TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST THREE MONTHS OF 2008

(unaudited)

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1) Accounting policies

The interim consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) as of March 31, 2008 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, 2008 do not differ significantly from those applied for the consolidated financial statements as of December 31, 2007 which have been prepared on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union and IFRS as issued by the IASB (International Accounting Standard Board). The new accounting standards and amendments mandatory for the annual period beginning January 1, 2008 are described in Note 1X to the consolidated financial statements as of December 31, 2007 and have no material effect on the Group’s consolidated financial statements for the first three months of 2008.

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 carrying amount of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. These judgments and estimates relate principally to the application of the successful efforts method for the oil and gas accounting, the valuation of long-lived assets, the provisions for asset retirement obligations and environmental remediation, the pensions and postretirement benefits and the income tax computation.

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 view 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.

Pursuant to the accrual basis of accounting followed by the Group, the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are usually measured at amortized cost. Financial assets and liabilities are usually measured at fair value.

2) Changes in the Group structure, main acquisitions and divestments

There were no major changes during the first three months of 2008.

3) 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 asset 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 presented according to the replacement cost method. This method is used to assess the segments' performance and ensure the comparability of the segments' performance 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 statement of income 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 FIFO (First-In, First-Out) and the replacement cost.

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

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.

The detail of the adjustment items is presented in the table below.

ADJUSTMENTS TO OPERATING INCOME

(M€)		Upstream	Downstream	Chemicals	Corporate	Total
1st quarter 2008	Inventory valuation effect	-	373	2	-	375
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	-	-	-
	Other items	-	-	-	-	-
Total		**-**	**373**	**2**	**-**	**375**
1st quarter 2007	Inventory valuation effect	-	107	67	-	174
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	-	-	-
	Other items	-	-	-	-	-
Total		**-**	**107**	**67**	**-**	**174**

ADJUSTMENTS TO NET INCOME

(M€)		Upstream	Downstream	Chemicals	Corporate	Total
1st quarter 2008	Inventory valuation effect	-	273	1	-	274
	TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	-	-
	TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(71)	(71)
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	-	-	-	-	-
	Gains (losses) on sales of assets	130	-	-	15	145
	Other items	-	-	-	-	-
Total		**130**	**273**	**1**	**(56)**	**348**
1st 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**

4) Shareholders' equity

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

As of March 31, 2008, TOTAL S.A. held 59,590,417 of its own shares, representing 2.49% of its share capital, detailed as follows:

- 20,590,417 shares allocated to covering TOTAL share purchase option plans and restricted shares plans for Group employees;
- 39,000,000 shares purchased during 2007 and the first three months of 2008 for cancellation, pursuant to the authorizations granted by the shareholders' meetings held on May 12, 2006 and May 11, 2007.

These 59,590,417 shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by Group subsidiaries

As of March 31, 2008, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.19% of its share capital, detailed as follows:

- 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.

5) Non-current financial debt

The Group issued bonds through its subsidiary Total Capital during the first three months of 2008:

- Bond 2.375% 2008-2012 (225 million CHF)
- Bond 3.125% 2008-2015 (100 million CHF)
- Bond 4.875% 2008-2010 (50 million GBP)
- Bond 7.500% 2008-2013 (100 million AUD)
- Bond 3.875% 2008-2011 (50 million EUR)

The Group reimbursed bonds during the first three months of 2008:

- Bond Pibor 3 months + 0.380% 1998-2008 (230 million FRF)
- Bond 5.000% 2003-2008 (100 million AUD)
- Bond 3.500% 2003-2008 (500 million EUR)
- Bond 4.250% 2003-2008 (100 million CAD)
- Bond 3.250% 2003-2008 (250 million USD)
- Bond 5.000% 2003-2008 (100 million AUD)
- Bond 3.500% 2003-2008 (100 million EUR)
- Bond 3.500% 2003-2008 (150 million EUR)
- Bond 3.250% 2004-2008 (50 million USD)
- Bond 3.250% 2004-2008 (50 million USD)
- Bond 3.250% 2004-2008 (100 million USD)

In the context of its active cash management, the Group may temporarily increase its current borrowings, particularly in the form of commercial paper. The 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.

6) Other risks and contingent liabilities

TOTAL is not currently aware of any event, litigation, risks or contingent liabilities that could have a material impact on the financial condition, assets, results or business of the Group.

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 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 and Elf Aquitaine received a statement of objections from the European Commission in August 2007 concerning alleged anti-competitive practices related to another line of chemical products. No facts have been alleged that would implicate Elf Aquitaine in the practices under investigation, as Elf Aquitaine has been included based solely on its status as the parent company.

   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 the risks related to anticompetition violations in Europe applies to amounts that rise above 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 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.

   In the same way, 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, 2008 to cover the risks mentioned above.

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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.

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. and TOTAL S.A. received a statement of objections in October 2004. These proceedings resulted, in September 2006, 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.

   In addition, in May 2007, Total France and TOTAL S.A. received a statement of objections regarding alleged antitrust practices regarding another product line of the Refining & Marketing branch. No facts have been alleged that implicate TOTAL S.A. in the practices under investigation as the Company has been included based solely on its status as the parent company.

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 an oil storage depot at Buncefield, north of London. This depot is operated by Hertfordshire Oil Storage Limited (HOSL), a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion caused minor injuries to about 40 people and caused property damage to the depot, the buildings and homes located nearby. The official independent Investigation Board (supported by the HSE) has indicated that the explosion was caused by the overflow of a tank at the depot. The Board's final report detailing the circumstances and the exact cause of the explosion has not been released yet. At this stage, responsibility for the explosion has not yet been determined. The civil court procedure, concerning claims which have not been settled so far, is expected to start in the fourth quarter 2008.

The Group carries insurance for damage to its interests in these facilities, business interruption and civil liability claims from third parties, and believes that, based on the information currently available, this accident should not have a significant impact on its financial position, cash flows or results.

Venezuela

On February 26, 2007, the Venezuelan president signed a decree providing for the transformation of the Strategic Associations in the Faja region, including the Sincor project, into mixed companies with the government having an interest of at least 60%. The legislation further states that control of operations was to be transferred to PDVSA (Petróleos de Venezuela S.A.) no later than May 1, 2007 and set a four-month period (with an additional two months for submission to 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.

Within this framework, TOTAL signed two agreements with PDVSA and Statoil, with the approval of the ministry in charge of energy and oil:

- on April 25, 2007 an agreement according to which the control of Sincor operations was transferred temporarily from May 1, 2007, to PDVSA;
- on June 26, 2007, heads of agreement providing for the transformation of the Sincor association into a mixed company. Pursuant to these heads of agreement, TOTAL's interest in the project was to decrease from 47% to 30.323%, PDVSA's interest was to increase from 38% to 60% and Statoil's interest was to decrease from 15% to 9.677%. This agreement also provides for compensation to be awarded to TOTAL, with the amount to be negotiated based on the value of the assets.

The conditions of this transformation were approved by the National Assembly in October 2007. The presidential decrees regarding the creation of the mixed company, PetroCedeño, and the transfer of the rights to conduct the principal activities were published in the Venezuelan official gazette in November 9, 2007 and January 10, 2008. The finalization of the transformation process occurred on February 8, 2008.

PetroCedeño (previously Sincor) has been accounted for under the equity method for 30.323% in the Group's financial statements since December 31, 2007; special items related to this transformation into a mixed company were recorded in the first quarter 2008.

Kazakhstan

On January 14, 2008, members of NCSPSA (North Caspian Sea Production Sharing Agreement) and the Kazakh authorities signed a Memorandum of Understanding to end the dispute among them that began at the end of August 2007. The implementation of this Memorandum of Understanding will decrease TOTAL’s share in this permit from 18.52% to 16.81%.

The various agreements needed to implement the Memorandum of Understanding of January 2008 are being prepared and an update of the costs and the timetable for the first phase of development is being reviewed.

Erika

In response to the decision given by the Paris Criminal Court on January 16, 2008, TOTAL S.A. has decided, on the one hand, to file an appeal against the decision and, on the other hand, to finally and irrevocably pay the amounts awarded by the court to those parties who request such payment.

At the current stage of the proceedings, TOTAL S.A. believes that, based on a reasonable estimate of its liability, the case will not have a material impact on the Group’s financial situation or consolidated results.

7) Information by business segment

TOTAL

(unaudited)

1st quarter 2008 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	6,196	32,780	5,229	8	-	44,213
Intersegment sales	6,118	1,553	257	33	(7,961)	-
Excise taxes	-	(4,926)	-	-	-	(4,926)
Revenues from sales	**12,314**	**29,407**	**5,486**	**41**	**(7,961)**	**39,287**
Operating expenses	(5,018)	(28,251)	(5,157)	(176)	7,961	(30,641)
Depreciation, depletion, and amortization of tangible assets and mineral interests	(873)	(285)	(129)	(7)	-	(1,294)
Operating income	**6,423**	**871**	**200**	**(142)**	**-**	**7,352**
Equity in income (loss) of affiliates and other items	465	(33)	14	250	-	696
Tax on net operating income	(4,027)	(247)	(55)	72	-	(4,257)
Net operating income	**2,861**	**591**	**159**	**180**	**-**	**3,791**
Net cost of net debt						(88)
Minority interests						(101)
Net income						**3,602**

1st quarter 2008 (adjustments) (*) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	373	2	-		375
Depreciation, depletion, and amortization of tangible assets and mineral interests	-	-	-	-		-
Operating income [(a)]	**-**	**373**	**2**	**-**		**375**
Equity in income (loss) of affiliates and other items [(b)]	130	25	-	(56)		99
Tax on net operating income	-	(118)	(1)	-		(119)
Net operating income [(a)]	**130**	**280**	**1**	**(56)**		**355**
Net cost of net debt						-
Minority interests						(7)
Net income						**348**

(*) 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
(a) Of which inventory valuation effect				
On operating income	-	373	2	-
On net operating income	-	280	1	-
(b) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(71)

1st quarter 2008 (adjusted) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	6,196	32,780	5,229	8	-	44,213
Intersegment sales	6,118	1,553	257	33	(7,961)	-
Excise taxes	-	(4,926)	-	-	-	(4,926)
Revenues from sales	**12,314**	**29,407**	**5,486**	**41**	**(7,961)**	**39,287**
Operating expenses	(5,018)	(28,624)	(5,159)	(176)	7,961	(31,016)
Depreciation, depletion, and amortization of tangible assets and mineral interests	(873)	(285)	(129)	(7)	-	(1,294)
Operating income	**6,423**	**498**	**198**	**(142)**	**-**	**6,977**
Equity in income (loss) of affiliates and other items	335	(58)	14	306	-	597
Tax on net operating income	(4,027)	(129)	(54)	72	-	(4,138)
Net operating income	**2,731**	**311**	**158**	**236**	**-**	**3,436**
Net cost of net debt						(88)
Minority interests						(94)
Ajusted net income						**3,254**

1st quarter 2008 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	2,178	294	164	7		2,643
Total divestments	107	24	7	60		198
Cash flow from operating activities	4,251	1,168	(202)	99		5,316

TOTAL

(unaudited)

1st quarter 2007 (M€)	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 mineral interests	(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						(89)
Net income						**3,049**

1st quarter 2007 (adjustments) (*) (M€)	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 mineral interests	-	-	-	-		-
Operating income [a]	**-**	**107**	**67**	**-**		**174**
Equity in income (loss) of affiliates and other items [b]	-	18	(1)	(76)		(59)
Tax on net operating income	-	(36)	(22)	-		(58)
Net operating income [a]	**-**	**89**	**44**	**(76)**		**57**
Net cost of net debt						-
Minority interests						-
Net income						**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
(a) Of which inventory valuation effect				
On operating income	-	107	67	-
On net operating income	-	89	44	-
(b) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger	-	-	-	(76)

1st quarter 2007 (adjusted) (M€)	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 mineral interests	(878)	(291)	(124)	(7)	-	(1,300)
Adjusted 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)
Adjusted net operating income	**1,961**	**708**	**279**	**222**	**-**	**3,170**
Net cost of net debt						(89)
Minority interests						(89)
Ajusted net income						**2,992**

1st quarter 2007 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	1,989	244	173	8		2,414
Total divestments	173	22	47	2		244
Cash flow from operating activities	4,335	1,905	107	41		6,388