 4,870,000 during the first quarter of 2005, pursuant to the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 14, 2004.

These 18,538,330 shares are deducted from the consolidated shareholders' equity.

Shares held by the subsidiaries

As of March 31, 2005, TOTAL S.A. held indirectly, through its subsidiaries 25,082,817 of its own shares, representing 3.95 % 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.
- 24,576,899 shares held by subsidiaries of Elf Aquitaine, Financière Valorgest, Sogapar and Fingestval.

These 25,082,817 shares are deducted from the consolidated shareholders' equity.

V. SUBSIDIARIES' REDEEMABLE PREFERRED SHARES

There were no operations on these preferred shares during the first three months of 2005.

VI. LONG-TERM DEBT

The Group has issued debenture loans through its subsidiary Total Capital during the first three months of 2005 :

- Debenture 4% 2005-2011 (100 million CAD)
- Debenture 5.75% 2005-2011 (100 million AUD)
- Debenture 3.5% 2005-2009 (50 million USD)
- Debenture 2.135% 2005-2012 (300 million CHF)
- Debenture 3.25% 2005-2012 (300 million EUR)

The Group has reimbursed debenture loans during the three first months of 2005 :

- Debenture 6.875% 2000-2005 (150 million GBP)
- Debenture 8.2% 1995-2005 (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.

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Notes to the consolidated financial statements for the first three months of 2005

VII. INFORMATION BY BUSINESS SEGMENT

Amounts in millions of euros

First quarter 2005	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	4 805	21 416	5 518	-		31 739
Intersegment sales	4 226	1 029	352	58	(5 665)	-
Excise taxes		(5 051)				(5 051)
Revenues from sales	9 031	17 394	5 870	58	(5 665)	26 688
Operating expenses	(4 266)	(15 600)	(5 069)	(114)	5 665	(19 384)
Depreciation, depletion, and amortization of tangible assets	(755)	(251)	(176)	(9)		(1 191)
Operating income	4 010	1 543	625	(65)	-	6 113
Equity in income (loss) of affiliates and other items	77	115	(106)	63		149
Tax on net operating income	(2 279)	(530)	(164)	51		(2 922)
Net operating income	1 808	1 128	355	49		3 340
Net cost of net debt						(47)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(85)
Net income						3 208

First quarter 2005 (adjustments) (*)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating charges (1)	-	652	70	-		722
Depreciation, depletion, and amortization of tangible assets	-	-	-	-		-
Operating income	-	652	70	-		722
Equity in income (loss) of affiliates and other items (1) (2)	-	13	(125)	(124)		(236)
Tax on net operating income	-	(215)	19	-		(196)
Net operating income	-	450	(36)	(124)		290
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(1)
Net income						289

(*) Adjusted items include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger

(1) Of which inventory valuation effect

On operating income	-	652	70	-		
On net operating income	-	450	47	-		

(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger

First quarter 2005 (adjusted)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	4 805	21 416	5 518	-		31 739
Intersegment sales	4 226	1 029	352	58	(5 665)	-
Excise taxes		(5 051)				(5 051)
Revenues from sales	9 031	17 394	5 870	58	(5 665)	26 688
Operating expenses	(4 266)	(16 252)	(5 139)	(114)	5 665	(20 106)
Depreciation, depletion, and amortization of tangible assets	(755)	(251)	(176)	(9)		(1 191)
Adjusted operating income	4 010	891	555	(65)		5 391
Equity in income (loss) of affiliates and other items	77	102	19	187		385
Tax on net operating income	(2 279)	(315)	(183)	51		(2 726)
Adjusted net operating income	1 808	678	391	173		3 050
Net cost of net debt						(47)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(84)
Adjusted net income						2 919

First quarter 2005	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	1 363	217	158	46		1 784
Divestitures at selling price	128	45	22	18		213
Cash flow from operating activities (3)	2 188	1 689	82	78		4 037

(3) In the Chemicals segment, this figure amounts to 92 millions of euros excluding an amount of 10 millions of euros paid relating to the Toulouse AZF plant explosion.

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Notes to the consolidated financial statements for the first three months of 2005

Amounts in millions of euros

First quarter 2004	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	3 639	18 652	4 673	11		26 975
Intersegment sales	3 062	579	142	41	(3 824)	-
Excise taxes		(5 190)				(5 190)
Revenues from sales	6 701	14 041	4 815	52	(3 824)	21 785
Operating expenses	(3 107)	(13 057)	(4 345)	(159)	3 824	(16 844)
Depreciation, depletion, and amortization of tangible assets	(771)	(248)	(205)	(8)		(1 232)
Operating income	2 823	736	265	(115)		3 709
Equity in income (loss) of affiliates and other items	118	37	(18)	150		287
Tax on net operating income	(1 542)	(228)	(78)	39		(1 809)
Net operating income	1 399	545	169	74		2 187
Net cost of net debt						(36)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(61)
Net income						2 090

First quarter 2004 (adjustments) (*)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						-
Intersegment sales						-
Excise taxes						-
Revenues from sales						-
Operating charges (1)	-	183	65	-		248
Depreciation, depletion, and amortization of tangible assets	-	-	-	-		-
Operating income	-	183	65	-		248
Equity in income (loss) of affiliates and other items (1) (2)	-	(3)	(25)	-		(28)
Tax on net operating income	-	(60)	(13)	-		(73)
Net operating income	-	120	27	-		147
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(3)
Net income						144

(*) Adjusted items include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger

(1) Of which inventory valuation effect

On operating income	-	183	65	-		-
On net operating income	-	120	44	-		-

(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger

First quarter 2004 (adjusted)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	3 639	18 652	4 673	11		26 975
Intersegment sales	3 062	579	142	41	(3 824)	-
Excise taxes		(5 190)				(5 190)
Revenues from sales	6 701	14 041	4 815	52	(3 824)	21 785
Operating expenses	(3 107)	(13 240)	(4 410)	(159)	3 824	(17 092)
Depreciation, depletion, and amortization of tangible assets	(771)	(248)	(205)	(8)		(1 232)
Adjusted operating income	2 823	553	200	(115)		3 461
Equity in income (loss) of affiliates and other items	118	40	7	150		315
Tax on net operating income	(1 542)	(168)	(65)	39		(1 736)
Adjusted net operating income	1 399	425	142	74		2 040
Net cost of net debt						(36)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(58)
Adjusted net income						1 946

First quarter 2004	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	1 214	240	172	11		1 637
Divestitures at selling price	99	43	19	21		182
Cash flow from operating activities (3)	2 332	1 724	(72)	125		4 109

(3) In the Chemicals segment, this figure amounts to 58 millions of euros excluding an amount of 130 millions of euros paid relating to the Toulouse AZF plant explosion.