TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF 2006

(unaudited)

I. ACCOUNTING POLICIES

The interim consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) as of June 30, 2006 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. The accounting policies applied for the consolidated financial statements as of June 30, 2006 do not differ significantly from those applied for the consolidated financial statements as of December 31, 2005 which have been prepared on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union. The new accounting standards and amendments as adopted by the European Union and mandatory for the annual period beginning 1st January 2006, are described in note 1 V to the consolidated financial statements as of December 31, 2005 and have no material effect on the consolidated financial statements for the first half of 2006.

The preparation of financial statements in accordance with IFRS requires management to make estimates and apply assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. Management reviews these estimates and assumptions on a continuous basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the book value of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply.

Lastly, when a specific transaction is not dealt with in any standards or interpretations, management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- give a true and fair value of the Group's financial position, financial performance and cash flows;
- reflect the substance of transactions;
- are neutral;
- are prepared on a prudent basis;
- are complete in all material aspects.

The financial statements have been prepared on a historical cost basis, except for some financial assets and liabilities that have been measured at fair value.

II. CHANGES IN THE GROUP STRUCTURE

In 2004, TOTAL announced a reorganization of its Chemical segment to regroup its chlorochemicals, intermediates and performance polymers in a new entity that was named Arkema on October 1, 2004.

The Shareholders' meeting on May 12, 2006 approved a resolution related to the spin-off of Arkema and the distribution of Arkema shares to TOTAL shareholders. Pursuant to these approvals, Arkema shares were publicly listed on May 18, 2006 on the Eurolist by Euronext market in Paris. From June 30, 2006 accounts and for all periods presented, the contribution of Arkema entities to the consolidated net income is presented on the line "Consolidated net income from discontinued operations" on the face of the income statement. Detailed information on the impact of this transaction is presented in note IX.

III. ADJUSTING ITEMS

The financial information for each business segment is reported in accordance with the Group's internal reporting system used by the management to assess the financial performance and the allocation of resources.

Due to their unusual nature or particular significance, some transactions qualified as "special items" are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or assets disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

Special items, together with the inventory effect and the Group's equity share of amortization of intangible assets related to the Sanofi-Aventis merger, form the adjusting items. The detail of these adjusting items is presented below.

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.

ADJUSTMENTS TO OPERATING INCOME

(in millions of euros)		Upstream	Downstream	Chemicals	Corporate	Total
2nd quarter 2006	Inventory valuation effect	-	291	92	-	383
	Restructuring charges	-	-	(23)	-	(23)
	Asset impairment charges	-	-	-	-	-
	Other items	-	-	(27)	(11)	(38)
Total		**-**	**291**	**42**	**(11)**	**322**
2nd quarter 2005	Inventory valuation effect	-	503	(112)	-	391
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	(11)	-	(11)
	Other items	-	-	-	-	-
Total		**-**	**503**	**(123)**	**-**	**380**
1st half 2006	Inventory valuation effect	-	664	92	-	756
	Restructuring charges	-	-	(23)	-	(23)
	Asset impairment charges	-	-	-	-	-
	Other items	-	-	(32)	(11)	(43)
Total		**-**	**664**	**37**	**(11)**	**690**
1st half 2005	Inventory valuation effect	-	1,155	(42)	-	1,113
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	(11)	-	(11)
	Other items	-	-	-	-	-
Total		**-**	**1,155**	**(53)**	**-**	**1,102**

Notes to the consolidated financial statements for the first six months of 2006

ADJUSTMENTS TO NET INCOME, GROUP SHARE

(in millions of euros)		Upstream	Downstream	Chemicals	Corporate	Total
2nd quarter 2006	Inventory valuation effect	-	214	62	-	276
	TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	(35)	(35)
	TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(86)	(86)
	Restructuring charges	-	-	(44)	-	(44)
	Asset impairment charges	-	-	-	-	-
	Gains (losses) on sales of assets	-	-	-	-	-
	Other items	-	-	(24)	(7)	(31)
Total		**-**	**214**	**(6)**	**(128)**	**80**
2nd quarter 2005	Inventory valuation effect	-	350	(73)	-	277
	TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	(36)	(36)
	TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(53)	(53)
	Restructuring charges	-	-	(7)	-	(7)
	Asset impairment charges	-	-	(8)	-	(8)
	Gains (losses) on sales of assets	-	-	-	-	-
	Other items	-	-	-	-	-
Total		**-**	**350**	**(88)**	**(89)**	**173**
1st half 2006	Inventory valuation effect	-	493	63	-	556
	TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	(33)	(33)
	TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(169)	(169)
	Restructuring charges	-	-	(59)	-	(59)
	Asset impairment charges	-	-	-	-	-
	Gains (losses) on sales of assets	130	-	-	-	130
	Other items	-	-	(31)	(7)	(38)
Total		**130**	**493**	**(27)**	**(209)**	**387**
1st half 2005	Inventory valuation effect	-	799	(26)	-	773
	TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	(78)	(78)
	TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(135)	(135)
	Restructuring charges	-	-	(90)	-	(90)
	Asset impairment charges	-	-	(8)	-	(8)
	Gains (losses) on sales of assets	-	-	-	-	-
	Other items	-	-	-	-	-
Total		**-**	**799**	**(124)**	**(213)**	**462**

IV. SHAREHOLDERS' EQUITY

The Shareholders' Meeting held on May 12, 2006 decided to split by four the par value of shares comprising the share capital, which remain unchanged. So, the number of common shares has been multiplied by four.

Treasury shares (TOTAL shares held by TOTAL S.A.)

As of June 30, 2006 TOTAL S.A. held 75,698,740 of its own shares, representing 3.06% of its share capital, detailed as follows:

- 29,598,740 shares allocated to cover TOTAL share purchase option plans and restricted share grants for Group employees;

- 46,100,000 shares purchased for cancellation, of which 4,100,000 shares were purchased in November and December 2005 and 42,000,000 during the first six months of 2006, pursuant to the authorization granted by the Shareholders' Meeting held on May 17, 2005.

These 75,698,740 shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by Group subsidiaries

As of June 30, 2006 TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.06% of its share capital, detailed as follow:

- 2,023,672 shares held by a consolidated subsidiary, TOTAL Nucléaire. These shares were initially acquired in order to realize short-term cash investments.

- 98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval).

These 100,331,268 shares are deducted from the consolidated shareholders' equity.

Paid dividend

The Shareholders' Meeting of May 12, 2006 approved the payment of cash dividend of 6.48 euros per share (before the four-for-one share split) for the fiscal year 2005. Taking into account an interim dividend of 3 euros per share paid on November 24, 2005, the remaining balance of 3.48 euros per share (0.87 euro per share after the four-for-one share split) was paid on May 18, 2006.

V. NON-CURRENT FINANCIAL DEBT

The Group issued debenture loans through its subsidiary TOTAL Capital during the first six months of 2006:

- Debenture 4.125% 2006-2012 (100 million CAD)
- Debenture 5.625% 2006-2012 (100 million AUD)
- Debenture 2.375% 2006-2016 (100 million CHF)
- Debenture 3.25% 2006-2012 (100 million EUR)
- Debenture 2.375% 2006-2016 (100 million CHF)
- Debenture 5% 2006-2007 (100 million GBP)
- Debenture 2.375% 2006-2016 (200 million CHF)
- Debenture 2.375% 2006-2016 (100 million CHF)
- Debenture 3.125% 2006-2018 (200 million CHF)

The Group reimbursed debenture loans during the six first months of 2006:

- Debenture 3.50% 2000-2006 (200 million CHF)
- Debenture 3.875% 1999-2006 (300 million EUR)
- Debenture 3.780% 1999-2006 (20 million FRF)

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

VI. OTHER RISKS AND CONTINGENT LIABILITIES

Antitrust Investigations

In May 2006, the European Commission announced it was fining Arkema France, TOTAL, S.A. and Elf Aquitaine in connection with investigations regarding two lines of chemicals products. The Commission had filed complaints against these companies in January and May 2005 respectively. In the first case, Arkema France was fined 78.66 million euros. TOTAL S.A was held jointly liable for 42 million euros and Elf Aquitaine was held jointly liable for 65.1 million euros. In the second case, Arkema France was fined 219.13 million euros. TOTAL S.A was held jointly liable for 140.4 million euros and Elf Aquitaine was held jointly liable for 181.35 million euros. The companies involved intend to appeal these decisions. These decisions have no impact on the consolidated financial statements of the 1st half of 2006.

Venezuela

In 2005, the Group was informed by the Venezuelan government of a change in the method for calculating royalties on the Sincor field. The Group paid a higher amount of royalties, with reservations. The Group also received a notice of additional corporate income tax assessments for the years 2001-2004 for the company holding an interest in the Jusepin field, and another one for 2001 for the company holding an interest in the Sincor field. In the first case the file was closed during the first half of 2006. In the second case the notice of an additional assessment is being reviewed.

In addition the Venezuelan government requested that, before April 1, 2006, the Jusepin contract be revised and made similar requests to all companies operating under this type of contract. On March 31, 2006, TOTAL indicated that the proposed new terms and conditions resulting from discussions up to that date were not considered to be acceptable but that, nevertheless, TOTAL remained ready to hold further discussions. Jusepin field operations have been conducted by the state-owned company Petroleos de Venezuela S.A. (PDVSA) since April 1, 2006.

Buncefield

On December 11, 2005, several explosions followed by a major fire occurred at Buncefield, north of London, in an oil storage depot operated by HOSL, a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion injured forty people, most of whom suffered slight wounds, and caused substantial property damage to the depot and the buildings and homes located nearby. The HSE Investigation Board has indicated that the explosion was caused by the overflow of a tank at the depot. The final HSE report detailing the circumstances and the exact cause of the explosion is expected to be released before the end of this year. At this stage, responsibility for the explosion has not yet been determined.

The Group is insured for damage to these facilities, operating losses and claims from third parties under its civil liability and believes that, based on the current information available, this accident should not have a significant impact on its financial position, cash flows or results.

VII. POST-CLOSING EVENTS

Effective in the third quarter 2006, the United Kingdom will increase petroleum taxes retroactively to January 1, 2006 following the recent vote at the Parliament. In addition to the effect on the third quarter operations, there will be a charge of approximately 150 million euros related to the first half of 2006, and there will be a special charge of approximately 100 million euros to adjust past deferred taxes.

VIII. INFORMATION BY BUSINESS SEGMENT

Amounts in millions of euros

1st half 2006	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	11,138	58,208	9,654	12		79,012
Intersegment sales	10,839	2,591	595	87	(14,112)	-
Excise taxes	-	(9,748)	-	-		(9,748)
Revenues from sales	**21,977**	**51,051**	**10,249**	**99**	**(14,112)**	**69,264**
Operating expenses	(9,382)	(47,952)	(9,458)	(332)	14,112	(53,012)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(1,618)	(543)	(263)	(19)		(2,443)
Operating income	**10,977**	**2,556**	**528**	**(252)**	**-**	**13,809**
Equity in income (loss) of affiliates and other items	635	149	(27)	340		1,097
Tax on net operating income	(6,691)	(767)	(128)	84		(7,502)
Net operating income	**4,921**	**1,938**	**373**	**172**		**7,404**
Net cost of net debt						(59)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(229)
Net income from continuing operations Group share						**7,116**
Net income from discontinued operations Group share						8
Net income Group share						**7,124**

1st half 2006 (adjustments) (*)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	-	-	-	-	-	-
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
Revenues from sales						**-**
Operating expenses	-	664	37	(11)		690
Depreciation, depletion, and amortization of tangible assets and leasehold rights	-	-	-	-		-
Operating income (1)	**-**	**664**	**37**	**(11)**		**690**
Equity in income (loss) of affiliates and other items (2)	195	28	(50)	(203)		(30)
Tax on net operating income	(65)	(191)	5	4		(247)
Net operating income (1)	**130**	**501**	**(8)**	**(210)**		**413**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(7)
Net income from continuing operations Group share						**406**
Net income from discontinued operations Group share						(19)
Net income Group share						**387**

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

	Upstream	Downstream	Chemicals	Corporate
(1) Of which inventory valuation effect				
On operating income	-	664	92	-
On net operating income	-	501	63	-
(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(170)

1st half 2006 (adjusted)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	11,138	58,208	9,654	12		79,012
Intersegment sales	10,839	2,591	595	87	(14,112)	-
Excise taxes	-	(9,748)	-	-		(9,748)
Revenues from sales	**21,977**	**51,051**	**10,249**	**99**	**(14,112)**	**69,264**
Operating expenses	(9,382)	(48,616)	(9,495)	(321)	14,112	(53,702)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(1,618)	(543)	(263)	(19)		(2,443)
Operating income	**10,977**	**1,892**	**491**	**(241)**		**13,119**
Equity in income (loss) of affiliates and other items	440	121	23	543		1,127
Tax on net operating income	(6,626)	(576)	(133)	80		(7,255)
Net operating income	**4,791**	**1,437**	**381**	**382**		**6,991**
Net cost of net debt	-	-	-	-		(59)
Minority interests and dividends on subsidiaries' redeemable preferred shares	-	-	-	-		(222)
Net income from continuing operations Group share	**-**	**-**	**-**	**-**		**6,710**
Net income from discontinued operations Group share	-	-	-	-		27
Net income Group share	**-**	**-**	**-**	**-**		**6,737**

TOTAL

Notes to the consolidated financial statements for the first six months of 2006

Amounts in millions of euros

2nd quarter 2006	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,424	30,516	4,965	4		40,909
Intersegment sales	5,439	1,256	443	44	(7,182)	-
Excise taxes	-	(5,141)	-	-	-	(5,141)
Revenues from sales	**10,863**	**26,631**	**5,408**	**48**	**(7,182)**	**35,768**
Operating expenses	(4,702)	(25,021)	(4,972)	(192)	7,182	(27,705)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(785)	(283)	(134)	(10)		(1,212)
Operating income	**5,376**	**1,327**	**302**	**(154)**		**6,851**
Equity in income (loss) of affiliates and other items	252	75	(44)	139		422
Tax on net operating income	(3,237)	(394)	(73)	31		(3,673)
Net operating income	**2,391**	**1,008**	**185**	**16**		**3,600**
Net cost of net debt						(18)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(141)
Net income from continuing operations Group share						**3,441**
Net income from discontinued operations Group share						-
Net income Group share						**3,441**

2nd quarter 2006 (adjustments) (*)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	291	42	(11)		322
Depreciation, depletion, and amortization of tangible assets and leasehold rights	-	-	-	-		-
Operating income (1)	**-**	**291**	**42**	**(11)**		**322**
Equity in income (loss) of affiliates and other items (2)	-	10	(51)	(122)		(163)
Tax on net operating income	-	(80)	3	4		(73)
Net operating income (1)	**-**	**221**	**(6)**	**(129)**		**86**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(6)
Net income from continuing operations Group share						**80**
Net income from discontinued operations Group share						-
Net income Group share						**80**

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

	Upstream	Downstream	Chemicals	Corporate
(1) Of which inventory valuation effect				
On operating income	-	291	92	-
On net operating income	-	221	62	-
(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(87)

2nd quarter 2006 (adjusted)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,424	30,516	4,965	4		40,909
Intersegment sales	5,439	1,256	443	44	(7,182)	-
Excise taxes	-	(5,141)	-	-	-	(5,141)
Revenues from sales	**10,863**	**26,631**	**5,408**	**48**	**(7,182)**	**35,768**
Operating expenses	(4,702)	(25,312)	(5,014)	(181)	7,182	(28,027)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(785)	(283)	(134)	(10)		(1,212)
Operating income	**5,376**	**1,036**	**260**	**(143)**		**6,529**
Equity in income (loss) of affiliates and other items	252	65	7	261		585
Tax on net operating income	(3,237)	(314)	(76)	27		(3,600)
Net operating income	**2,391**	**787**	**191**	**145**		**3,514**
Net cost of net debt						(18)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(135)
Net income from continuing operations Group share						**3,361**
Net income from discontinued operations Group share						-
Net income Group share						**3,361**

TOTAL

Notes to the consolidated financial statements for the first six months of 2006

Amounts in millions of euros

1st half 2005	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	9,015	44,535	8,429	8		61,987
Intersegment sales	8,393	1,964	402	78	(10,837)	-
Excise taxes	-	(10,297)	-	-		(10,297)
Revenues from sales	**17,408**	**36,202**	**8,831**	**86**	**(10,837)**	**51,690**
Operating expenses	(7,592)	(32,693)	(7,867)	(235)	10,837	(37,550)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(1,594)	(519)	(262)	(16)		(2,391)
Operating income	**8,222**	**2,990**	**702**	**(165)**		**11,749**
Equity in income (loss) of affiliates and other items	253	227	25	194		698
Tax on net operating income	(4,780)	(1,001)	(215)	81		(5,915)
Net operating income	**3,695**	**2,216**	**512**	**109**		**6,532**
Net cost of net debt						(90)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(166)
Net income from continuing operations Group share						**6,276**
Net income from discontinued operations Group share						11
Net income Group share						**6,287**

1st half 2005 (adjustments) (*)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	1,155	(42)	-		1,113
Depreciation, depletion, and amortization of tangible assets and leasehold rights	-	-	(11)	-		(11)
Operating income (1)	**-**	**1,155**	**(53)**	**-**		**1,102**
Equity in income (loss) of affiliates and other items (2)	-	30	3	(214)		(181)
Tax on net operating income	-	(380)	17	-		(363)
Net operating income (1)	**-**	**805**	**(33)**	**(214)**		**558**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(5)
Net income from continuing operations Group share						**553**
Net income from discontinued operations Group share						(91)
Net income Group share						**462**

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

	Upstream	Downstream	Chemicals	Corporate
(1) Of which inventory valuation effect				
On operating income	-	1,155	(42)	-
On net operating income	-	805	(26)	-
(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(137)

1st half 2005 (adjusted)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	9,015	44,535	8,429	8		61,987
Intersegment sales	8,393	1,964	402	78	(10,837)	-
Excise taxes	-	(10,297)	-	-		(10,297)
Revenues from sales	**17,408**	**36,202**	**8,831**	**86**	**(10,837)**	**51,690**
Operating expenses	(7,592)	(33,848)	(7,825)	(235)	10,837	(38,663)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(1,594)	(519)	(251)	(16)		(2,380)
Operating income	**8,222**	**1,835**	**755**	**(165)**		**10,647**
Equity in income (loss) of affiliates and other items	253	197	22	407		879
Tax on net operating income	(4,780)	(621)	(232)	81		(5,552)
Net operating income	**3,695**	**1,411**	**545**	**323**		**5,974**
Net cost of net debt						(90)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(161)
Net income from continuing operations Group share						**5,723**
Net income from discontinued operations Group share						102
Net income Group share						**5,825**

Notes to the consolidated financial statements for the first six months of 2006

Amounts in millions of euros

2nd quarter 2005	**Upstream**	**Downstream**	**Chemicals**	**Corporate**	**Intercompany**	**Total**
Non-Group sales	4,210	23,119	4,272	8		31,609
Intersegment sales	4,167	935	176	20	(5,298)	-
Excise taxes	-	(5,246)	-	-		(5,246)
Revenues from sales	**8,377**	**18,808**	**4,448**	**28**	**(5,298)**	**26,363**
Operating expenses	(3,326)	(17,093)	(4,139)	(121)	5,298	(19,381)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(839)	(268)	(140)	(7)		(1,254)
Operating income	**4,212**	**1,447**	**169**	**(100)**		**5,728**
Equity in income (loss) of affiliates and other items	176	112	13	131		431
Tax on net operating income	(2,501)	(471)	(46)	30		(2,988)
Net operating income	**1,887**	**1,088**	**136**	**60**		**3,171**
Net cost of net debt						(48)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(79)
Net income from continuing operations Group share						**3,044**
Net income from discontinued operations Group share						35
Net income Group share						**3,079**

2nd quarter 2005 (adjustments) (*)	**Upstream**	**Downstream**	**Chemicals**	**Corporate**	**Intercompany**	**Total**
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	503	(112)	-		391
Depreciation, depletion, and amortization of tangible assets and leasehold rights	-	-	(11)	-		(11)
Operating income (1)	**-**	**503**	**(123)**	**-**		**380**
Equity in income (loss) of affiliates and other items (2)	-	17	3	(90)		(70)
Tax on net operating income	-	(165)	40	-		(125)
Net operating income (1)	**-**	**355**	**(80)**	**(90)**		**185**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(4)
Net income from continuing operations Group share						**181**
Net income from discontinued operations Group share						(8)
Net income Group share						**173**

(*) Adjustments 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	-	503	(112)	-
On net operating income	-	355	(73)	-
(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(55)

2nd quarter 2005 (adjusted)	**Upstream**	**Downstream**	**Chemicals**	**Corporate**	**Intercompany**	**Total**
Non-Group sales	4,210	23,119	4,272	8		31,609
Intersegment sales	4,167	935	176	20	(5,298)	-
Excise taxes	-	(5,246)	-	-		(5,246)
Revenues from sales	**8,377**	**18,808**	**4,448**	**28**	**(5,298)**	**26,363**
Operating expenses	(3,326)	(17,596)	(4,027)	(121)	5,298	(19,772)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(839)	(268)	(129)	(7)		(1,243)
Operating income	**4,212**	**944**	**292**	**(100)**		**5,348**
Equity in income (loss) of affiliates and other items	176	95	10	220		501
Tax on net operating income	(2,501)	(306)	(86)	30		(2,863)
Net operating income	**1,887**	**733**	**216**	**150**		**2,986**
Net cost of net debt						(48)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(75)
Net income from continuing operations Group share						**2,863**
Net income from discontinued operations Group share						43
Net income Group share						**2,906**

IX. SPIN-OFF OF ARKEMA

The spin-off of Arkema led to the distribution of Arkema shares to TOTAL shareholders (other than TOTAL S.A). This operation can be analyzed as an exchange of non-monetary assets for TOTAL S.A shareholders.

As International Financial Reporting Standards (IFRS) do not contain specific rules for this type of transaction, the accounting treatment of the spin-off in TOTAL's consolidated financial statements has been based on Generally Accepted Accounting Principles in the United States (US GAAP), and more particularly on opinion APB 29 (Accounting Principles Board Opinions) "Accounting for Non-monetary Transactions".

All assets and liabilities which were spun off have been derecognized on the basis of their net book value, with a corresponding decrease of consolidated shareholders' equity and no impact on consolidated net income.

The spin-off of Arkema was approved by the Shareholders' Meeting held on May 12, 2006. Since Arkema's results for the period between April 1, 2006 and May 12, 2006, were not material, the deconsolidation has been completed on the basis of Arkema book values as of March 31, 2006, taking into account in addition the capital increase that took place in April 2006.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the contribution of Arkema entities has been reported as discontinued operations since Arkema can be clearly distinguished and has been spun off in a single and coordinated plan.

Financial information related to the Arkema's contribution to the consolidated accounts is presented below. This contributive information is not directly comparable to the combined and pro-forma accounts filed by Arkema for the purpose of its listing, as the latter have been based on specific conventions mainly related to the consolidation perimeter, accounting methods and indicators.

Tax losses of Arkema entities, as they occurred, have been used in the consolidated tax return of the Group.

Statement of income *(in millions of euros)*	**1st half 2006**	**1st half 2005**
Revenues from sales	**1,502**	**2,826**
Purchases and other operating expenses	(1,369)	(2,536)
Depreciation of tangible assets	(53)	(109)
Operating income	**80**	**181**
Equity in income (loss) of affiliates, others	(42)	(155)
Taxes	(30)	(15)
Net Income	**8**	**11**

TOTAL

Notes to the consolidated financial statements for the first six months of 2006

Balance sheet *(in millions of euros)*	**June 30, 2006**	**June 30, 2005**
Non current assets	1,995	2,276
Working capital	1,501	1,404
Provisions and other non current liabilities	(1,090)	(1,360)
Capital employed	**2,406**	**2,320**
Net debt	**(144)**	**(1,394)**
Shareholders' equity	**2,262**	**926**

Statement of cash flows *(in millions of euros)*	**1st half 2006**	**1st half 2005**
Cash flow from operating activities	**53**	**(73)**
Cash flow used in investing activities	**(76)**	**(113)**
Cash flow from financing activities	**(109)**	**55**
Net increase/decrease in cash and cash equivalents	(132)	(131)
Effect of exchange rates and changes in reporting entity	113	142
Cash and cash equivalents at the beginning of the period	84	91
Cash and cash equivalent at the end of the period	**65**	**102**

Earnings per share and fully-diluted earnings per share are presented below for continuing and discontinued operations.

Earning per share *(in euros)*	**1st half 2006**	**1st half 2005**
Earnings per share of continued operations	3.08	2.65
Earnings per share of discontinued operations	-	0.01
Earnings per share	**3.08**	**2.66**

Fully-diluted earnings per share *(in euros)*	**1st half 2006**	**1st half 2005**
Fully-diluted earnings per share of continued operations	3.06	2.63
Fully-diluted earnings per share of discontinued operation:	-	0.01
Fully-diluted earnings per share	**3.06**	**2.64**