FIRST HALF 2017

# financial report

TOTAL

# Contents

# Financial report
# 1st half 2017

*This translation is a non-binding translation into English of the Chairman and Chief Executive Officer's certification issued in French, and is provided solely for the convenience of English-speaking readers.*

"I certify, to the best of my knowledge, that the condensed Consolidated Financial Statements for the first half of 2017 have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and all the entities included in the consolidation, and that the half-year financial report on pages 1 to 12 herein includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the half-year financial statements, major related parties transactions and the principal risks and uncertainties for the remaining six months of the financial year.

The statutory auditors' report on the limited review of the above-mentioned condensed Consolidated Financial Statements is included on page 13 of this half-year financial report."

Courbevoie, July 26, 2017

**Patrick Pouyanné**
Chairman and Chief Executive Officer

AUTORITÉ DES MARCHÉS FINANCIERS

The French language version of this Rapport financier semestriel (half-year financial report) was filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on July 27, 2017 pursuant to paragraph III of Article L. 451-1-2 of the French Monetary and Financial Code.

### Abbreviations

| | |
|---|---|
| b: | barrel |
| cf: | cubic feet |
| /d: | per day |
| /y: | per year |
| €: | euro |
| $ and/or dollar: | U.S. dollar |
| t: | metric ton |
| Boe: | barrel of oil equivalent |
| kboe/d: | thousand boe/d |
| kb/d: | thousand b/d |
| Btu: | British thermal unit |
| M: | million |
| B: | billion |
| ERMI: | The European Refining Margin Indicator (ERMI) is a Group indicator intended to represent the margin after variable costs for a hypothetical complex refinery located around Rotterdam in Northern Europe that processes a mix of crude oil and other inputs commonly supplied to this region to produce and market the main refined products at prevailing prices in this region. The indicator margin may not be representative of the actual margins achieved by the Group in any period because of TOTAL's particular refinery configurations, product mix effects or other company-specific operating conditions. |
| IFRS: | International Financial Reporting Standards |
| LNG: | liquefied natural gas |
| ROE | return on equity |
| ROACE: | return on average capital employed |

### Conversion table

1 boe = 1 barrel of crude oil = approx. 5,403 cf of gas in 2016*
1 b/d = approx. 50 t/y
1 t of oil = approx. 7.5 b of oil (assuming a specific gravity of 37° API)
1 $Bm^3/y$ = approx. 0.1 Bcf/d
1 $m^3$ = approx. 35.3 cf
1 Mt of LNG = approx. 48 Mcf of gas
1 Mt/y of LNG = approx. 131 Mcf/d

* This ratio is calculated based on the actual average equivalent energy content of TOTAL's natural gas reserves and is subject to change.

### Definitions

The terms "TOTAL" and "Group" as used in this half-year financial report refer to TOTAL S.A. collectively with all of its direct and indirect consolidated companies located in or outside of France. The term "Company" as used in this half-year financial report refers to TOTAL S.A., which is the parent company of the Group.

# Financial report

## 1. Key figures (1)

| (in millions of dollars, except effective tax rate, earnings per share and number of shares) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Adjusted net operating income from business segments [(a)] | 5,515 | 4,402 | +25% |
| – Exploration & Production | 2,741 | 1,429 | +92% |
| – Gas, Renewables & Power | 156 | 116 | +34% |
| – Refining & Chemicals | 1,884 | 2,148 | -12% |
| – Marketing & Services | 734 | 709 | +4% |
| Contribution of equity affiliates to adjusted net income | 1,169 | 1,296 | -10% |
| Group effective tax rate [(b)] | 29.9% | 22.3% | - |
| Adjusted net income | 5,032 | 3,810 | +32% |
| Adjusted fully-diluted earnings per share (dollars) [(c)] | 1.98 | 1.58 | +25% |
| Adjusted fully-diluted earnings per share (euros) [(d)] | 1.83 | 1.41 | +29% |
| Fully-diluted weighted-average shares (millions) | 2,471 | 2,365 | +5% |
| Net income (Group share) | 4,886 | 3,694 | +32% |
| Investments [(e)] | 7,883 | 9,474 | -17% |
| Divestments [(f)] | 3,258 | 1,758 | +85% |
| Net investments [(g)] | 4,625 | 7,713 | -40% |
| Organic investments [(h)] | 6,893 | 8,674 | -21% |
| Resource acquisitions | 64 | 55 | +16% |
| Operating cash flow before working capital changes [(i)] | 10,021 | 7,708 | +30% |
| Cash flow from operations | 9,341 | 4,763 | +96% |

(a) The new Gas, Renewables & Power segment reflects the Group's ambition in low-carbon energies. It encompasses Downstream Gas activities previously integrated in the Upstream (now Exploration & Production) segment, New Energies activities (excluding biotechnologies) previously integrated in the Marketing & Services segment and a new Innovation & Energy Efficiency division. The Exploration & Production, Refining & Chemicals (which includes a new Biofuels division) and Marketing & Services segments have been restated accordingly. 2015 and 2016 historical data is available at total.com.
(b) Tax on adjusted net operating income / (adjusted net operating income - income from equity affiliates - dividends received from investments - impairment of goodwill + tax on adjusted net operating income).
(c) In accordance with IFRS norms, adjusted fully-diluted earnings per share is calculated from the adjusted net income less the perpetual subordinated bond coupon.
(d) Average €-$ exchange rate: 1.08302 in the first half 2017.
(e) Including acquisitions and increases in non-current loans.
(f) Including divestments and reimbursements of non-current loans.
(g) Net investments = investments - divestments - repayment of non-current loans - other operations with non-controlling interests.
(h) Organic investments = net investments excluding acquisitions, asset sales and other operations with non-controlling interests.
(i) Operating cash flow before working capital changes, previously referred to as adjusted cash flow from operations, is defined as cash flow from operating activities before changes in working capital at replacement cost. The inventory valuation effect is explained on page 12.

(1) Adjusted results are defined as income using replacement cost, adjusted for special items, excluding the impact of changes for fair value; adjustment items are on page 8.

# 2. Highlights since the beginning of 2017 (1)

- Signed final agreement sealing strategic alliance with Petrobras and Total's entry into the Iara and Lapa concessions, as well as Downstream gas assets in Brazil
- Signed contract for the development of phase 11 of the giant South Pars gas field in Iran
- Signed comprehensive partnership agreement with Sonatrach in Algeria
- Started up operations on the giant Al-Shaheen field in Qatar
- Started up Moho Nord in the Congo and the Badamyar gas project in Myanmar
- Launched phase 3 of Halfaya in Iraq
- Launched the first development phase of Vaca Muerta shale resources in Argentina and increased interest in Aguada Pichana Este license (27% to 41%)
- Obtained exploration permits in the deep offshore Gulf of Mexico, with three in Mexico and four in the United States close to the North Platte discovery, Mauritania, Senegal and Ireland (Porcupine basin)
- Increased stake to 50% in the Absheron license, currently under development in Azerbaijan
- Investment of $1.7 billion to develop petrochemical activities in Texas through a new joint venture with Borealis and Nova, with Total holding a 50% interest
- Investment of $450 million to increase the capacity of the Daesan integrated refining & petrochemicals platform in South Korea by 30%, a 50/50 joint venture between Total and Hanwha
- Started up the first phase of the Antwerp platform upgrade project, with production of ethylene using ethane feedstock
- Inaugurated the revamped Carling petrochemicals complex
- Signed new LNG supply contract with JERA in Japan, the largest LNG buyer, and MoU with Pavilion Energy to supply LNG as bunker fuel in Singapore
- Started up a solar power plant in Nanao in Japan and launched construction of a solar plant in Miyako
- Acquired PitPoint B.V., Europe's third-largest provider of natural gas vehicle (NGV) fuels
- Finalized the sale of Atotech for $3.2 billion
- Announced sale of stakes in several mature fields in Gabon for approximately $350 million

# 3. Analysis of business segments

## 3.1. Exploration & Production

### 3.1.1. Environment – liquids and gas price realizations (a)

| | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Brent ($/b) | 51.7 | 39.8 | +30% |
| Average liquids price ($/b) | 47.1 | 36.8 | +28% |
| Average gas price ($/Mbtu) | 4.01 | 3.44 | +17% |
| Average hydrocarbon price ($/boe) | 36.7 | 29.6 | +24% |

(a) Consolidated subsidiaries, excluding fixed margins.

### 3.1.2. Production

| Hydrocarbon production | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Combined production (kboe/d) | 2,534 | 2,452 | +3% |
| Liquids (kb/d) | 1,300 | 1,269 | +2% |
| Gas (Mcf/d) | 6,696 | 6,453 | +4% |

In the first half 2017, hydrocarbon production was 2,534 kboe/d, an increase of more than 3% compared to the first half 2016, due to the following:

- +5% due to new project ramp-ups, notably Kashagan, Incahuasi, Surmont, Angola LNG, Moho Nord, and Laggan-Tormore;
- +1% portfolio effect, mainly due to the acquisition of an additional 75% interest in the Barnett shale in the United States and asset sales in Russia and Norway;
- +1% due to improved security conditions in Libya;
- -4% due to natural field decline, the PSC price effect and OPEC quotas.

(1) Certain transactions referred to in the highlights are subject to approval by authorities or to other conditions as per the agreements.

### 3.1.3. Results

| (in millions of dollars, except effective tax rate) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Adjusted net operating income [(a)] | 2,741 | 1,429 | +92% |
| *Including income from equity affiliates* | *688* | *693* | *-1%* |
| Effective tax rate [(b)] | 39.3% | -6.1% | |
| Investments | 6,084 | 7,768 | -22% |
| Divestments | 245 | 1,264 | -81% |
| Organic investments | 5,802 | 7,405 | -22% |
| Operating cash flow before working capital changes | 6,279 | 4,073 | +54% |
| Cash flow from operations | 5,000 | 2,696 | +85% |

(a) Details on adjustment items are shown in the business segment information annex to financial statements.
(b) Tax on adjusted net operating income/(adjusted net operating income – income from equity affiliates – dividends received from investments – impairment of goodwill + tax on adjusted net operating income).

Operating cash flow before working capital changes in the first half 2017 was 6,279 M$, an increase of 54% compared to the same period a year ago, notably due to the ramp ups and strong performance of cash-accretive projects, such as Moho Nord in Congo, as well as the cost reduction programs. The segment was thus able to fully capture upside from higher oil and gas prices compared to the first half 2016.

The Exploration & Production segment's adjusted net operating income was 2,741 M$ in the first half 2017, an increase of 92% compared to the first half 2016, notably due to production growth, cost reduction, and the increase in oil and gas prices.

## 3.2. Gas, Renewables & Power

### 3.2.1. Results

| (In millions of dollars) | 1S17 | 1S16 | 1S17 vs 1S16 |
|---|---|---|---|
| Adjusted net operating income [(a)] | 156 | 116 | +34% |
| Investments | 392 | 242 | +62% |
| Divestments | 27 | 104 | -74% |
| Organic investments | 170 | 223 | -24% |
| Operating cash flow before working capital changes | 130 | (51) | ns |
| Cash flow from operations | 11 | (218) | ns |

(a) Detail of adjustment items shown in the business segment information annex to financial statements.

Adjusted net operating income for the Gas, Renewables & Power segment increased to 156 M$ in the first half 2017, notably due to the contribution of gas activities.

## 3.3. Refining & Chemicals

### 3.3.1. Refinery throughput and utilization rates [(a)]

| | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Total refinery throughput (kb/d) | 1,796 | 1,951 | -8% |
| France | 600 | 639 | -6% |
| Rest of Europe | 742 | 824 | -10% |
| Rest of world | 454 | 488 | -7% |
| Utlization rate based on crude only [(b)] | 86% | 84% | - |

(a) Includes share of TotalErg, as well as refineries in the French Antilles and Africa that are reported in the Marketing & Services segment.
(b) Based on distillation capacity at the beginning of the year.

Refinery throughput decreased by 8% in the first half 2017 compared to the first half 2016, due in particular to the restructuring of European refining activities which are now in effect with the ending of crude oil refining at La Mede and a 50% capacity reduction at Lindsey.

### 3.3.2. Results

| (in millions of dollars, except the ERMI) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| European Refining Margin Indicator – ERMI ($/t) | 40.0 | 35.1 | +14% |
| Adjusted net operating income [(a)] | 1,884 | 2,148 | -12% |
| Investments | 667 | 741 | -10% |
| Divestments | 2,760 | 52 | x53.1 |
| Organic investments | 603 | 690 | -13% |
| Operating cash flow before working capital changes | 2,386 | 2,458 | -3% |
| Cash flow from operations | 3,737 | 1,142 | x3.3 |

(a) Detail of adjustment items shown in the business segment information annex to financial statements.

Refining margins remained at a good level in the first half 2017 and petrochemicals also continued to benefit from a favorable price environment.

Operating cash flow before working capital changes was 2,386 M$ in the first half 2017, a 3% decrease compared to the first half 2016, despite significant maintenance programs.

Refining & Chemicals adjusted net operating income was 1,884 M$ in the first half 2017, a decrease of 12% compared to the first half 2016 notably due to significant maintenance activities at major platforms.

## 3.4. Marketing & Services

### 3.4.1. Petroleum product sales

| (sales in kb/d) [(a)] | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Total Marketing & Services sales | 1,744 | 1,775 | -2% |
| Europe | 1,039 | 1,068 | -3% |
| Rest of world | 705 | 707 | - |

(a) Excludes trading and bulk refining sales, includes share of TotalErg

Petroleum product sales decreased by 2% in the first half 2017 compared to the same period last year, notably due to the sale of the retail network in Turkey in 2016.

### 3.4.2. Results

| (in millions of dollars) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Adjusted net operating income [(a)] | 734 | 709 | +4% |
| Investments | 697 | 502 | +39% |
| Divestments | 218 | 330 | -34% |
| Organic investments | 280 | 334 | -16% |
| Operating cash flow before working capital changes | 1,013 | 962 | +5% |
| Cash flow from operations | 542 | 841 | -36% |

(a) Detail of adjustment items shown in the business segment information annex to financial statements.

The Marketing & Services segment is growing and continues to fully capture the benefit of strong marketing margins. Adjusted net operating income increased by 4% to 734 M$ in the first half 2017 compared to the same period a year ago.

# 4. Group results

## 4.1. Net operating income from business segments

Adjusted net operating income from the business segments was 5,515 M$ in the first half 2017, a 25% increase compared to the first half 2016, mainly due to the strong contribution from the Exploration & Production segment, which fully captured the benefit of project ramp-ups and higher prices.

## 4.2. Net income (Group share)

Adjusted net income was 5,032 M$ in the first half 2017, an increase of 32% compared to the first half 2016.

This very positive evolution is the result of ongoing efforts to reduce the breakeven and demonstrates the Group's ability to capture upside from higher prices.

Adjusted net income excludes the after-tax inventory effect, special items and the impact of changes in fair value [(1)].

Total adjustments affecting net income [(2)] were -146 M$ in the first half 2017, mainly due to the inventory effect, an impairment related to the Fort Hills project in Canada following the announced cost increase and the gain on the sale of Atotech.

The Group effective tax rate was 29.9% in the first half 2017 compared to 22.3% in the first half 2016, mainly due to the increase in the effective tax rate for the Exploration & Production segment in a higher price environment

## 4.3. Adjusted fully-diluted earnings per share

Adjusted earnings per share was 1.98 dollars in the first half 2017 compared to 1.58 dollars in the first half 2016, an increase of 25% calculated on the basis of 2,471 million fully-diluted weighted-average shares.

The number of fully-diluted shares was 2,503 million on June 30, 2017.

## 4.4. Divestments – Acquisitions

Asset sales were 2,918 M$ in the first half 2017, essentially comprised of the sale of Atotech and Société du Pipeline Méditerranée Rhône (SPMR).

Acquisitions were 650 M$ in the first half 2017, comprised mainly of a 23% equity share in Tellurian, a retail and logistics network in East Africa, PitPoint B.V. and an additional interest in the Baudroie-Mérou license in Gabon.

## 4.5. Net cash flow

The Group's net cash flow [(3)] was 5,396 M$ in the first half 2017 compared to -5 M$ in the first half 2016, mainly due to the 2,313 M$ increase in operating cash flow before working capital changes, the sale of Atotech, and lower organic investments.

## 4.6. Return on equity

Return on equity from July 1, 2016, to June 30, 2017, was 9.3% [(4)], an increase compared to last year.

(1) Details shown on page 8.
(2) Details shown on page 8 and in the annex to the financial statements.
(3) Net cash flow = operating cash flow before working capital changes - net investments (including other transactions with non-controlling interests).
(4) Details shown on page 9.

# 5. TOTAL S.A., parent company accounts

Net income for TOTAL S.A., the parent company, was 1,460 M€ in the first half 2017 compared to 1,142 M€ in the first half 2016.

# 6. Summary and outlook

Oil prices remain volatile at the start of the third quarter in a context of ongoing high inventory levels. In this uncertain environment, the Group's strong financial performance confirms the success of its strategy to reduce its breakeven point and grow its cash flow.

In the Upstream, annual production growth should be more than 4% in 2017, supported by the start-up in mid-July of operations on the Al-Shaheen field in Qatar and the continued ramp-up of new projects, notably Kashagan in Kazahkstan and Moho Nord in Congo. Start-ups of new projects will continue in the second half, mainly with Libra Pioneiro in Brazil and Edradour-Glenlivet in the United Kingdom.

In the Downstream, refining margins (supported by cracks for fuel oil and gasoline) and petrochemical margins remain favorable at the start of the third quarter. Availability of the integrated Antwerp platform will be affected by the finalization of the upgrade program, which should be completed by the end of the third quarter. In addition, maintenance activities are planned at Port Arthur in the United States.

The Downstream generated 3.4 B$ of operating cash flow before working capital changes in the first half and is well positioned to achieve around 7 B$ for the full-year 2017.

The Group is continuing to relentlessly pursue its efforts to reduce the cash breakeven. The good results of the cost reduction program allow the Group to confirm its objective of 3.5 B$ for 2017, and the decrease of production costs to 5.5 $/boe in 2017 and then to 5 $/boe in 2018. Organic investments for the year should be between 14-15 B$, which will allow the Group to sustain its growth.

# 7. Other information

## 7.1. Operating information by segment

### 7.1.1. Exploration & Production

| Combined liquids and gas production by region (kboe/d) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Europe and Central Asia | 776 | 779 | - |
| Africa | 646 | 632 | +2% |
| Middle East and North Africa | 524 | 518 | +1% |
| Americas | 339 | 255 | +33% |
| Asia Pacific | 249 | 268 | -7% |
| **Total production** | **2,534** | **2,452** | **+3%** |
| Including equity affiliates | 621 | 624 | - |

| Liquids production by region (kb/d) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Europe and Central Asia | 268 | 251 | +7% |
| Africa | 495 | 515 | -4% |
| Middle East and North Africa | 384 | 374 | +3% |
| Americas | 126 | 99 | +27% |
| Asia Pacific | 28 | 32 | -13% |
| **Total production** | **1,300** | **1,269** | **+2%** |
| Including equity affiliates | 254 | 253 | +1% |

| Gas production by region (Mcf/d) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Europe and Central Asia | 2,740 | 2,845 | -4% |
| Africa | 696 | 579 | +20% |
| Middle East and North Africa | 776 | 799 | -3% |
| Americas | 1,197 | 871 | +37% |
| Asia Pacific | 1,287 | 1,359 | -5% |
| **Total production** | **6,696** | **6,453** | **+4%** |
| Including equity affiliates | 1,921 | 1,983 | -3% |

| Liquefied natural gas | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| LNG sales [(a)] (Mt) | 5.62 | 5.50 | +2% |

(a) Sales, Group share, excluding trading; 2016 data restated to reflect volume estimates for Bontang LNG in Indonesia based on the 2016 SEC coefficient.

### 7.1.2. Downstream (Refining & Chemicals and Marketing & Services)

| Petroleum product sales by region (kb/d) (a) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Europe | 2,144 | 2,330 | -8% |
| Africa | 573 | 549 | +4% |
| Americas | 612 | 564 | +9% |
| Rest of world | 716 | 738 | -3% |
| **Total consolidated sales** | **4,045** | **4,181** | **-3%** |
| Including bulk sales | 577 | 708 | -19% |
| Including trading | 1,724 | 1,698 | +2% |

(a) Includes share of TotalErg.

## 7.2. Adjustments to net income (Group share)

| (in millions of dollars) | 1H17 | 1H16 |
|---|---|---|
| Special items affecting net income (Group share) | 128 | (336) |
| – Gain (loss) on asset sales | 2,264 | 344 |
| – Restructuring charges | (59) | (4) |
| – Impairments | (1,750) | (178) |
| – Other | (327) | (498) |
| After-tax inventory effect: FIFO vs. replacement cost | (255) | 222 |
| Effect of changes in fair value | (19) | (2) |
| **Total adjustments affecting net income** | **(146)** | **(116)** |

## 7.3. 2017 sensitivities (a)

| | Scenario | Change | Estimated impact on ajusted net operating income | Estimated impact on cash flow |
|---|---|---|---|---|
| Dollar | 1.1 $/€ | -0.1 $ per € | +0.1 B$ | ~0 B$ |
| Brent | 50 $/b | +10 $/b | +2 B$ | +2.5 B$ |
| European Refining Margin Indicator (ERMI) | 35 $/t | +10 $/t | +0.5 B$ | +0.6 B$ |

(a) Sensitivities are revised once per year upon publication of the previous year's fourth quarter results. Sensitivities are estimates based on assumptions about the Group's portfolio in 2017. Actual results could vary significantly from estimates based on the application of these sensitivities. The impact of the $-€ sensitivity on adjusted net operating income is essentially attributable to Refining & Chemicals.

## 7.4. Investments – divestments

| (in millions of dollars) | 1H17 | 1H16 | 1H17 vs 1H16 |
|---|---|---|---|
| Organic investments | 6,893 | 8,674 | -21% |
| *Capitalized exploration* | *277* | *400* | *-31%* |
| *Increase in non-current loans* | *601* | *829* | *-28%* |
| *Repayment of non-current loans* | *(340)* | *(401)* | *-15%* |
| Acquisitions | 650 | 399 | +63% |
| Asset sales | 2,918 | 1,357 | +115% |
| Other transactions with non-controlling interests | - | 3 | ns |
| Net investments | 4,625 | 7,713 | -40% |

## 7.5. Net-debt-to-equity ratio

| (in millions de dollars) | 6/30/2017 | 3/31/2017 | 6/30/2016 |
|---|---|---|---|
| Current borrowings | 13,070 | 13,582 | 13,789 |
| Net current financial assets | (3,377) | (3,694) | (1,628) |
| Net financial assets classified as held for sale | (2) | (2) | (97) |
| Non-current financial debt | 41,548 | 42,017 | 41,668 |
| Hedging instruments of non-current debt | (558) | (877) | (1,251) |
| Cash and cash equivalents | (28,720) | (27,526) | (22,653) |
| **Net debt** | **21,961** | **23,500** | **29,828** |
| Shareholders' equity – Group share | 107,188 | 103,831 | 97,985 |
| Estimated dividend payable | (1,762) | (3,239) | (1,618) |
| Non-controlling interests | 2,772 | 2,823 | 2,904 |
| **Adjusted shareholders' equity** | **108,198** | **103,415** | **99,271** |
| **Net-debt-to-equity ratio** | **20.3%** | **22.7%** | **30.0%** |

## 7.6. Return on equity

| (in millions of dollars) | 7/01/2016 to 6/30/2017 | 4/01/2016 to 3/31/2017 | 1/01/2016 to 12/31/2016 |
|---|---|---|---|
| Adjusted net income | 9,661 | 9,363 | 8,447 |
| Average adjusted shareholders' equity | 103,734 | 99,784 | 96,929 |
| **Return on equity (ROE)** | **9.3%** | **9.4%** | **8.7%** |

## 7.7. Return on average capital employed

### 7.7.1. Twelve months ended June 30, 2017

| In millions of dollars | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Group |
|---|---|---|---|---|---|
| Adjusted net operating income | 4,529 | 479 | 3,931 | 1,584 | 10,609 |
| Capital employed at 6/30/2016 [(a)] | 107,405 | 4,622 | 12,249 | 5,789 | 129,635 |
| Capital employed at 6/30/2017 [(a)] | 108,618 | 5,363 | 10,957 | 6,937 | 130,831 |
| **ROACE** | **4.2%** | **9.6%** | **33.9%** | **24.9%** | **8.1%** |

### 7.7.2. Twelve months ended March 31, 2017

| In millions of dollars | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Group |
|---|---|---|---|---|---|
| Adjusted net operating income | 4,213 | 427 | 4,088 | 1,571 | 10,245 |
| Capital employed at 3/31/2016 [(a)] | 104,826 | 4,669 | 12,555 | 5,836 | 127,754 |
| Capital employed at 3/31/2017 [(a)] | 106,937 | 5,036 | 11,130 | 6,331 | 128,810 |
| **ROACE** | **4.0%** | **8.8%** | **34.5%** | **25.8%** | **8.0%** |

### 7.7.3. Full-year 2016

| In millions of dollars | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Group |
|---|---|---|---|---|---|
| Adjusted net operating income | 3,217 | 439 | 4,195 | 1,559 | 9,274 |
| Capital employed at 12/31/2015 [(a)] | 103,791 | 4,340 | 10,454 | 5,875 | 121,143 |
| Capital employed at 12/31/2016 [(a)] | 107,617 | 4,975 | 11,618 | 5,884 | 127,423 |
| **ROACE** | **3.0%** | **9.4%** | **38.0%** | **26.5%** | **7.5%** |

(a) At replacement cost (excluding after-tax inventory effect).

# 8. Principal risks and uncertainties for the remaining six months of 2017

The Group and its businesses are subject to various risks relating to changing political, economic, monetary, legal, environmental, social, industrial, competitive, operating and financial conditions. A description of such risk factors is provided in TOTAL's 2016 Registration Document filed with the *Autorité des marchés financiers* (French Financial Markets Authority) on March 17, 2017. These conditions are subject to change not only in the six months remaining in the current financial year, but also in the years to come.

Additionally, a description of certain risks is included in the Notes to the condensed Consolidated Financial Statements for the first half of 2017 (pages 26 to 27 of this half-year financial report).

# 9. Principal transactions with related parties

Information concerning the principal transactions with related parties for the first six months of 2017 is provided in Note 6 to the condensed Consolidated Financial Statements for the first half of 2017 (page 26 of this half-year financial report).

## Disclaimer

This document may contain forward-looking information on the Group (including objectives and trends), as well as forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, notably with respect to the financial condition, results of operations, business, strategy and plans of TOTAL. These data do not represent forecasts within the meaning of European Regulation No. 809/2004.

Such forward-looking information and statements included in this document are based on a number of economic data and assumptions made in a given economic, competitive and regulatory environment. They may prove to be inaccurate in the future, and are subject to a number of risk factors that could lead to a significant difference between actual results and those anticipated, including the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, changes in regulations including environmental, currency fluctuations, as well as economic and political developments and changes in business conditions. Certain financial information is based on estimates particularly in the assessment of the recoverable value of assets and potential impairments of assets relating thereto.

Neither TOTAL nor any of its subsidiaries assumes any obligation to update publicly any forward-looking information or statement, objectives or trends contained in this document whether as a result of new information, future events or otherwise. Further information on factors, risks and uncertainties that could affect the Company's financial results or the Group's activities is provided in the most recent Registration Document, the French language version of which is filed by the Company with the French *Autorité des marchés financiers* and annual report on Form 20-F filed with the United States Securities and Exchange Commission ("SEC").

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.

In addition to IFRS measures, certain alternative performance indicators are presented, such as performance indicators excluding the adjustment items described below (adjusted operating income, adjusted net operating income, adjusted net income), return on equity (ROE), return on average capital employed (ROACE) and net-debt-to-equity ratio. These indicators are meant to facilitate the analysis of the financial performance of TOTAL and the comparison of income between periods. They allow investors to track the measures used internally to manage and measure the performance of the Group.

These 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 certain 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 Refining & Chemicals and Marketing & Services segments are presented according to the replacement cost method. This method is used to assess the segments' performance and facilitate the comparability of the segments' performance with those of its competitors.

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, depending on the nature of the inventory, determined using either the month-end price differentials between one period and another or 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) Effect of changes in fair value

The effect of changes in fair value presented as an adjustment item reflects, for some transactions, differences between internal measures of performance used by TOTAL's management and the accounting for these transactions under IFRS.

IFRS requires that trading inventories be recorded at their fair value using period-end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories based on forward prices.

Furthermore, TOTAL, in its trading activities, enters into storage contracts, whose future effects are recorded at fair value in Group's internal economic performance. IFRS precludes recognition of this fair value effect.

The adjusted results (adjusted operating income, adjusted net operating income, adjusted net income) are defined as replacement cost results, adjusted for special items, excluding the effect of changes in fair value.

Euro amounts presented for the fully adjusted-diluted earnings per share represent dollar amounts converted at the average euro-dollar (€-$) exchange rate for the applicable period and are not the result of financial statements prepared in euros.

Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to separately disclose proved, probable and possible reserves that a company has determined in accordance with SEC rules. We may use certain terms in this half-year financial report, such as "potential reserves" or "resources", that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 20-F, File N° 1-10888, available from us at 2, place Jean Millier – Arche Nord Coupole/Regnault – 92078 Paris-La Défense Cedex, France, or at our website total.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or on the SEC's website: www.sec.gov.

# Consolidated Financial Statements

## 1. Statutory auditors' review report on the half-yearly financial information

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly Management Report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

### Period from January 1 to June 30, 2017

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly Consolidated Financial Statements of TOTAL S.A., for the period from January 1 to June 30, 2017,
- the verification of the information presented in the half-yearly Management Report.

These condensed half-yearly Consolidated Financial Statements are the responsibility of your Chairman and Chief Executive Officer and are reviewed by the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

**I – Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly Consolidated Financial Statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

**II – Specific verification**

We have also verified the information presented in the half-yearly Management Report on the condensed half-yearly Consolidated Financial Statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly Consolidated Financial Statements.

Paris-La Défense, July 26, 2017

The statutory auditors
French original signed by

KPMG Audit
A division of KPMG S.A.
Jacques-François Lethu, Partner
Eric Jacquet, Partner

ERNST & YOUNG Audit
Yvon Salaün, Partner
Laurent Miannay, Partner

# 2. Consolidated statement of income

## TOTAL

| (unaudited)<br>(in millions of dollars) [a] | 1st half 2017 | 1st half 2016 |
|---|---|---|
| **Sales** | **81,098** | **70,056** |
| Excise taxes | (10,523) | (10,823) |
| Revenues from sales | 70,575 | 59,233 |
| Purchases, net of inventory variation | (47,385) | (38,187) |
| Other operating expenses | (12,272) | (12,042) |
| Exploration costs | (396) | (730) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (7,377) | (5,648) |
| Other income | 2,895 | 672 |
| Other expense | (397) | (203) |
| Financial interest on debt | (676) | (541) |
| Financial income and expense from cash & cash equivalents | (48) | 11 |
| Cost of net debt | (724) | (530) |
| Other financial income | 513 | 503 |
| Other financial expense | (319) | (321) |
| Equity in net income (loss) of affiliates | 858 | 1,274 |
| Income taxes | (1,165) | (282) |
| **Consolidated net income** | **4,806** | **3,739** |
| Group share | 4,886 | 3,694 |
| Non-controlling interests | (80) | 45 |
| Earnings per share ($) | 1.93 | 1.54 |
| Fully-diluted earnings per share ($) | 1.92 | 1.53 |

(a) Except for per share amounts.

# 3. Consolidated statement of comprehensive income

## TOTAL

| (unaudited)<br>(in millions of dollars) | 1st half 2017 | 1st half 2016 |
|---|---|---|
| **Consolidated net income** | **4,806** | **3,739** |
| **Other comprehensive income** | | |
| Actuarial gains and losses | 158 | (213) |
| Tax effect | (53) | 72 |
| Currency translation adjustment generated by the parent company | 5,464 | 1,528 |
| **Items not potentially reclassifiable to profit and loss** | **5,569** | **1,387** |
| Currency translation adjustment | (1,418) | (1,355) |
| Available for sale financial assets | - | (14) |
| Cash flow hedge | 34 | 32 |
| Share of other comprehensive income of equity affiliates, net amount | (463) | 354 |
| Other | - | 3 |
| Tax effect | (9) | (3) |
| **Items potentially reclassifiable to profit and loss** | **(1,856)** | **(983)** |
| **Total other comprehensive income (net amount)** | **3,713** | **404** |
| **Comprehensive income** | **8,519** | **4,143** |
| *Group share* | *8,581* | *4,103* |
| *Non-controlling interests* | *(62)* | *40* |

# 4. Consolidated statement of income

## TOTAL

| (unaudited) (in millions of dollars) [(a)] | 2nd quarter 2017 | 1st quarter 2017 | 2nd quarter 2016 |
|---|---|---|---|
| **Sales** | **39,915** | **41,183** | **37,215** |
| Excise taxes | (5,433) | (5,090) | (5,504) |
| Revenues from sales | 34,482 | 36,093 | 31,711 |
| Purchases, net of inventory variation | (23,398) | (23,987) | (20,548) |
| Other operating expenses | (6,106) | (6,166) | (5,906) |
| Exploration costs | (199) | (197) | (536) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (2,798) | (4,579) | (2,968) |
| Other income | 570 | 2,325 | 172 |
| Other expense | (106) | (291) | (133) |
| Financial interest on debt | (345) | (331) | (267) |
| Financial income and expense from cash & cash equivalents | (37) | (11) | 1 |
| Cost of net debt | (382) | (342) | (266) |
| Other financial income | 285 | 228 | 312 |
| Other financial expense | (159) | (160) | (166) |
| Equity in net income (loss) of affiliates | 310 | 548 | 776 |
| Income taxes | (472) | (693) | (330) |
| **Consolidated net income** | **2,027** | **2,779** | **2,118** |
| Group share | 2,037 | 2,849 | 2,088 |
| Non-controlling interests | (10) | (70) | 30 |
| Earnings per share ($) | 0.79 | 1.14 | 0.86 |
| Fully-diluted earnings per share ($) | 0.79 | 1.13 | 0.86 |

(a) Except for per share amounts.

# 5. Consolidated statement of comprehensive income

## TOTAL

| (unaudited) (in millions of dollars) | 2nd quarter 2017 | 1st quarter 2017 | 2nd quarter 2016 |
|---|---|---|---|
| **Consolidated net income** | **2,027** | **2,779** | **2,118** |
| **Other comprehensive income** | | | |
| Actuarial gains and losses | 32 | 126 | (132) |
| Tax effect | (12) | (41) | 40 |
| Currency translation adjustment generated by the parent company | 4,524 | 940 | (2,113) |
| **Items not potentially reclassifiable to profit and loss** | **4,544** | **1,025** | **(2,205)** |
| Currency translation adjustment | (1,218) | (200) | 589 |
| Available for sale financial assets | 1 | (1) | (4) |
| Cash flow hedge | (79) | 113 | (66) |
| Share of other comprehensive income of equity affiliates, net amount | (794) | 331 | 355 |
| Other | (3) | 3 | - |
| Tax effect | 30 | (39) | 21 |
| **Items potentially reclassifiable to profit and loss** | **(2,063)** | **207** | **895** |
| **Total other comprehensive income (net amount)** | **2,481** | **1,232** | **(1,310)** |
| **Comprehensive income** | **4,508** | **4,011** | **808** |
| *Group share* | *4,507* | *4,074* | *795* |
| *Non-controlling interests* | *1* | *(63)* | *13* |

# 6. Consolidated balance sheet

## TOTAL

### ASSETS

| (in millions of dollars) | 6/30/2017 (unaudited) | 3/31/2017 (unaudited) | 12/31/2016 | 6/30/2016 (unaudited) |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets, net | 14,119 | 14,048 | 15,362 | 14,207 |
| Property, plant and equipment, net | 112,659 | 111,100 | 111,971 | 111,420 |
| Equity affiliates: investments and loans | 21,705 | 21,638 | 20,576 | 20,683 |
| Other investments | 1,483 | 1,381 | 1,133 | 1,411 |
| Non-current financial assets | 558 | 877 | 908 | 1,251 |
| Deferred income taxes | 4,981 | 4,766 | 4,368 | 4,175 |
| Other non-current assets | 4,411 | 4,114 | 4,143 | 4,467 |
| **Total non-current assets** | **159,916** | **157,924** | **158,461** | **157,614** |
| **Current assets** | | | | |
| Inventories, net | 14,273 | 14,985 | 15,247 | 15,021 |
| Accounts receivable, net | 12,923 | 12,235 | 12,213 | 11,933 |
| Other current assets | 14,034 | 13,955 | 14,835 | 14,850 |
| Current financial assets | 3,618 | 3,971 | 4,548 | 2,018 |
| Cash and cash equivalents | 28,720 | 27,526 | 24,597 | 22,653 |
| Assets classified as held for sale | 421 | 413 | 1,077 | 1,257 |
| **Total current assets** | **73,989** | **73,085** | **72,517** | **67,732** |
| **Total assets** | **233,905** | **231,009** | **230,978** | **225,346** |

### LIABILITIES & SHAREHOLDERS' EQUITY

| (in millions of dollars) | 6/30/2017 (unaudited) | 3/31/2017 (unaudited) | 12/31/2016 | 6/30/2016 (unaudited) |
|---|---|---|---|---|
| **Shareholders' equity** | | | | |
| Common shares | 7,797 | 7,667 | 7,604 | 7,846 |
| Paid-in surplus and retained earnings | 110,305 | 109,583 | 105,547 | 106,343 |
| Currency translation adjustment | (10,314) | (12,819) | (13,871) | (11,619) |
| Treasury shares | (600) | (600) | (600) | (4,585) |
| **Total shareholders' equity – Group share** | **107,188** | **103,831** | **98,680** | **97,985** |
| **Non-controlling interests** | **2,772** | **2,823** | **2,894** | **2,904** |
| **Total shareholders' equity** | **109,960** | **106,654** | **101,574** | **100,889** |
| **Non-current liabilities** | | | | |
| Deferred income taxes | 10,920 | 10,936 | 11,060 | 11,345 |
| Employee benefits | 4,127 | 3,711 | 3,746 | 3,887 |
| Provisions and other non-current liabilities | 16,924 | 16,714 | 16,846 | 17,270 |
| Non-current financial debt | 41,548 | 42,017 | 43,067 | 41,668 |
| **Total non-current liabilities** | **73,519** | **73,378** | **74,719** | **74,170** |
| **Current liabilities** | | | | |
| Accounts payable | 21,914 | 21,633 | 23,227 | 20,478 |
| Other creditors and accrued liabilities | 14,862 | 15,151 | 16,720 | 14,983 |
| Current borrowings | 13,070 | 13,582 | 13,920 | 13,789 |
| Other current financial liabilities | 241 | 277 | 327 | 390 |
| Liabilities directly associated with the assets classified as held for sale | 339 | 334 | 491 | 647 |
| **Total current liabilities** | **50,426** | **50,977** | **54,685** | **50,287** |
| **Total liabilities & shareholders' equity** | **233,905** | **231,009** | **230,978** | **225,346** |

# 7. Consolidated statement of cash flow

## TOTAL

| (unaudited) (in millions of dollars) | 1st half 2017 | 1st half 2016 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Consolidated net income | 4,806 | 3,739 |
| Depreciation, depletion, amortization and impairment | 7,590 | 6,096 |
| Non-current liabilities, valuation allowances and deferred taxes | (247) | (745) |
| (Gains) losses on disposals of assets | (2,383) | (415) |
| Undistributed affiliates' equity earnings | 206 | (516) |
| (Increase) decrease in working capital | (322) | (3,297) |
| Other changes, net | (309) | (99) |
| **Cash flow from operating activities** | **9,341** | **4,763** |
| **CASH FLOW USED IN INVESTING ACTIVITIES** | | |
| Intangible assets and property, plant and equipment additions | (6,001) | (8,240) |
| Acquisitions of subsidiaries, net of cash acquired | (325) | (122) |
| Investments in equity affiliates and other securities | (956) | (283) |
| Increase in non-current loans | (601) | (829) |
| **Total expenditures** | **(7,883)** | **(9,474)** |
| Proceeds from disposals of intangible assets and property, plant and equipment | 80 | 992 |
| Proceeds from disposals of subsidiaries, net of cash sold | 2,696 | 270 |
| Proceeds from disposals of non-current investments | 142 | 95 |
| Repayment of non-current loans | 340 | 401 |
| **Total divestments** | **3,258** | **1,758** |
| **Cash flow used in investing activities** | **(4,625)** | **(7,716)** |
| **CASH FLOW USED IN FINANCING ACTIVITIES** | | |
| Issuance (repayment) of shares: | | |
| – Parent company shareholders | 421 | 4 |
| – Treasury shares | - | - |
| Dividends paid: | | |
| – Parent company shareholders | (2,000) | (2,127) |
| – Non-controlling interests | (76) | (75) |
| Issuance of perpetual subordinated notes | - | 1,950 |
| Payments on perpetual subordinated notes | (219) | (133) |
| Other transactions with non-controlling interests | - | 3 |
| Net issuance (repayment) of non-current debt | 346 | 554 |
| Increase (decrease) in current borrowings | (2,580) | (2,016) |
| Increase (decrease) in current financial assets and liabilities | 1,637 | 4,145 |
| **Cash flow used in financing activities** | **(2,471)** | **2,305** |
| **Net increase (decrease) in cash and cash equivalents** | **2,245** | **(648)** |
| Effect of exchange rates | 1,878 | 32 |
| Cash and cash equivalents at the beginning of the period | 24,597 | 23,269 |
| **Cash and cash equivalents at the end of the period** | **28,720** | **22,653** |

# 8. Consolidated statement of cash flow

## TOTAL

| (unaudited) (in millions of dollars) | 2nd quarter 2017 | 1st quarter 2017 | 2nd quarter 2016 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Consolidated net income | 2,027 | 2,779 | 2,118 |
| Depreciation, depletion, amortization and impairment | 2,930 | 4,660 | 3,361 |
| Non-current liabilities, valuation allowances and deferred taxes | (50) | (197) | (477) |
| (Gains) losses on disposals of assets | (151) | (2,232) | (48) |
| Undistributed affiliates' equity earnings | 501 | (295) | (280) |
| (Increase) decrease in working capital | (268) | (54) | (1,752) |
| Other changes, net | (349) | 40 | (40) |
| **Cash flow from operating activities** | **4,640** | **4,701** | **2,882** |
| **CASH FLOW USED IN INVESTING ACTIVITIES** | | | |
| Intangible assets and property, plant and equipment additions | (3,323) | (2,678) | (4,094) |
| Acquisitions of subsidiaries, net of cash acquired | (6) | (319) | 11 |
| Investments in equity affiliates and other securities | (433) | (523) | (226) |
| Increase in non-current loans | (443) | (158) | (257) |
| **Total expenditures** | **(4,205)** | **(3,678)** | **(4,566)** |
| Proceeds from disposals of intangible assets and property, plant and equipment | 74 | 6 | 200 |
| Proceeds from disposals of subsidiaries, net of cash sold | - | 2,696 | 270 |
| Proceeds from disposals of non-current investments | 133 | 9 | 2 |
| Repayment of non-current loans | 153 | 187 | 301 |
| **Total divestments** | **360** | **2,898** | **773** |
| **Cash flow used in investing activities** | **(3,845)** | **(780)** | **(3,793)** |
| **CASH FLOW USED IN FINANCING ACTIVITIES** | | | |
| Issuance (repayment) of shares: | | | |
| – Parent company shareholders | 406 | 15 | 4 |
| – Treasury shares | - | - | - |
| Dividends paid: | | | |
| – Parent company shareholders | (1,462) | (538) | (1,173) |
| – Non-controlling interests | (61) | (15) | (72) |
| Issuance of perpetual subordinated notes | - | - | 1,950 |
| Payments on perpetual subordinated notes | (90) | (129) | - |
| Other transactions with non-controlling interests | - | - | 3 |
| Net issuance (repayment) of non-current debt | 290 | 56 | 400 |
| Increase (decrease) in current borrowings | (1,167) | (1,413) | 1,011 |
| Increase (decrease) in current financial assets and liabilities | 979 | 658 | 1,399 |
| **Cash flow used in financing activities** | **(1,105)** | **(1,366)** | **3,522** |
| **Net increase (decrease) in cash and cash equivalents** | **(310)** | **2,555** | **2,611** |
| Effect of exchange rates | 1,504 | 374 | (528) |
| Cash and cash equivalents at the beginning of the period | 27,526 | 24,597 | 20,570 |
| **Cash and cash equivalents at the end of the period** | **28,720** | **27,526** | **22,653** |

# 9. Consolidated statement of changes in shareholders' equity

## TOTAL

| (unaudited)<br>(in millions of dollars) | Common shares issued – Number | Common shares issued – Amount | Paid-in surplus and retained earnings | Currency translation adjustment | Treasury shares – Number | Treasury shares – Amount | Shareholders' equity – Group share | Non-controlling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **As of January 1, 2016** | **2,440,057,883** | **7,670** | **101,528** | **(12,119)** | **(113,967,758)** | **(4,585)** | **92,494** | **2,915** | **95,409** |
| Net income of the first half 2016 | - | - | 3,694 | - | - | - | 3,694 | 45 | 3,739 |
| Other comprehensive Income | - | - | (91) | 500 | - | - | 409 | (5) | 404 |
| **Comprehensive Income** | **-** | **-** | **3,603** | **500** | **-** | **-** | **4,103** | **40** | **4,143** |
| Dividend | - | - | (3,188) | - | - | - | (3,188) | (75) | (3,263) |
| Issuance of common shares | 63,204,391 | 176 | 2,490 | - | - | - | 2,666 | - | 2,666 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - |
| Sale of treasury shares (1) | - | - | - | - | 1,580 | - | - | - | - |
| Share-based payments | - | - | 52 | - | - | - | 52 | - | 52 |
| Share cancellation | - | - | - | - | - | - | - | - | - |
| Issuance of perpetual subordinated notes | - | - | 1,950 | - | - | - | 1,950 | - | 1,950 |
| Payments on perpetual subordinated notes | - | - | (77) | - | - | - | (77) | - | (77) |
| Other operations with non-controlling interests | - | - | (40) | - | - | - | (40) | 6 | (34) |
| Other items | - | - | 25 | - | - | - | 25 | 18 | 43 |
| **As of June 30, 2016** | **2,503,262,274** | **7,846** | **106,343** | **(11,619)** | **(113,966,178)** | **(4,585)** | **97,985** | **2,904** | **100,889** |
| Net income from July 1 to December 31, 2016 | - | - | 2,502 | - | - | - | 2,502 | (35) | 2,467 |
| Other comprehensive Income | - | - | (17) | (2,252) | - | - | (2,269) | 6 | (2,263) |
| **Comprehensive Income** | **-** | **-** | **2,485** | **(2,252)** | **-** | **-** | **233** | **(29)** | **204** |
| Dividend | - | - | (3,324) | - | - | - | (3,324) | (18) | (3,342) |
| Issuance of common shares | 27,434,856 | 75 | 1,063 | - | - | - | 1,138 | - | 1,138 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - |
| Sale of treasury shares (1) | - | - | (163) | - | 3,047,088 | 163 | - | - | - |
| Share-based payments | - | - | 60 | - | - | - | 60 | - | 60 |
| Share cancellation | (100,331,268) | (317) | (3,505) | - | 100,331,268 | 3,822 | - | - | - |
| Issuance of perpetual subordinated notes | - | - | 2,761 | - | - | - | 2,761 | - | 2,761 |
| Payments on perpetual subordinated notes | - | - | (126) | - | - | - | (126) | - | (126) |
| Other operations with non-controlling interests | - | - | (58) | - | - | - | (58) | (49) | (107) |
| Other items | - | - | 11 | - | - | - | 11 | 86 | 97 |
| **As of December 31, 2016** | **2,430,365,862** | **7,604** | **105,547** | **(13,871)** | **(10,587,822)** | **(600)** | **98,680** | **2,894** | **101,574** |
| Net income of the first half 2017 | - | - | 4,886 | - | - | - | 4,886 | (80) | 4,806 |
| Other comprehensive Income | - | - | 138 | 3,557 | - | - | 3,695 | 18 | 3,713 |
| **Comprehensive Income** | **-** | **-** | **5,024** | **3,557** | **-** | **-** | **8,581** | **(62)** | **8,519** |
| Dividend | - | - | (3,297) | - | - | - | (3,297) | (76) | (3,373) |
| Issuance of common shares | 71,170,026 | 193 | 3,103 | - | - | - | 3,296 | - | 3,296 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - |
| Sale of treasury shares (1) | - | - | - | - | 4,000 | - | - | - | - |
| Share-based payments | - | - | 74 | - | - | - | 74 | - | 74 |
| Share cancellation | - | - | - | - | - | - | - | - | - |
| Issuance of perpetual subordinated notes | - | - | - | - | - | - | - | - | - |
| Payments on perpetual subordinated notes | - | - | (142) | - | - | - | (142) | - | (142) |
| Other operations with non-controlling interests | - | - | (7) | - | - | - | (7) | 7 | - |
| Other items | - | - | 3 | - | - | - | 3 | 9 | 12 |
| **As of June 30, 2017** | **2,501,535,888** | **7,797** | **110,305** | **(10,314)** | **(10,583,822)** | **(600)** | **107,188** | **2,772** | **109,960** |

(1) Treasury shares related to the restricted stock grants.

# 10. Notes to the Consolidated Financial Statements for the first six months of 2017

(unaudited)

## 1) Accounting policies

The interim Consolidated Financial Statements of TOTAL S.A. and its subsidiaries (the Group) as of June 30, 2017 are presented in U.S. dollars and 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, 2017 do not differ significantly from those applied for the Consolidated Financial Statements as of December 31, 2016 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 Standards Board). New texts or amendments which were mandatory for the periods beginning on or after January 1, 2017 did not have a material impact on the Group's Consolidated Financial Statements as of June 30, 2017.

As for accounting standards applicable for annual periods starting from January 1, 2018:

– As indicated in the December 31, 2016 Notes to the Consolidated Financial Statements, the expected impacts of the application of standard IFRS 15 "Revenue from Contracts with Customers" are not significant for the Group.
– The impacts of the application of standard IFRS 9 "Financial Instruments" are currently under review, especially for the impairment of financial assets.

The preparation of financial statements in accordance with IFRS for the closing as of June 30, 2017 requires the executive management to make estimates, assumptions and judgments that affect the information reported in the Consolidated Financial Statements and the Notes thereto.

These estimates, assumptions and judgments are based on historical experience and other factors believed to be reasonable at the date of preparation of the financial statements. They are reviewed on an on-going basis by management and therefore could be revised as circumstances change or as a result of new information.

Different estimates, assumptions and judgments could significantly affect the information reported, and actual results may differ from the amounts included in the Consolidated Financial Statements and the Notes thereto.

The main estimates, judgments and assumptions relate to the estimation of hydrocarbon reserves in application of the successful efforts method for the oil and gas activities, the impairment of assets, the employee benefits, the asset retirement obligations and the income taxes. These estimates and assumptions are described in the Notes to the Consolidated Financial Statements as of December 31, 2016.

Furthermore, when the accounting treatment of a specific transaction is not addressed by any accounting standard or interpretation, the management applies its judgment to define and apply accounting policies that provide information consistent with the general IFRS concepts: faithful representation, relevance and materiality.

## 2) Changes in the Group structure

### 2.1) Main acquisitions and divestments

**Gas, Renewables & Power**

– In January, TOTAL acquired a 23% interest in the company Tellurian to develop an integrated gas project in the United States for an amount of $207 million.

**Refining & Chemicals**

– On January 31, 2017, TOTAL closed the sale of Atotech to the Carlyle Group for an amount of $3.2 billion.

**Marketing & Services**

– On March 28, 2017, TOTAL announced the closing of the acquisition of the assets of Gulf Africa Petroleum Corporation in Kenya, Uganda and Tanzania.

### 2.2) Divestment projects

**Exploration & Production**

– In February 2017, Total has signed an agreement for the sale of stakes and the transfer of operatorship in various mature assets in Gabon to Perenco. The transaction is subject to approval by the authorities. The assets and liabilities have been classified in the consolidated balance sheet respectively in "assets classified as held for sale" for an amount of $421 million (mainly tangible assets for an amount of $355 million) and "liabilities directly associated with the assets classified as held for sale" for an amount of $339 million at June 30, 2017.

## 3) Adjustment items

### Description of the business segments

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 and which is reviewed by the main operational decision-making body of the Group, namely the Executive Committee.

In order to implement its strategy Total has put in place a new organization fully effective since January 1, 2017, structured around four business segments following the creation of the Gas, Renewables & Power segment, alongside the Exploration & Production, Refining & Chemicals and Marketing & Services segments.

Certain figures for the years 2015 and 2016 have been restated in order to reflect the new organization with four business segments.

**Adjustment items**

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 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.

### (ii) The inventory valuation effect

The adjusted results of the Refining & Chemicals and Marketing & Services segments are presented according to the replacement cost method. This method is used to assess the segments' performance and facilitate the comparability of the segments' performance with those of its competitors.

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, depending on the nature of the inventory, determined using either the month-end prices differential between one period and another or 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) Effect of changes in fair value

The effect of changes in fair value presented as adjustment items reflects for some transactions differences between internal measure of performance used by TOTAL's management and the accounting for these transactions under IFRS.

IFRS requires that trading inventories be recorded at their fair value using period end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories based on forward prices.

Furthermore, TOTAL, in its trading activities, enters into storage contracts, which future effects are recorded at fair value in Group's internal economic performance. IFRS precludes recognition of this fair value effect.

The adjusted results (adjusted operating income, adjusted net operating income, adjusted net income) are defined as replacement cost results, adjusted for special items and the effect of changes in fair value.

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

**ADJUSTMENTS TO OPERATING INCOME**

| (in millions of dollars) | | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Total |
|---|---|---|---|---|---|---|---|
| 2nd quarter 2017 | Inventory valuation effect | - | - | (372) | (54) | - | (426) |
| | Effect of changes in fair value | - | (27) | - | - | - | (27) |
| | Restructuring charges | (40) | - | - | - | - | (40) |
| | Asset impairment charges | (15) | 1 | - | - | - | (14) |
| | Other items | (77) | (25) | (39) | (26) | (64) | (231) |
| Total | | (132) | (51) | (411) | (80) | (64) | (738) |
| 2nd quarter 2016 | Inventory valuation effect | - | - | 516 | 118 | - | 634 |
| | Effect of changes in fair value | - | (6) | - | - | - | (6) |
| | Restructuring charges | (8) | - | - | - | - | (8) |
| | Asset impairment charges | (200) | - | - | - | - | (200) |
| | Other items | (350) | - | (67) | (8) | - | (425) |
| Total | | (558) | (6) | 449 | 110 | - | (5) |
| 1st half 2017 | Inventory valuation effect | - | - | (289) | (69) | - | (358) |
| | Effect of changes in fair value | - | (27) | - | - | - | (27) |
| | Restructuring charges | (40) | - | - | - | - | (40) |
| | Asset impairment charges | (1,869) | (25) | (50) | - | - | (1,944) |
| | Other items | (77) | (114) | (65) | (26) | (64) | (346) |
| Total | | (1,986) | (166) | (404) | (95) | (64) | (2,715) |
| 1st half 2016 | Inventory valuation effect | - | - | 311 | 41 | - | 352 |
| | Effect of changes in fair value | - | (3) | - | - | - | (3) |
| | Restructuring charges | (19) | - | - | - | - | (19) |
| | Asset impairment charges | (200) | - | - | - | - | (200) |
| | Other items | (672) | (129) | (69) | (8) | - | (878) |
| Total | | (891) | (132) | 242 | 33 | - | (748) |

**ADJUSTMENTS TO NET INCOME, GROUP SHARE**

| (in millions of dollars) | | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Total |
|---|---|---|---|---|---|---|---|
| 2nd quarter 2017 | Inventory valuation effect | - | - | (268) | (42) | - | (310) |
| | Effect of changes in fair value | - | (19) | - | - | - | (19) |
| | Restructuring charges | (12) | (3) | (39) | - | - | (54) |
| | Asset impairment charges | (27) | (5) | - | - | - | (32) |
| | Gains (losses) on disposals of assets | - | - | - | 125 | - | 125 |
| | Other items | (50) | (11) | (26) | (18) | (42) | (147) |
| **Total** | | **(89)** | **(38)** | **(333)** | **65** | **(42)** | **(437)** |
| 2nd quarter 2016 | Inventory valuation effect | - | - | 330 | 75 | - | 405 |
| | Effect of changes in fair value | - | (5) | - | - | - | (5) |
| | Restructuring charges | (2) | - | - | - | - | (2) |
| | Asset impairment charges | (129) | - | (49) | - | - | (178) |
| | Gains (losses) on disposals of assets | - | - | - | (14) | - | (14) |
| | Other items | (226) | (1) | (54) | (11) | - | (292) |
| **Total** | | **(357)** | **(6)** | **227** | **50** | **-** | **(86)** |
| 1st half 2017 | Inventory valuation effect | - | - | (210) | (45) | - | (255) |
| | Effect of changes in fair value | - | (19) | - | - | - | (19) |
| | Restructuring charges | (12) | (8) | (39) | - | - | (59) |
| | Asset impairment charges | (1,641) | (59) | (50) | - | - | (1,750) |
| | Gains (losses) on disposals of assets | - | - | 2,139 | 125 | - | 2,264 |
| | Other items | (144) | (78) | (45) | (18) | (42) | (327) |
| **Total** | | **(1,797)** | **(164)** | **1,795** | **62** | **(42)** | **(146)** |
| 1st half 2016 | Inventory valuation effect | - | - | 197 | 25 | - | 222 |
| | Effect of changes in fair value | - | (2) | - | - | - | (2) |
| | Restructuring charges | (4) | - | - | - | - | (4) |
| | Asset impairment charges | (129) | - | (49) | - | - | (178) |
| | Gains (losses) on disposals of assets | 358 | - | - | (14) | - | 344 |
| | Other items | (314) | (109) | (59) | (16) | - | (498) |
| **Total** | | **(89)** | **(111)** | **89** | **(5)** | **-** | **(116)** |

In the second quarter of 2017, the heading “Other items” includes a provision for future expenses related to an “agreement on the transition from work to retirement” signed by the social partners for an amount of $201 million in operating income and $132 million in net income, Group share.

## 4) Shareholders’ equity

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

As of June 30, 2017, TOTAL S.A. holds 10,583,822 of its own shares, representing 0.42% of its share capital, detailed as follows:

- 10,551,887 shares allocated to TOTAL share grant plans for Group employees; and
- 31,935 shares intended to be allocated to new TOTAL share purchase option plans or to new share grant plans.

These shares are deducted from the consolidated shareholders’ equity.

### Dividend

The Annual Shareholders’ Meeting on May 26, 2017 approved the payment of a dividend of €2.45 per share for the 2016 fiscal year. Taking into account the three dividends of €0.61 per share that have already been paid on October 14, 2016, January 12, 2017 and April 6, 2017, the remaining balance of €0.62 per share was paid on June 22, 2017.

The Annual Shareholders' Meeting on May 26, 2017, approved that shareholders will be given the option to receive the 2016 final dividend in new shares or in cash. The share price of new shares has been set at 44,86€ per share. This price is equal to the average opening price of the shares on the Euronext Paris for the 20 trading days preceding the Annual Shareholders' Meeting, reduced by the amount of the final dividend, with a 5% discount, rounded up to the nearest cent. On June 22, 2017, 17,801,936 shares have been issued at a price of 44,86€ per share.

Another resolution has been approved at the Annual Shareholders' Meeting on May 26, 2017, if one or more interim dividends are decided by the Board of Directors for the fiscal year 2017, then shareholders will be given the option to receive this or these interim dividends in new shares or in cash.

A first 2017 interim dividend of €0.62 per share, decided by the Board of Directors on April 26, 2017 would be paid on October 12, 2017 (the ex-dividend date will be September 25, 2017).

A second 2017 interim dividend of €0.62 per share, decided by the Board of Directors on July 26, 2017, would be paid on January 11, 2018 (the ex-dividend date will be December 19, 2017).

### Earnings per share in euro

Earnings per share in euro, calculated from the earnings per share in U.S. dollars converted at the average euro/USD exchange rate for the period, amounted to €0.71 per share for the 2nd quarter 2017 (€1.07 per share for the 1st quarter 2017 and €0.77 per share for the 2nd quarter 2016). Diluted earnings per share calculated using the same method amounted to €0.71 per share for the 2nd quarter 2017 (€1.06 per share for the 1st quarter 2017 and €0.76 per share for the 2nd quarter 2016).

Earnings per share are calculated after remuneration of perpetual subordinated notes.

### Other comprehensive income

Detail of other comprehensive income showing items reclassified from equity to net income is presented in the table below:

| (in millions of dollars) | | 1st half 2017 | | 1st half 2016 |
|---|---|---|---|---|
| Actuarial gains and losses | | 158 | | (213) |
| Tax effect | | (53) | | 72 |
| Currency translation adjustment generated by the parent company | | 5,464 | | 1,528 |
| **Items not potentially reclassifiable to profit and loss** | | **5,569** | | **1,387** |
| **Currency translation adjustment** | | **(1,418)** | | **(1,355)** |
| – unrealized gain/(loss) of the period | (1,372) | | (1,233) | |
| – less gain/(loss) included in net income | 46 | | 122 | |
| **Available for sale financial assets** | | **-** | | **(14)** |
| – unrealized gain/(loss) of the period | - | | (14) | |
| – less gain/(loss) included in net income | - | | - | |
| **Cash flow hedge** | | **34** | | **32** |
| – unrealized gain/(loss) of the period | 164 | | 34 | |
| – less gain/(loss) included in net income | 130 | | 2 | |
| **Share of other comprehensive income of equity affiliates, net amount** | | **(463)** | | **354** |
| – unrealized gain/(loss) of the period | (465) | | 372 | |
| – less gain/(loss) included in net income | (2) | | 18 | |
| **Other** | | **-** | | **3** |
| **Tax effect** | | **(9)** | | **(3)** |
| **Items potentially reclassifiable to profit and loss** | | **(1,856)** | | **(983)** |
| **Total other comprehensive income, net amount** | | **3,713** | | **404** |

Tax effects relating to each component of other comprehensive income are as follows:

| (in millions of dollars) | 1st half 2017 | | | 1st half 2016 | | |
|---|---|---|---|---|---|---|
| | Pre-tax amount | Tax effect | Net amount | Pre-tax amount | Tax effect | Net amount |
| Actuarial gains and losses | 158 | (53) | 105 | (213) | 72 | (141) |
| Currency translation adjustment generated by the parent company | 5,464 | - | 5,464 | 1,528 | - | 1,528 |
| **Items not potentially reclassifiable to profit and loss** | **5,622** | **(53)** | **5,569** | **1,315** | **72** | **1,387** |
| Currency translation adjustment | (1,418) | - | (1,418) | (1,355) | - | (1,355) |
| Available for sale financial assets | - | (1) | (1) | (14) | 4 | (10) |
| Cash flow hedge | 34 | (8) | 26 | 32 | (7) | 25 |
| Share of other comprehensive income of equity affiliates, net amount | (463) | - | (463) | 354 | - | 354 |
| Other | - | - | - | 3 | - | 3 |
| **Items potentially reclassifiable to profit and loss** | **(1,847)** | **(9)** | **(1,856)** | **(980)** | **(3)** | **(983)** |
| Total other comprehensive income | 3,775 | (62) | 3,713 | 335 | 69 | 404 |

## 5) Financial debt

The Group did not issue any bond during the first six months of 2017.

The Group reimbursed bonds during the first six months of 2017:

- Bond 4.875% 2012-2017 (AUD 100 million)
- Bond 1.500% 2012-2017 (USD 1,000 million)
- Bond 1.000% 2014-2017 (USD 500 million)
- Bond 4.700% 2007-2017 (EUR 300 million)
- Bond 4.125% 2012-2017 (AUD 150 million)
- Bond 1.550% 2012-2017 (USD 1,500 million)

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

## 6) Related parties

The related parties are principally equity affiliates and non-consolidated investments. There were no major changes concerning transactions with related parties during the first six months of 2017.

## 7) Other risks and contingent liabilities

TOTAL is not currently aware of any exceptional event, dispute, risks or contingent liabilities that could have a material impact on the assets and liabilities, results, financial position or operations of the Group.

**Alitalia**

In the Marketing & Services segment, a civil proceeding was initiated in Italy, in 2013, against TOTAL S.A. and its subsidiary Total Aviazione Italia Srl before the competent Italian civil court. The plaintiff claims against TOTAL S.A., its subsidiary and other third parties, damages that it estimates to be nearly €908 million. This proceeding follows practices that had been condemned by the Italian competition authority in 2006. The parties have exchanged preliminary findings. The existence and the assessment of the alleged damages in this procedure involving multiple defendants remain contested.

### Blue Rapid and the Russian Olympic Committee – Russian regions and Interneft

Blue Rapid, a Panamanian company, and the Russian Olympic Committee filed a claim for damages with the Paris Commercial Court against Elf Aquitaine, alleging a so-called non-completion by a former subsidiary of Elf Aquitaine of a contract related to an exploration and production project in Russia negotiated in the early 1990s. Elf Aquitaine believed this claim to be unfounded and opposed it. On January 12, 2009, the Commercial Court of Paris rejected Blue Rapid's claim against Elf Aquitaine and found that the Russian Olympic Committee did not have standing in the matter. On June 30, 2011, the Court of Appeal of Paris dismissed as inadmissible the claim of Blue Rapid and the Russian Olympic Committee against Elf Aquitaine, notably on the grounds of the contract having lapsed. The judgment of the Court of Appeal of Paris is now final and binding following two decisions issued on February 18, 2016 by the French Supreme Court to put an end to this proceeding.

In connection with the same facts, and fifteen years after the aforementioned exploration and production contract was rendered null and void ("caduc"), a Russian company, which was held not to be the contracting party to the contract, and two regions of the Russian Federation that were not even parties to the contract, launched an arbitration procedure against the aforementioned former subsidiary of Elf Aquitaine that was liquidated in 2005, claiming alleged damages of $22.4 billion. The arbitral tribunal issued its decision on June 19, 2017 and entirely dismissed this claim.

The Group has lodged a criminal complaint to denounce the fraudulent claim of which the Group believes it is a victim and, has taken and reserved its rights to take other actions and measures to defend its interests.

### FERC

The Office of Enforcement of the U.S. Federal Energy Regulatory Commission (FERC) began in 2015 an investigation in connection with the natural gas trading activities in the United States of Total Gas & Power North America, Inc. (TGPNA), a U.S. subsidiary of the Group. The investigation covered transactions made by TGPNA between June 2009 and June 2012 on the natural gas market. TGPNA received a Notice of Alleged Violations from FERC on September 21, 2015. On April 28, 2016, FERC issued an order to show cause to TGPNA and two of its former employees, and to TOTAL S.A. and Total Gas & Power Ltd., regarding the same facts. TGPNA contests the claims brought against it.

A class action has been launched to seek damages from these three companies and was dismissed by a judgment of the U.S. District court of New York issued on March 15, 2017. The claimants appealed this judgment.

### Yemen

Due to the security conditions in the vicinity of Balhaf, Yemen LNG, in which the Group holds a stake of 39.62%, stopped its commercial production and export of LNG in April 2015, when it declared *Force Majeure* to its various stakeholders. The plant is in a preservation mode.

## 8) Information by business segment

| 1st half 2017 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 4,171 | 5,868 | 35,921 | 35,129 | 9 | - | 81,098 |
| Intersegment sales | 10,666 | 583 | 12,362 | 443 | 195 | (24,249) | - |
| Excise taxes | - | - | (1,381) | (9,142) | - | - | (10,523) |
| **Revenues from sales** | **14,837** | **6,451** | **46,902** | **26,430** | **204** | **(24,249)** | **70,575** |
| Operating expenses | (7,234) | (6,326) | (44,796) | (25,394) | (552) | 24,249 | (60,053) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (6,412) | (112) | (532) | (302) | (19) | - | (7,377) |
| **Operating income** | **1,191** | **13** | **1,574** | **734** | **(367)** | **-** | **3,145** |
| Equity in net income (loss) of affiliates and other items | 677 | (32) | 2,601 | 288 | 16 | - | 3,550 |
| Tax on net operating income | (951) | (61) | (498) | (231) | 385 | - | (1,356) |
| **Net operating income** | **917** | **(80)** | **3,677** | **791** | **34** | **-** | **5,339** |
| Net cost of net debt | | | | | | | (533) |
| Non-controlling interests | | | | | | | 80 |
| **Net income – group share** | | | | | | | **4,886** |

| 1st half 2017 (adjustments) [(a)] (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | - | (27) | - | - | - | - | (27) |
| Intersegment sales | - | - | - | - | - | - | - |
| Excise taxes | - | - | - | - | - | - | - |
| **Revenues from sales** | **-** | **(27)** | **-** | **-** | **-** | **-** | **(27)** |
| Operating expenses | (117) | (114) | (354) | (95) | (64) | - | (744) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (1,869) | (25) | (50) | - | - | - | (1,944) |
| **Operating income [(b)]** | **(1,986)** | **(166)** | **(404)** | **(95)** | **(64)** | **-** | **(2,715)** |
| Equity in net income (loss) of affiliates and other items | (214) | (79) | 2,156 | 126 | - | - | 1,989 |
| Tax on net operating income | 376 | 9 | 41 | 26 | 22 | - | 474 |
| **Net operating income [(b)]** | **(1,824)** | **(236)** | **1,793** | **57** | **(42)** | **-** | **(252)** |
| Net cost of net debt | - | - | - | - | - | - | (14) |
| Non-controlling interests | - | - | - | - | - | - | 120 |
| **Net income – group share** | **-** | **-** | **-** | **-** | **-** | **-** | **(146)** |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

| *(b) Of which inventory valuation effect* | | | | | |
|---|---|---|---|---|---|
| *On operating income* | - | - | (289) | (69) | - |
| *On net operating income* | - | - | (212) | (50) | - |

| 1st half 2017 (adjusted) (in millions of dollars) [a] | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 4,171 | 5,895 | 35,921 | 35,129 | 9 | - | 81,125 |
| Intersegment sales | 10,666 | 583 | 12,362 | 443 | 195 | (24,249) | - |
| Excise taxes | - | - | (1,381) | (9,142) | - | - | (10,523) |
| **Revenues from sales** | **14,837** | **6,478** | **46,902** | **26,430** | **204** | **(24,249)** | **70,602** |
| Operating expenses | (7,117) | (6,212) | (44,442) | (25,299) | (488) | 24,249 | (59,309) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (4,543) | (87) | (482) | (302) | (19) | - | (5,433) |
| **Adjusted operating income** | **3,177** | **179** | **1,978** | **829** | **(303)** | **-** | **5,860** |
| Equity in net income (loss) of affiliates and other items | 891 | 47 | 445 | 162 | 16 | - | 1,561 |
| Tax on net operating income | (1,327) | (70) | (539) | (257) | 363 | - | (1,830) |
| **Adjusted net operating income** | **2,741** | **156** | **1,884** | **734** | **76** | **-** | **5,591** |
| Net cost of net debt | | | | | | | (519) |
| Non-controlling interests | | | | | | | (40) |
| **Adjusted net income – group share** | | | | | | | **5,032** |
| **Adjusted fully-diluted earnings per share ($)** | | | | | | | **1.98** |

(a) Except for earnings per share.

| 1st half 2017 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Total expenditures | 6,084 | 392 | 667 | 697 | 43 | - | 7,883 |
| Total divestments | 245 | 27 | 2,760 | 218 | 8 | - | 3,258 |
| Cash flow from operating activities | 5,000 | 11 | 3,737 | 542 | 51 | - | 9,341 |

| 1st half 2016 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 3,711 | 3,939 | 30,505 | 31,899 | 2 | - | 70,056 |
| Intersegment sales | 7,718 | 420 | 9,688 | 340 | 151 | (18,317) | - |
| Excise taxes | - | - | (1,885) | (8,938) | - | - | (10,823) |
| **Revenues from sales** | **11,429** | **4,359** | **38,308** | **23,301** | **153** | **(18,317)** | **59,233** |
| Operating expenses | (6,999) | (4,392) | (35,305) | (22,068) | (512) | 18,317 | (50,959) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (4,775) | (62) | (499) | (296) | (16) | - | (5,648) |
| **Operating income** | **(345)** | **(95)** | **2,504** | **937** | **(375)** | **-** | **2,626** |
| Equity in net income (loss) of affiliates and other items | 1,170 | 114 | 389 | 51 | 201 | - | 1,925 |
| Tax on net operating income | 515 | (16) | (655) | (275) | 28 | - | (403) |
| **Net operating income** | **1,340** | **3** | **2,238** | **713** | **(146)** | **-** | **4,148** |
| Net cost of net debt | | | | | | | (409) |
| Non-controlling interests | | | | | | | (45) |
| **Net income – group share** | | | | | | | **3,694** |

| 1st half 2016 (adjustments) (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | - | (132) | - | - | - | - | (132) |
| Intersegment sales | - | - | - | - | - | - | - |
| Excise taxes | - | - | - | - | - | - | - |
| **Revenues from sales** | **-** | **(132)** | **-** | **-** | **-** | **-** | **(132)** |
| Operating expenses | (691) | - | 242 | 33 | - | - | (416) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (200) | - | - | - | - | - | (200) |
| **Operating income (b)** | **(891)** | **(132)** | **242** | **33** | **-** | **-** | **(748)** |
| Equity in net income (loss) of affiliates and other items | 329 | (8) | (77) | (21) | - | - | 223 |
| Tax on net operating income | 473 | 27 | (75) | (8) | - | - | 417 |
| **Net operating income (b)** | **(89)** | **(113)** | **90** | **4** | **-** | **-** | **(108)** |
| Net cost of net debt | | | | | | | (11) |
| Non-controlling interests | | | | | | | 3 |
| **Net income – group share** | | | | | | | **(116)** |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

*(b) Of which inventory valuation effect*

| | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate |
|---|---|---|---|---|---|
| *On operating income* | - | | - | 311 | 41 |
| *On net operating income* | - | | - | 198 | 34 |

| 1st half 2016 (adjusted) (in millions of dollars) [a] | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 3,711 | 4,071 | 30,505 | 31,899 | 2 | - | 70,188 |
| Intersegment sales | 7,718 | 420 | 9,688 | 340 | 151 | (18,317) | - |
| Excise taxes | - | - | (1,885) | (8,938) | - | - | (10,823) |
| **Revenues from sales** | **11,429** | **4,491** | **38,308** | **23,301** | **153** | **(18,317)** | **59,365** |
| Operating expenses | (6,308) | (4,392) | (35,547) | (22,101) | (512) | 18,317 | (50,543) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (4,575) | (62) | (499) | (296) | (16) | - | (5,448) |
| **Adjusted operating income** | **546** | **37** | **2,262** | **904** | **(375)** | **-** | **3,374** |
| Equity in net income (loss) of affiliates and other items | 841 | 122 | 466 | 72 | 201 | - | 1,702 |
| Tax on net operating income | 42 | (43) | (580) | (267) | 28 | - | (820) |
| **Adjusted net operating income** | **1,429** | **116** | **2,148** | **709** | **(146)** | **-** | **4,256** |
| Net cost of net debt | | | | | | | (398) |
| Non-controlling interests | | | | | | | (48) |
| **Adjusted net income – group share** | | | | | | | **3,810** |
| **Adjusted fully-diluted earnings per share ($)** | | | | | | | **1.58** |

(a) Except for earnings per share.

| 1st half 2016 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Total expenditures | 7,768 | 242 | 741 | 502 | 221 | - | 9,474 |
| Total divestments | 1,264 | 104 | 52 | 330 | 8 | - | 1,758 |
| Cash flow from operating activities | 2,696 | (218) | 1,142 | 841 | 302 | - | 4,763 |

| 2nd quarter 2017 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 2,068 | 2,671 | 17,347 | 17,831 | (2) | - | 39,915 |
| Intersegment sales | 5,118 | 274 | 6,016 | 169 | 90 | (11,667) | - |
| Excise taxes | - | - | (680) | (4,753) | - | - | (5,433) |
| **Revenues from sales** | **7,186** | **2,945** | **22,683** | **13,247** | **88** | **(11,667)** | **34,482** |
| Operating expenses | (3,547) | (2,857) | (21,918) | (12,729) | (319) | 11,667 | (29,703) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (2,344) | (40) | (245) | (158) | (11) | - | (2,798) |
| **Operating income** | **1,295** | **48** | **520** | **360** | **(242)** | **-** | **1,981** |
| Equity in net income (loss) of affiliates and other items | 487 | 13 | 148 | 258 | (6) | - | 900 |
| Tax on net operating income | (512) | (24) | (142) | (123) | 214 | - | (587) |
| **Net operating income** | **1,270** | **37** | **526** | **495** | **(34)** | **-** | **2,294** |
| Net cost of net debt | | | | | | | (267) |
| Non-controlling interests | | | | | | | 10 |
| **Net income – group share** | | | | | | | **2,037** |

| 2nd quarter 2017 (adjustments)[a] (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | - | (27) | - | - | - | - | (27) |
| Intersegment sales | - | - | - | - | - | - | - |
| Excise taxes | - | - | - | - | - | - | - |
| **Revenues from sales** | **-** | **(27)** | **-** | **-** | **-** | **-** | **(27)** |
| Operating expenses | (117) | (25) | (411) | (80) | (64) | - | (697) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (15) | 1 | - | - | - | - | (14) |
| **Operating income**[b] | **(132)** | **(51)** | **(411)** | **(80)** | **(64)** | **-** | **(738)** |
| Equity in net income (loss) of affiliates and other items | (4) | (16) | (53) | 121 | - | - | 48 |
| Tax on net operating income | 47 | 9 | 129 | 21 | 22 | - | 228 |
| **Net operating income**[b] | **(89)** | **(58)** | **(335)** | **62** | **(42)** | **-** | **(462)** |
| Net cost of net debt | | | | | | | (7) |
| Non-controlling interests | | | | | | | 32 |
| **Net income – group share** | | | | | | | **(437)** |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

*(b) Of which inventory valuation effect:*

| | | | | | |
|---|---|---|---|---|---|
| *On operating income* | - | - | (372) | (54) | - |
| *On net operating income* | - | - | (270) | (45) | - |

| 2nd quarter 2017 (adjusted) (in millions of dollars) [(a)] | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 2,068 | 2,698 | 17,347 | 17,831 | (2) | - | 39,942 |
| Intersegment sales | 5,118 | 274 | 6,016 | 169 | 90 | (11,667) | - |
| Excise taxes | - | - | (680) | (4,753) | - | - | (5,433) |
| **Revenues from sales** | **7,186** | **2,972** | **22,683** | **13,247** | **88** | **(11,667)** | **34,509** |
| Operating expenses | (3,430) | (2,832) | (21,507) | (12,649) | (255) | 11,667 | (29,006) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (2,329) | (41) | (245) | (158) | (11) | - | (2,784) |
| **Adjusted operating income** | **1,427** | **99** | **931** | **440** | **(178)** | **-** | **2,719** |
| Equity in net income (loss) of affiliates and other items | 491 | 29 | 201 | 137 | (6) | - | 852 |
| Tax on net operating income | (559) | (33) | (271) | (144) | 192 | - | (815) |
| **Adjusted net operating income** | **1,359** | **95** | **861** | **433** | **8** | **-** | **2,756** |
| Net cost of net debt | | | | | | | (260) |
| Non-controlling interests | | | | | | | (22) |
| Adjusted net income – group share | | | | | | | 2,474 |
| Adjusted fully-diluted earnings per share ($) | | | | | | | 0.97 |

(a) Except for earnings per share.

| 2nd quarter 2017 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Total expenditures | 3,448 | 77 | 401 | 258 | 21 | - | 4,205 |
| Total divestments | 132 | 23 | 20 | 182 | 3 | - | 360 |
| Cash flow from operating activities | 2,504 | (114) | 1,972 | 229 | 49 | - | 4,640 |

| 2nd quarter 2016 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 1,822 | 1,914 | 16,567 | 16,913 | (1) | - | 37,215 |
| Intersegment sales | 4,340 | 194 | 5,540 | 208 | 81 | (10,363) | - |
| Excise taxes | - | - | (924) | (4,580) | - | - | (5,504) |
| **Revenues from sales** | **6,162** | **2,108** | **21,183** | **12,541** | **80** | **(10,363)** | **31,711** |
| Operating expenses | (3,692) | (2,078) | (19,523) | (11,768) | (292) | 10,363 | (26,990) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (2,529) | (34) | (246) | (151) | (8) | - | (2,968) |
| **Operating income** | **(59)** | **(4)** | **1,414** | **622** | **(220)** | **-** | **1,753** |
| Equity in net income (loss) of affiliates and other items | 543 | 63 | 210 | 47 | 98 | - | 961 |
| Tax on net operating income | 202 | (21) | (378) | (190) | (10) | - | (397) |
| **Net operating income** | **686** | **38** | **1,246** | **479** | **(132)** | **-** | **2,317** |
| Net cost of net debt | | | | | | | (199) |
| Non-controlling interests | | | | | | | (30) |
| **Net income – group share** | | | | | | | **2,088** |

| 2nd quarter 2016 (adjustments)[a] (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | - | (6) | - | - | - | - | (6) |
| Intersegment sales | - | - | - | - | - | - | - |
| Excise taxes | - | - | - | - | - | - | - |
| **Revenues from sales** | **-** | **(6)** | **-** | **-** | **-** | **-** | **(6)** |
| Operating expenses | (358) | - | 449 | 110 | - | - | 201 |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (200) | - | - | - | - | - | (200) |
| **Operating income**[b] | **(558)** | **(6)** | **449** | **110** | **-** | **-** | **(5)** |
| Equity in net income (loss) of affiliates and other items | - | - | (76) | (13) | - | - | (89) |
| Tax on net operating income | 201 | 1 | (145) | (38) | - | - | 19 |
| **Net operating income**[b] | **(357)** | **(5)** | **228** | **59** | **-** | **-** | **(75)** |
| Net cost of net debt | | | | | | | (5) |
| Non-controlling interests | | | | | | | (6) |
| **Net income – group share** | | | | | | | **(86)** |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

| *(b) Of which inventory valuation effect* | | | | | |
|---|---|---|---|---|---|
| *On operating income* | - | - | *516* | *118* | - |
| *On net operating income* | - | - | *331* | *84* | - |

| 2nd quarter 2016 (adjusted) (in millions of dollars) [(a)] | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Non-Group sales | 1,822 | 1,920 | 16,567 | 16,913 | (1) | - | 37,221 |
| Intersegment sales | 4,340 | 194 | 5,540 | 208 | 81 | (10,363) | - |
| Excise taxes | - | - | (924) | (4,580) | - | - | (5,504) |
| **Revenues from sales** | **6,162** | **2,114** | **21,183** | **12,541** | **80** | **(10,363)** | **31,717** |
| Operating expenses | (3,334) | (2,078) | (19,972) | (11,878) | (292) | 10,363 | (27,191) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (2,329) | (34) | (246) | (151) | (8) | - | (2,768) |
| **Adjusted operating income** | **499** | **2** | **965** | **512** | **(220)** | **-** | **1,758** |
| Equity in net income (loss) of affiliates and other items | 543 | 63 | 286 | 60 | 98 | - | 1,050 |
| Tax on net operating income | 1 | (22) | (233) | (152) | (10) | - | (416) |
| **Adjusted net operating income** | **1,043** | **43** | **1,018** | **420** | **(132)** | **-** | **2,392** |
| Net cost of net debt | | | | | | | (194) |
| Non-controlling interests | | | | | | | (24) |
| Adjusted net income – group share | | | | | | | 2,174 |
| Adjusted fully-diluted earnings per share ($) | | | | | | | 0.90 |

(a) Except for earnings per share.

| 2nd quarter 2016 (in millions of dollars) | Exploration & Production | Gas, Renewables & Power | Refining & Chemicals | Marketing & Services | Corporate | Intercompany | Total |
|---|---|---|---|---|---|---|---|
| Total expenditures | 3,533 | 95 | 480 | 251 | 207 | - | 4,566 |
| Total divestments | 446 | 6 | 23 | 294 | 4 | - | 773 |
| Cash flow from operating activities | 595 | 111 | 1,561 | 261 | 354 | - | 2,882 |

# 9) Reconciliation of the information by business segment with Consolidated Financial Statements

| 1st half 2017 (in millions of dollars) | Adjusted | Adjustments[a] | Consolidated statement of income |
|---|---|---|---|
| **Sales** | **81,125** | **(27)** | **81,098** |
| Excise taxes | (10,523) | - | (10,523) |
| Revenues from sales | 70,602 | (27) | 70,575 |
| Purchases, net of inventory variation | (46,929) | (456) | (47,385) |
| Other operating expenses | (11,984) | (288) | (12,272) |
| Exploration costs | (396) | - | (396) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (5,433) | (1,944) | (7,377) |
| Other income | 314 | 2,581 | 2,895 |
| Other expense | (116) | (281) | (397) |
| Financial interest on debt | (662) | (14) | (676) |
| Financial income and expense from cash & cash equivalents | (48) | - | (48) |
| Cost of net debt | (710) | (14) | (724) |
| Other financial income | 513 | - | 513 |
| Other financial expense | (319) | - | (319) |
| Equity in net income (loss) of affiliates | 1,169 | (311) | 858 |
| Income taxes | (1,639) | 474 | (1,165) |
| Consolidated net income | 5,072 | (266) | 4,806 |
| Group share | 5,032 | (146) | 4,886 |
| Non-controlling interests | 40 | (120) | (80) |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

| 1st half 2016 (in millions of dollars) | Adjusted | Adjustments[a] | Consolidated statement of income |
|---|---|---|---|
| **Sales** | **70,188** | **(132)** | **70,056** |
| Excise taxes | (10,823) | - | (10,823) |
| Revenues from sales | 59,365 | (132) | 59,233 |
| Purchases, net of inventory variation | (38,487) | 300 | (38,187) |
| Other operating expenses | (11,676) | (366) | (12,042) |
| Exploration costs | (380) | (350) | (730) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (5,448) | (200) | (5,648) |
| Other income | 343 | 329 | 672 |
| Other expense | (119) | (84) | (203) |
| Financial interest on debt | (530) | (11) | (541) |
| Financial income and expense from cash & cash equivalents | 11 | - | 11 |
| Cost of net debt | (519) | (11) | (530) |
| Other financial income | 503 | - | 503 |
| Other financial expense | (321) | - | (321) |
| Equity in net income (loss) of affiliates | 1,296 | (22) | 1,274 |
| Income taxes | (699) | 417 | (282) |
| Consolidated net income | 3,858 | (119) | 3,739 |
| Group share | 3,810 | (116) | 3,694 |
| Non-controlling interests | 48 | (3) | 45 |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

| 2nd quarter 2017 (in millions of dollars) | Adjusted | Adjustments[a] | Consolidated statement of income |
|---|---|---|---|
| **Sales** | **39,942** | **(27)** | **39,915** |
| Excise taxes | (5,433) | - | (5,433) |
| Revenues from sales | 34,509 | (27) | 34,482 |
| Purchases, net of inventory variation | (22,939) | (459) | (23,398) |
| Other operating expenses | (5,868) | (238) | (6,106) |
| Exploration costs | (199) | - | (199) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (2,784) | (14) | (2,798) |
| Other income | 206 | 364 | 570 |
| Other expense | (58) | (48) | (106) |
| Financial interest on debt | (338) | (7) | (345) |
| Financial income and expense from cash & cash equivalents | (37) | - | (37) |
| Cost of net debt | (375) | (7) | (382) |
| Other financial income | 285 | - | 285 |
| Other financial expense | (159) | - | (159) |
| Equity in net income (loss) of affiliates | 578 | (268) | 310 |
| Income taxes | (700) | 228 | (472) |
| Consolidated net income | 2,496 | (469) | 2,027 |
| Group share | 2,474 | (437) | 2,037 |
| Non-controlling interests | 22 | (32) | (10) |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

| 2nd quarter 2016 (in millions of dollars) | Adjusted | Adjustments[a] | Consolidated statement of income |
|---|---|---|---|
| **Sales** | **37,221** | **(6)** | **37,215** |
| Excise taxes | (5,504) | - | (5,504) |
| Revenues from sales | 31,717 | (6) | 31,711 |
| Purchases, net of inventory variation | (21,130) | 582 | (20,548) |
| Other operating expenses | (5,875) | (31) | (5,906) |
| Exploration costs | (186) | (350) | (536) |
| Depreciation, depletion and impairment of tangible assets and mineral interests | (2,768) | (200) | (2,968) |
| Other income | 172 | - | 172 |
| Other expense | (65) | (68) | (133) |
| Financial interest on debt | (262) | (5) | (267) |
| Financial income and expense from cash & cash equivalents | 1 | - | 1 |
| Cost of net debt | (261) | (5) | (266) |
| Other financial income | 312 | - | 312 |
| Other financial expense | (166) | - | (166) |
| Equity in net income (loss) of affiliates | 797 | (21) | 776 |
| Income taxes | (349) | 19 | (330) |
| Consolidated net income | 2,198 | (80) | 2,118 |
| Group share | 2,174 | (86) | 2,088 |
| Non-controlling interests | 24 | 6 | 30 |

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

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