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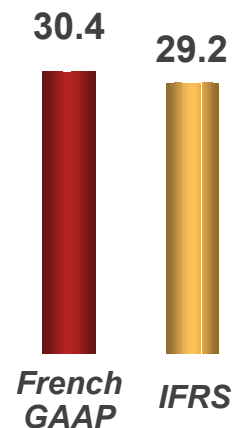
Impact of IFRS accounting standards

April 2005

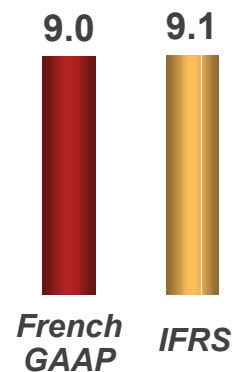
Executive summary

- Limited impact of transition on shareholders' equity as of January 1, 2004: -1.2 B€
- Temporary increase of gearing
- Continue performance reporting using replacement cost
 - ▶ Adjusted net income defined as net income :
 - excluding special items
 - excluding Total's equity share of amortization of intangible assets related to the Sanofi-Aventis merger
 - excluding FIFO inventory valuation effect
- No material impact of IFRS application on 2004 adjusted net income and 2004 ROACE using replacement cost

Shareholders' equity
as of January 1, 2004 (B€)



FY 2004 adjusted net income (B€)



Main impacts of transition to IFRS on 2004 financial statements



April 2005

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Implementation of IFRS as of January 1, 2004 : major transition options selected by Total

- **Business combinations**
 - ▶ **No restatement of past business combinations**
(pooling of interests for Petrofina and Elf mergers)

- **Employee benefits**
 - ▶ **Recognition of accumulated actuarial gains and losses in retained earnings**

- **Currency translation adjustment**
 - ▶ **Accumulated Currency Translation Adjustment (CTA) offset against retained earnings**

- **Financial instruments**
 - ▶ **Adoption of IAS 32 and IAS 39 starting January 1, 2004**

Norms to be completed

- *Accounting for Emission Rights (IFRIC 3)*
 - *Accounting for Exploration and Evaluation of Mineral Resources (IFRS 6)*
 - *Performance reporting*
-

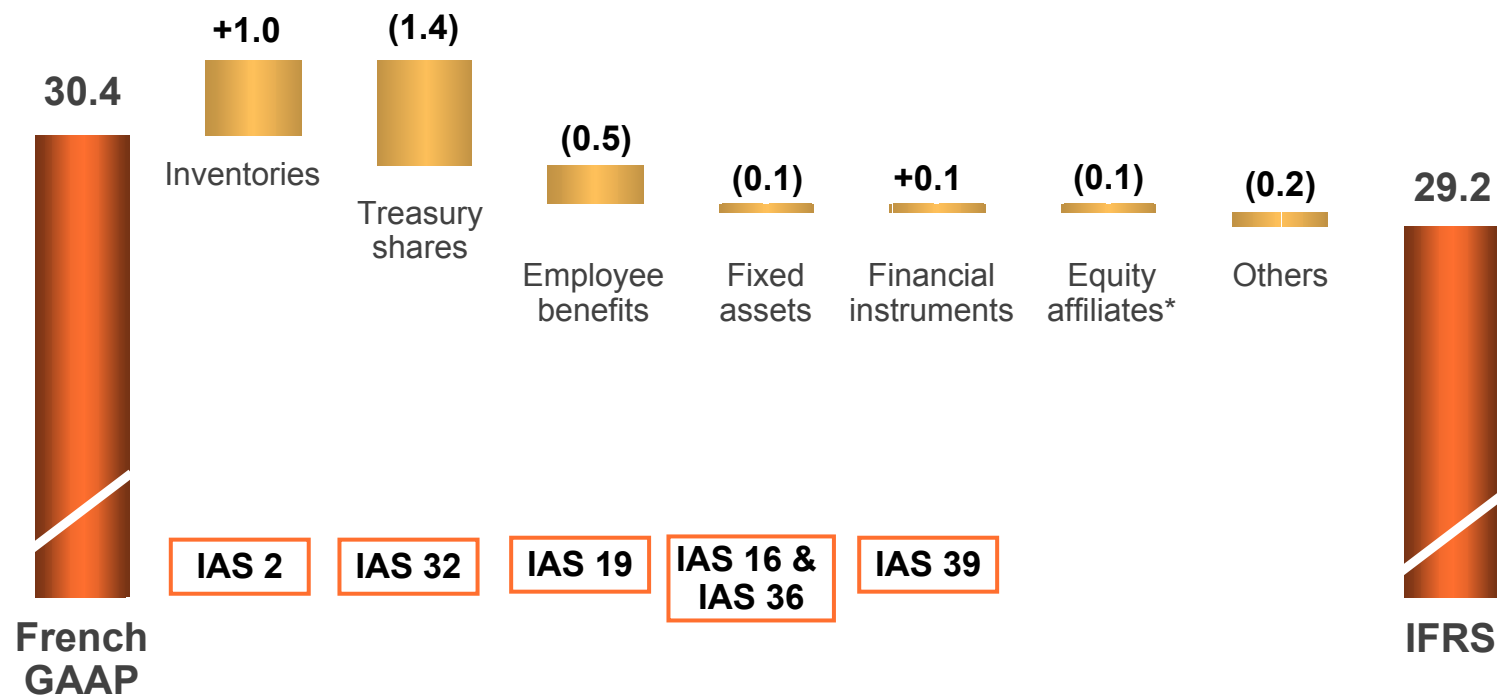


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Limited impact of transition on shareholders' equity

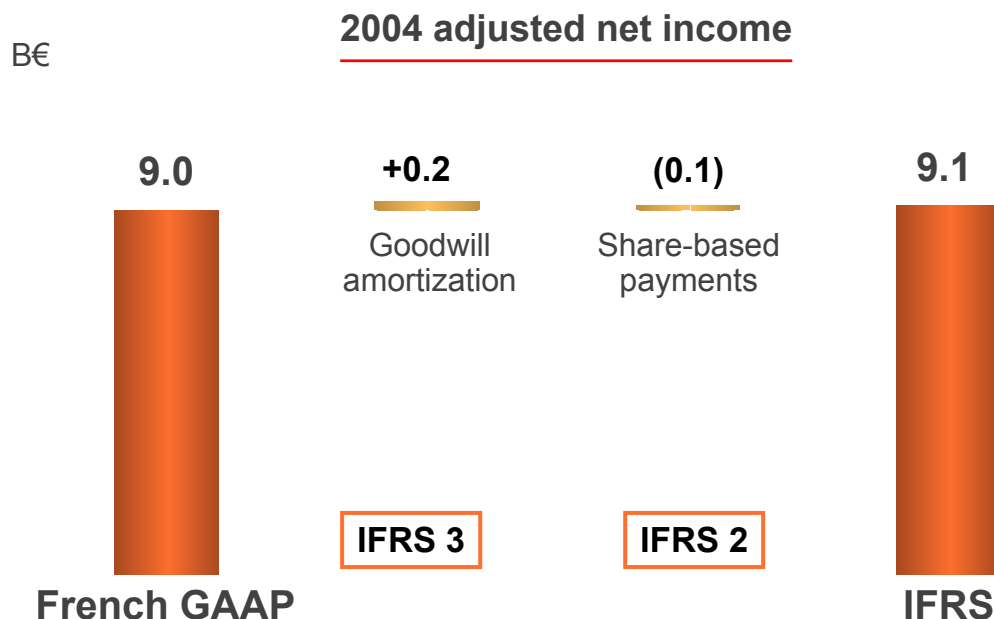
B€

Shareholders' equity (as of January 1, 2004)



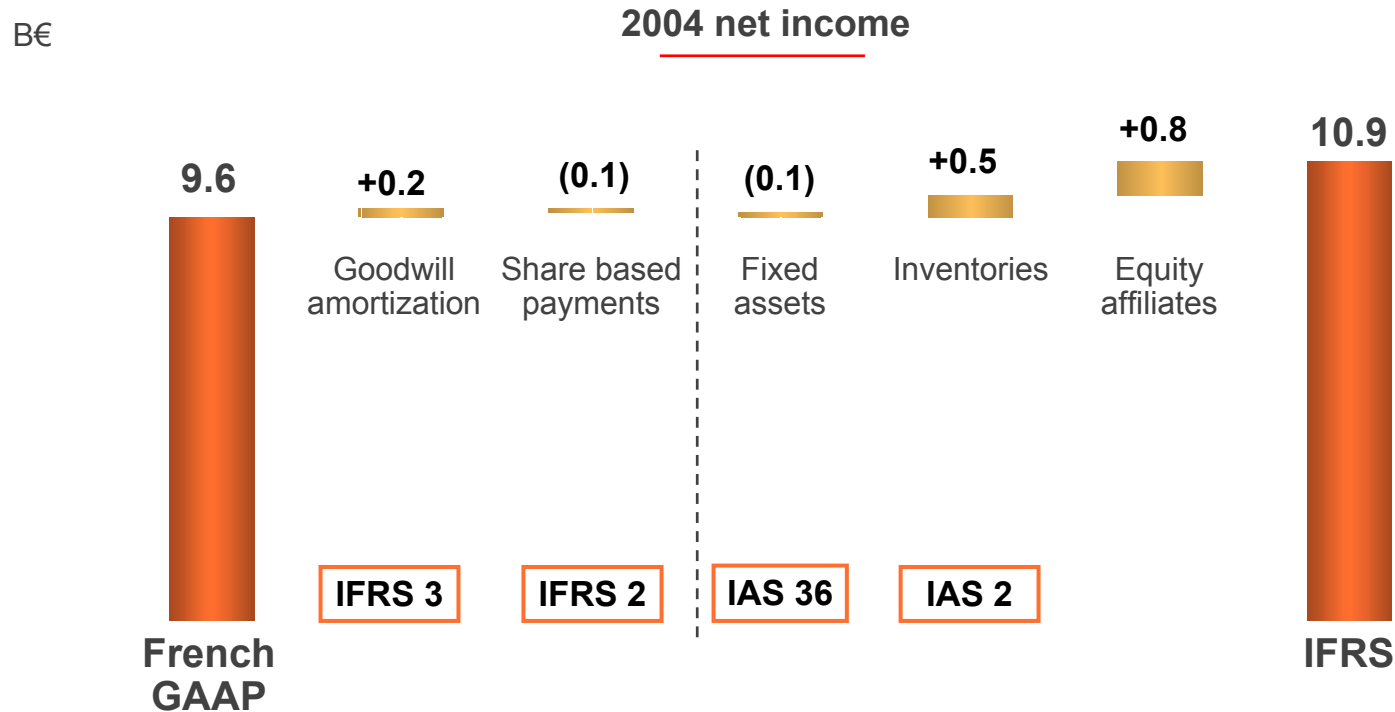
* Total's equity share of transition impact in equity affiliates accounts

Insignificant IFRS impact on 2004 adjusted net income



- **Goodwill no longer amortized but tested for impairment annually**
 - +0.2 B€ impact on 2004 adjusted net income mainly in Corporate and Chemicals segment
- **Share-based payments scope : share subscription and purchase options plans and employee-reserved capital increases**
 - Cost of options valued according to Black Scholes model
 - Cost of share-based payments expensed against retained earnings
- **Net effect of other adjustments (employee benefits, financial instruments,...) not material**

Impact of IFRS application on 2004 net income



- Impact from FIFO inventory valuation (vs. replacement cost)
- Equity affiliates : Total's equity share of IFRS application in equity affiliates accounts (mainly from Sanofi-Aventis)



Inventory valuation: FIFO vs replacement cost

■ Accounting policy : income statement and balance sheet using FIFO

- Applies mainly to Downstream segment

▶ Transition impact in 2004

- Increase in shareholders' equity by 1 B€ as of January 1,2004
- Increase of 0.5 B€ on 2004 net income due to the rising crude and petroleum products prices

■ Results using replacement cost provided in the “information by business segment”

- Operating and net operating income from business segments presented on an adjusted basis, i.e. excluding special items and FIFO inventory valuation effect
- Capital employed calculated using replacement cost

▶ Avoids FIFO valuation volatility

▶ No change for ROACE calculation



TOTAL

Treasury shares

Shares held to cover share purchase options

French GAAP

Shares recorded as short-term investments

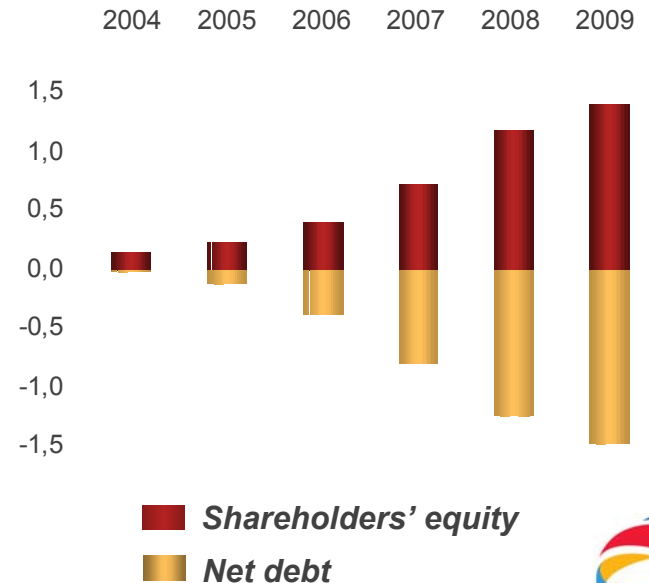


IFRS (IAS 32)

Shares deducted from shareholders' equity

- Transition impact in 2004 : decreases shareholders' equity and increases net debt by 1.4 B€
- Progressive reduction of this effect as the last share purchase plan expires in 2010
- Scope : 9.6 million common shares out of 635 million common shares outstanding as of December 31, 2004

Impact of share purchase plans progressive extinction (B€)*



* based on the assumption that half of the options are exercised during the 6th year following grant date

Employee benefits

- **Selected option at the transition date : accumulated surplus/deficit of pension plans definitively recognized on balance sheet**
- ▶ **Transition impact in 2004**
 - Decrease in shareholders' equity by 0.5 B€* leading to small positive impact on net income
- **Further recognition of actuarial gains and losses using the corridor method**
 - Reduces volatility
 - Coherent with FAS n°87/FAS n°106 under US GAAP

* 2 B€ of accumulated actuarial gains/losses - 1.3 B€ of accumulated Minimum Liability Adjustment - 0.2 B€ of deferred tax impact



Fixed assets

■ Component based approach : applies to refineries and petrochemical units

French GAAP

Prospective approach by providing for future cost of turnarounds



IFRS

Actual costs capitalized and depreciated over the period of time between turnarounds

- ▶ Transition impact on shareholders' equity as of January 1, 2004: +0.2 B€
- ▶ No significant impact on operating income going forward (provision accruals replaced by depreciation)

■ Impairment of assets

French GAAP

Application of FAS n°144 (undiscounted future cash flows)



IFRS

Calculation based only on discounted future cash flows

- ▶ Transition impact on shareholders' equity as of January 1, 2004: -0.3 B€
- ▶ No significant impact on 2004 net income



Impact of IFRS on performance reporting



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Presentation of consolidated statement of income under IFRS

- **New format of income statement based on a 2004 CNC* recommendation compatible with IFRS (Performance Reporting project)**
 - Will facilitate reconciliation of the income statement with the business segment information (see appendix 1)
- **Financial income split between cost of net debt and other financial income / expense unrelated to debt:**
 - Cost of net debt available before tax
 - Other financial income includes mainly:
 - Dividends received
 - Capital gains on non-Group companies
 - Capitalized financial costs
 - Other financial expense includes mainly FAS n°143 accretion

* French accounting board



Convergence of sales presentation with US GAAP

- Trading: sales / purchases presented on a net basis
 - ▶ 22 B€ reduction in sales and operating expenses in 2004
- Convergence with US GAAP (EITF 02-03)
- Presentation of excise taxes eases benchmarking

B€	2004 Sales French GAAP	Trading sales	Excise taxes presentation	Total impact	2004 sales IFRS
Sales	122.7	(22.2)	21.5	(0.7)	122.0
Excise taxes			(21.5)	(21.5)	(21.5)
Revenues from sales	122.7	(22.2)	0	(22.2)	100.5

Conclusion



TOTAL

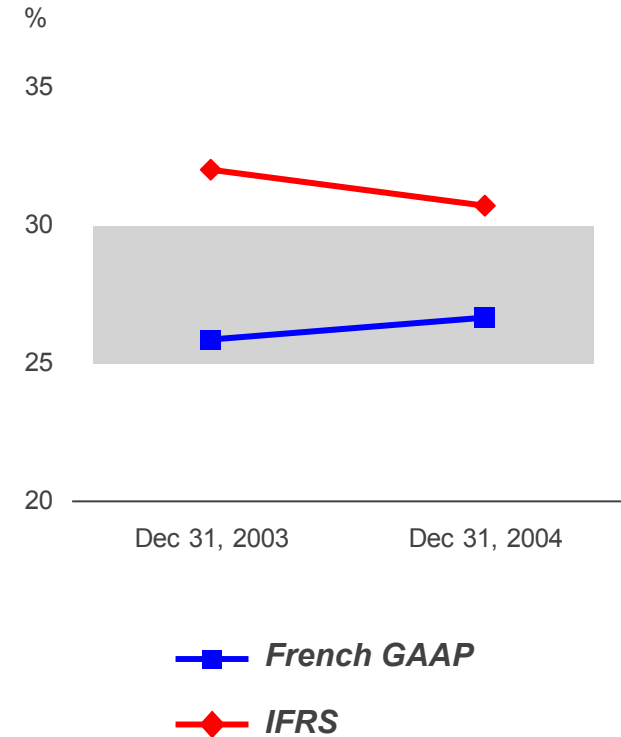
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IFRS impact on gearing

- **Increase in gearing as of December 31, 2004 : +4%**
 - Cancellation of treasury shares +5.4 %
 - Other IFRS restatements -1.4 %
- **Temporary effect of cancellation of treasury shares**
- **Maintain net-debt-to-equity ratio around 25%-30% under IFRS**

Net debt-to-equity ratio

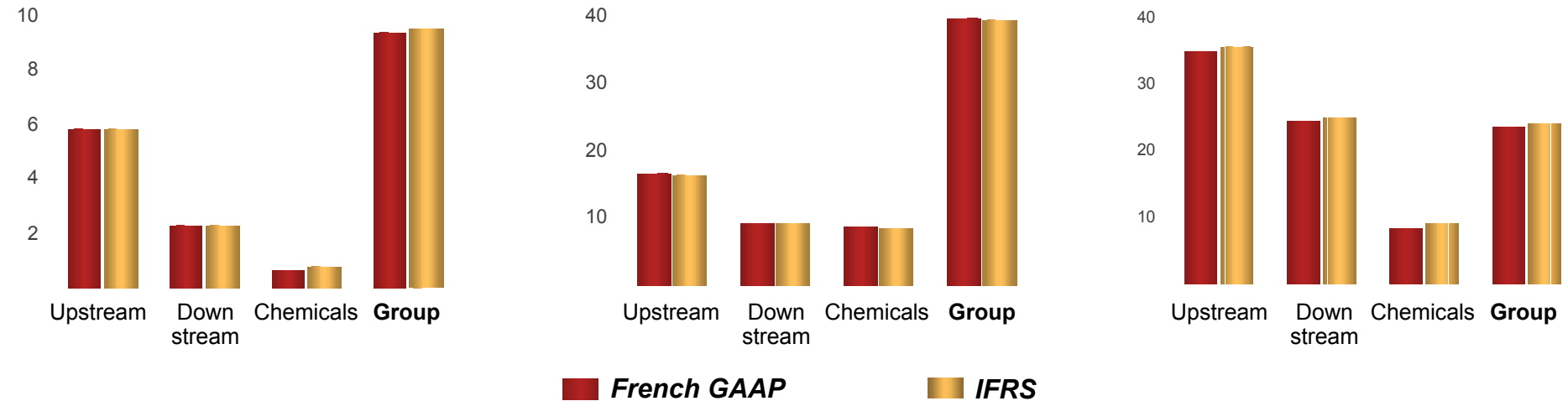


Limited IFRS impact on business segments and Group ROACE

2004 net operating income* (B€)

2004 average capital employed** (B€)

2004 ROACE (%)



- Continue performance reporting using replacement cost
- ROACE targets set in Feb. 2005 unchanged

Q1 2005 results under IFRS released on May 4, 2005 with comparative Q1 2004

* adjusted for special items and, at the Group level, excluding Total's equity share of amortization of intangible assets related to the Sanofi-Aventis merger. For IFRS figures, excludes FIFO inventory valuation effect (see appendix 2).

** calculated using replacement cost



Appendix



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April 2005

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Appendix 1: 2004 consolidated statement of income under IFRS

M€	French GAAP	IFRS
Sales	144,217	121,998
Excise taxes	(21,517)	(21,517)
Revenues from sales	122,700	100,481
Cost of goods sold and inventory variation	(81,496)	(58,556)
Other operating expenses	(19,231)	(19,103)
Exploration expenses	(414)	(414)
Depreciation, depletion and amortization of tangible assets	(5,498)	(5,722)
Total operating income	16,061	16,686
Other income	3,078	3,139
Other expense	(904)	(1,197)
Financial income from marketable securities & cash equivalents	588	572
Financial interest on net debt	(756)	(737)
Cost of net debt	(168)	(165)
Other financial income	333	333
Other financial expense	(235)	(235)
Income taxes	(8,316)	(8,570)
Equity in income (loss) of affiliates	337	1,158
Goodwill amortization	(308)	-
Consolidated net income	9,878	11,149
Group share	9,612	10,868
Minority interests and dividends on subsidiaries' redeemable preferred shares	266	281



TOTAL

Appendix 2 : 2004 net operating income and average capital employed by business segment

2004 net operating income*

M€	Upstream	Downstream	Chemicals	Group
French GAAP	5,834	2,302	656	9,419
Goodwill amortization	9	25	68	161
Share-based payments	-	-	-	(138)
Other adjustments	16	4	43	78
IFRS	5,859	2,331	767	9,520

2004 average capital employed**

M€	Upstream	Downstream	Chemicals	Group
French GAAP	16,610	9,344	8,713	39,668
Employee benefits	(12)	(159)	(287)	(489)
Fixed assets	(209)	105	33	(65)
Equity affiliates	11	51	18	277
Other adjustments	38	15	12	(48)
IFRS	16,438	9,356	8,489	39,343

2004 ROACE

	Upstream	Downstream	Chemicals	Group
ROACE per French GAAP	35.1%	24.6%	8.5%	23.7%
ROACE per IFRS	35.6%	24.9%	9.0%	24.2%

* adjusted for special items and, at the Group level, excluding Total's equity share of amortization of intangible assets related to the Sanofi-Aventis merger. For IFRS figures, excludes FIFO inventory valuation effect.

** calculated using replacement cost



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The business segment information is presented in accordance with the Group internal reporting system used by the Chief operating decision maker to measure performance and allocate resources internally. 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 general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, certain transactions such as restructuring costs or assets disposals, which are not considered to be representative of normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to recur within following years. Performance measures excluding special items such as operating income, net operating income adjusted for special items and adjusted net income, are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

