TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR

THE FIRST THREE MONTHS OF 2007

(unaudited)

I. ACCOUNTING POLICIES

The interim consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) as of March 31, 2007 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 March 31, 2007 do not differ significantly from those applied for the consolidated financial statements as of December 31, 2006 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 2007, are described in the note 1X to the consolidated financial statements as of December 31, 2006 and have no material effect on the Group’s consolidated financial statements for the first three months of 2007.

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 certain financial assets and liabilities that have been measured at fair value.

II. CHANGES IN THE GROUP STRUCTURE, MAIN ACQUISITIONS AND DIVESTITURES

There were no major changes during the first three months of 2007.

III. ADJUSTMENT ITEMS

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL.

Performance indicators excluding the adjustment items, such as adjusted operating income, adjusted net operating income, and adjusted net income are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

Adjustment items include:

(i) Special items

Due to their unusual nature or particular significance, certain 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 some 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.

(ii) Inventory valuation effect

The adjusted results of the Downstream and Chemical segments are also presented according to the replacement cost method. This method is used to assess the segments' performance and ensure the comparability of the segments' results with those of its competitors, mainly North American.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the income statement is determined by the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results according to the FIFO (First -In, First-Out) and the replacement cost.

(iii) Portion of intangible assets amortization related to the Sanofi-Aventis merger

The detail of the adjustment items is presented in the table 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
First quarter 2007	Inventory valuation effect	-	107	67	-	174
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	-	-	-
	Other items	-	-	-	-	-
Total		**-**	**107**	**67**	**-**	**174**
First quarter 2006	Inventory valuation effect	-	373	-	-	373
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	-	-	-
	Other items	-	-	(5)	-	(5)
Total		**-**	**373**	**(5)**	**-**	**368**

ADJUSTMENTS TO NET INCOME

(in millions of euros)		Upstream	Downstream	Chemicals	Corporate	Total
First quarter 2007	Inventory valuation effect	-	89	44	-	133
	TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	-	-
	TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(76)	(76)
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	-	-	-
	Gains (losses) on sales of assets	-	-	-	-	-
	Other items	-	-	-	-	-
Total		**-**	**89**	**44**	**(76)**	**57**
First quarter 2006	Inventory valuation effect	-	279	1	-	280
	TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	2	2
	TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(83)	(83)
	Restructuring charges	-	-	(15)	-	(15)
	Asset impairment charges	-	-	-	-	-
	Gains (losses) on sales of assets	130	-	-	-	130
	Other items	-	-	(7)	-	(7)
Total		**130**	**279**	**(21)**	**(81)**	**307**

IV. SHAREHOLDERS' EQUITY

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

As of March 31, 2007 TOTAL S.A. held 32,977,603 of its own shares, representing 1.38% of its share capital, detailed as follows:

- 26,977,603 shares allocated to cover TOTAL share purchase option plans and restricted share grants for Group employees;
- 6,000,000 shares purchased during the first three months of 2007 for cancellation, pursuant to the authorization granted by the shareholders' meeting held on May 18, 2006.

These 32,977,603 shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by Group subsidiaries

As of March 31, 2007 TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.19% of its share capital, detailed as follow:

- 2,023,672 shares held by a consolidated subsidiary, Total Nucléaire, 100% indirectly controlled by TOTAL S.A.;
- 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.

V. NON-CURRENT FINANCIAL DEBT

The Group issued debenture loans through its subsidiary TOTAL Capital during the first three months of 2007:

- Debenture 4.125% 2007-2013 (300 million EUR)
- Debenture 5.5% 2007-2013 (200 million GBP)
- Debenture 2.625% 2007-2014 (400 million CHF)
- Debenture 5% 2007-2011 (100 million USD)

The Group reimbursed debenture loans during the first three months of 2007:

- Debenture 4.74% 2002-2007 (75 million USD)
- Debenture 5.125% 2002-2007 (300 million USD)
- Debenture 3% 2002-2007 (600 million CHF)
- Debenture 3% 2002-2007 (400 million CHF)

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, the cash and cash equivalents and the current financial assets 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

1. Following investigations into certain commercial practices in the chemicals industry in the United States, certain chemicals subsidiaries of the Arkema group are involved in several civil liability lawsuits in the United States and Canada for violations of antitrust laws. TOTAL S.A. has been named in certain of these suits as the parent company.

   In Europe, the European Commission commenced investigations in 2000, 2003 and 2004 into alleged anti-competitive practices involving certain products sold by Arkema[1]. In January 2005, following one of these

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[1] Arkema is used in this section to designate those companies of the Arkema group whose ultimate parent company is Arkema S.A.. Arkema became an independent company after being spun-off from TOTAL S.A. in May 2006.

investigations, the European Commission fined Arkema 13.5 M€ and jointly fined Arkema and Elf Aquitaine 45 M€. Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union

The Commission notified Arkema, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema has cooperated with the authorities in these procedures and investigations. As a result of these proceedings, in May 2006 the European Commission fined Arkema 78.7 M€ and 219.1 M€, respectively. Elf Aquitaine was held jointly and severally liable for, respectively, 65.1 M€ and 181.35 M€ of these fines while TOTAL S.A. was held jointly and severally liable, respectively, for 42 M€ and 140.4 M€. TOTAL S.A., Elf Aquitaine and Arkema have appealed these decisions to the Court of First Instance of the European Union.

No facts have been alleged that would implicate TOTAL S.A. or Elf Aquitaine in the practices questioned in these proceedings and the fines received are based solely on their status as parent companies.

Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence additional proceedings involving Arkema and TOTAL S.A. and Elf Aquitaine.

2. As part of the agreement relating to the spin-off of Arkema, TOTAL S.A. or certain other Group companies agreed to grant Arkema guarantees for certain risks related to antitrust proceedings arising from events prior to the spin-off.

   These guarantees cover, for a period of ten years, 90% of amounts paid by Arkema companies related to (i) fines imposed by European authorities or European member-states for competition law violations, (ii) fines imposed by American courts or antitrust authorities for federal antitrust violations or violations of the competition laws of U.S. states, (iii) damages awarded in civil proceedings related to the government proceedings mentioned above, and (iv) certain costs related to these proceedings.

   The guarantee covering anticompetition violations in Europe applies to amounts that exceed a 176.5 M€ threshold.

   If one or more individuals or legal entities, acting alone or together, directly or indirectly holds more than one-third of the voting rights of Arkema, or if the Arkema transfers more than 50% of its assets (as calculated under the enterprise valuation method, as of the date of the transfer) to a third party or parties acting together, irrespective of the type or number of transfers, these guarantees will become void.

   On the other hand, the agreements provide that Arkema will indemnify TOTAL S.A. or any Group companies for 10% of any amount that TOTAL S.A. or any Group companies are required to pay under any of the proceedings covered by these guarantees.

3. The Group has recorded provisions amounting to 138 M€ in its consolidated accounts as of March 31, 2007 to cover the risks mentioned above.

4. Moreover, as a result of investigations started by the European Commission in October 2002 concerning certain Refining & Marketing subsidiaries of the Group, Total Nederland N.V. received a statement of objections in October 2004. A statement of objections regarding these practices has also been addressed to TOTAL S.A. These proceedings resulting in Total Nederland N.V. being fined 20.25 M€ and in TOTAL S.A. being held jointly responsible for 13.5 M€ of this amount, although no facts implicating TOTAL S.A. in the practices under investigation were alleged.

   TOTAL S.A. and Total Nederland N.V. have appealed this decision to the Court of First Instance of the European Union.

5. Given the discretionary powers granted to the European Commission for determining fines, it is not currently possible to determine with certainty the outcome of these investigations and proceedings. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the outcome of these proceedings, the Group believes that they will not have a material adverse effect on its financial condition or results.

Buncefield

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

The explosion injured 40 people, most of whom suffered slight injuries, and caused 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 2007. 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.

Venezuela

On March 31, 2006, the Venezuelan government terminated all operating contracts signed in the 1990s and decided to transfer the management of fields concerned to new mixed companies to be created with the state-owned company PDVSA (Petróleos de Venezuela S.A.) as the majority owner. The government and the Group did not reach an agreement on the terms of the transfer of the Jusepin field under the initial timetable. However, subsequent negotiations have led to a settlement, announced in March 2007, under which the government has committed to pay the Group $137.5 million.

The Venezuelan government has modified the initial agreement for the Sincor project several times. In May 2006, the hydrocarbons law was amended with immediate effect to establish a new extraction tax, calculated on the same basis as for royalties, and bringing the overall tax rate to 33.33%. In September 2006, the corporate income tax was modified to increase the rate on oil activities (excluding natural gas) to 50%. This new tax rate will come into effect in 2007.

The government has also expressed its intention to apply this law to the "Strategic Associations" which operate the extra-heavy oil projects in the Orinoco region. On January 18, 2007, the Venezuelan National Assembly approved a law granting, for an 18-month period, the Venezuelan president the power to govern by decree in various subjects, in particular regarding hydrocarbons. On February 26, 2007, the Venezuelan president signed a decree providing for the transformation of the Strategic Associations from the Faja region, including the Sincor project, into mixed companies with the government having a minimum interest of 60%. The legislation further states that operations must be transferred to the PDVSA companies no later than April 30, 2007 and sets a four-month period (with an additional two months for approval by the National Assembly), from the date of the decree, for private companies to agree to the terms and conditions of their participation in the newly created mixed companies. On April 25, 2007, TOTAL signed an agreement under the authority of the Ministry of People's Power for Energy and Oil and with PDVSA and Statoil. Under this agreement, effective as of May 1, 2007 the control of operation of the Sincor project was transferred to PDVSA. The agreement was made pursuant to the presidential decree signed on February 26, 2007 providing for the transformation of Strategic Associations from the Faja region into mixed companies. This agreement is related only to the transfer of the control of operation to PDVSA. However, negotiations to determine the terms of TOTAL's participation (including compensation) in the future mixed company are continuing.

In 2006, the Group received two corporation tax adjustment notices. The first concerned the company holding the Group's interest in the Jusepin operating contract, for which the 2001-2004 examination was closed in the first half 2006, whereas the examination for 2005 is still under way. The second is related to the company which holds the Group's interest in the Sincor project, for which the Group is awaiting a response from the tax authorities regarding the observations provided by the Group concerning 2001.

VII. INFORMATION BY BUSINESS SEGMENT

(Amounts in millions of euros)

1st quarter 2007	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,234	26,801	4,995	13	-	37,043
Intersegment sales	4,743	1,243	232	42	(6,260)	-
Excise taxes	-	(5,366)	-	-	-	(5,366)
Revenues from sales	**9,977**	**22,678**	**5,227**	**55**	**(6,260)**	**31,677**
Operating expenses	(4,724)	(21,307)	(4,655)	(149)	6,260	(24,575)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(878)	(291)	(124)	(7)	-	(1,300)
Operating income	**4,375**	**1,080**	**448**	**(101)**	**-**	**5,802**
Equity in income (loss) of affiliates and other items	270	54	23	215	-	562
Tax on net operating income	(2,684)	(337)	(148)	32	-	(3,137)
Net operating income	**1,961**	**797**	**323**	**146**	**-**	**3,227**
Net cost of net debt						(89)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(89)
Net income from continuing operations Group share						**3,049**
Net income from discontinued operations Group share						-
Net income Group share						**3,049**

1st quarter 2007 (adjustments) (*)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	107	67	-		174
Depreciation, depletion, and amortization of tangible assets and leasehold rights	-	-	-	-		-
Operating income (1)	**-**	**107**	**67**	**-**		**174**
Equity in income (loss) of affiliates and other items (2)	-	18	(1)	(76)		(59)
Tax on net operating income	-	(36)	(22)	-		(58)
Net operating income (1)	**-**	**89**	**44**	**(76)**		**57**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						-
Net income from continuing operations Group share						**57**
Net income from discontinued operations Group share						-
Net income Group share						**57**

(*) 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	-	107	67	-
On net operating income	-	89	44	-
(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(76)

1st quarter 2007 (adjusted)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,234	26,801	4,995	13	-	37,043
Intersegment sales	4,743	1,243	232	42	(6,260)	-
Excise taxes	-	(5,366)	-	-	-	(5,366)
Revenues from sales	**9,977**	**22,678**	**5,227**	**55**	**(6,260)**	**31,677**
Operating expenses	(4,724)	(21,414)	(4,722)	(149)	6,260	(24,749)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(878)	(291)	(124)	(7)	-	(1,300)
Operating income	**4,375**	**973**	**381**	**(101)**	**-**	**5,628**
Equity in income (loss) of affiliates and other items	270	36	24	291	-	621
Tax on net operating income	(2,684)	(301)	(126)	32	-	(3,079)
Net operating income	**1,961**	**708**	**279**	**222**	**-**	**3,170**
Net cost of net debt						(89)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(89)
Net income from continuing operations Group share						**2,992**
Net income from discontinued operations Group share						-
Net income Group share						**2,992**

(Amounts in millions of euros)

1st quarter 2006	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,714	27,692	4,689	8	-	38,103
Intersegment sales	5,400	1,335	152	43	(6,930)	-
Excise taxes	-	(4,607)	-	-	-	(4,607)
Revenues from sales	**11,114**	**24,420**	**4,841**	**51**	**(6,930)**	**33,496**
Operating expenses	(4,680)	(22,931)	(4,486)	(140)	6,930	(25,307)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(833)	(260)	(129)	(9)	-	(1,231)
Operating income	**5,601**	**1,229**	**226**	**(98)**	**-**	**6,958**
Equity in income (loss) of affiliates and other items	383	74	17	201	-	675
Tax on net operating income	(3,454)	(373)	(55)	53	-	(3,829)
Net operating income	**2,530**	**930**	**188**	**156**	**-**	**3,804**
Net cost of net debt						(41)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(88)
Net income from continuing operations Group share						**3,675**
Net income from discontinued operations Group share						8
Net income Group share						**3,683**

1st quarter 2006 (adjustments) (*)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	373	(5)	-		368
Depreciation, depletion, and amortization of tangible assets and leasehold rights	-	-	-	-		-
Operating income (1)	**-**	**373**	**(5)**	**-**		**368**
Equity in income (loss) of affiliates and other items (2)	195	18	1	(81)		133
Tax on net operating income	(65)	(111)	2	-		(174)
Net operating income (1)	**130**	**280**	**(2)**	**(81)**		**327**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(1)
Net income from continuing operations Group share						**326**
Net income from discontinued operations Group share						(19)
Net income Group share						**307**

(*) 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	-	373	-	-
On net operating income	-	280	1	-
(2) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(83)

1st quarter 2006 (adjusted)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	5,714	27,692	4,689	8	-	38,103
Intersegment sales	5,400	1,335	152	43	(6,930)	-
Excise taxes	-	(4,607)	-	-	-	(4,607)
Revenues from sales	**11,114**	**24,420**	**4,841**	**51**	**(6,930)**	**33,496**
Operating expenses	(4,680)	(23,304)	(4,481)	(140)	6,930	(25,675)
Depreciation, depletion, and amortization of tangible assets and leasehold rights	(833)	(260)	(129)	(9)	-	(1,231)
Operating income	**5,601**	**856**	**231**	**(98)**	**-**	**6,590**
Equity in income (loss) of affiliates and other items	188	56	16	282	-	542
Tax on net operating income	(3,389)	(262)	(57)	53	-	(3,655)
Net operating income	**2,400**	**650**	**190**	**237**	**-**	**3,477**
Net cost of net debt						(41)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(87)
Net income from continuing operations Group share						**3,349**
Net income from discontinued operations Group share						27
Net income Group share						**3,376**