TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF 2018

(unaudited)

1) Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS as published by the International Accounting Standards Board (IASB).

The interim consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) as of June 30, 2018, are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

The accounting principles applied for the consolidated financial statements at June 30, 2018, are consistent with those used for the financial statements at December 31, 2017, with the exception of those texts or amendments that must be applied for periods beginning January 1, 2018.

- First-time application of IFRS 15 "Revenue from Contracts with Customers"

The Group applied IFRS 15 as of January 1, 2018, without restating comparative information from past periods. The cumulative effect of the first application of the standard, recognized in equity as at January 1, 2018, is non-material. The new standard does not lead to any material change in the accounting principles applied by the Group.

- First time application of IFRS 9 "Financial Instruments"

The Group applied IFRS 9 as of January 1, 2018 without restating comparative information from past periods. The impacts related to the first application of the standard, recognized in opening equity at January 1, 2018, are not material.

This standard has three components: classification and measurement of financial instruments, impairment of financial assets, and hedging transactions except macro hedging

The main changes induced by each component are the following:

1. The application of the "Classification and valuation of financial instruments" component led the Group to create a new non-recyclable component in its comprehensive income to record, from January 1, 2018, changes in the fair value of "Investments in equity instruments at the fair value through equity" previously classified as "Available-for-sale financial assets "under IAS 39.

2. The application of the "Impairment of financial assets" component has no significant impact for the Group on January 1, 2018.

3. The application of the "Hedging transactions" component led the Group to recognize in a separate component of the comprehensive income the changes in the Foreign Currency Basis Spread identified in the hedging relationships qualifying as a fair value hedge.

The application of the provisions of IFRS 9 "Financial Instruments" has no significant effect on the Group's balance sheet, income statement and consolidated equity as of June 30, 2018.

The preparation of financial statements in accordance with IFRS for the closing as of June 30, 2018, 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, 2017.

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.

As regards the application of IFRS 16 "Leases" on January 1, 2019, the Group intends to:

- apply the simplified retrospective transition method, by accounting for the cumulative effect of the initial application of the standard at the date of first application, without restating the comparative periods
- use the following simplification measures provided by the standard in the transitional provisions:
    - not apply the standard to contracts that the Group had not previously identified as containing a lease under IAS 17 and IFRIC 4,
    - not take into account leases whose term ends within 12 months of the date of first application
- recognize each lease component of the lease as a separate lease, apart from non-lease components (services) of the lease.

2) Changes in the Group structure

2.1) Main acquisitions and divestments

➢ **Exploration & Production**

- On January 15, 2018, as part of the Strategic Alliance signed in March 2017, TOTAL announced the conclusion of transfer agreements from Petrobras to TOTAL:
  - 35% of the rights, as well as the role of operator in the Lapa field,
  - 22.5% of the rights of the Iara area.

  The amount of this transaction is $ 1.95 billion.
  The details of the acquisition are presented in Note 2.2 to the consolidated financial statements.

- On March 1, 2018, TOTAL finalized the acquisition of Marathon Oil Libya Limited which holds a 16.33% stake in the Waha Concessions in Libya. This transaction amounts to $ 451 million.
  The details of the acquisition are presented in Note 2.2 to the consolidated financial statements.

- On March 8, 2018, TOTAL announced the closing of the Maersk Oil acquisition signed on August 21, 2017. The integration of Maersk Oil, which holds a portfolio of high quality assets, largely complementary to those held by TOTAL, and mainly located in OECD countries, allows the Group to become the second largest operator in the North Sea.
  The details of the acquisition are presented in Note 2.2 to the consolidated financial statements.

- On March 15, 2018, TOTAL finalized the sale to Statoil of all of its interests in the Martin Linge field (51%) and the discovery of Garantiana (40%) on the Norwegian Continental Shelf.

- On March 18, 2018, TOTAL was awarded participating interests in two Offshore Concessions on Umm Shaif & Nasr (20%) and Lower Zakum (5%) in return for the payment of a global bonus of $ 1.45 billion.

- On April 11, 2018, TOTAL acquired several assets located in the Gulf of Mexico as part of the Cobalt International Energy company's bankruptcy auction sale.

➢ **Marketing & Services**

- In January, 2018, the sale of the joint venture TotalErg (Erg 51%, TOTAL 49%) to the Italian company API was finalized.

2.2) Major business combinations

In accordance with IFRS 3, TOTAL is assessing the fair value of identifiable acquired assets, liabilities and contingent liabilities on the basis of available information. This assessment will be finalised within 12 months following the acquisition date.

➢ **Exploration & Production**

- **Transfer of rights in the Lapa and Iara concessions in Brazil**

On January 15, 2018 Petrobras transferred to TOTAL 35% of the rights of the Lapa field which was put in production in December 2016, with a 100,000 barrel per day capacity FPSO.

Petrobras also transferred to TOTAL 22.5% of the rights of the Iara area. Production in Iara is expected to start in 2018 and 2019 depending on the fields.

The acquisition cost amounts to $1,950 million.

In the balance sheet as of June 30, 2018, the provisional fair value of identifiable acquired assets, liabilities and contingent liabilities amounts to $1,950 million.

The provisional purchase price allocation is shown below :

($ million)	At the acquisition date
Intangible assets	1,072
Tangible assets	1,662
Other assets and liabilities	(119)
Net debt	(665)
Fair value of consideration transferred	**1,950**

- **Marathon Oil Lybia Limited**

On March 1, 2018, TOTAL finalized the acquisition of Marathon Oil Libya Limited which holds a 16.33% stake in the Waha Concessions in Libya. The acquisition cost amounts to $451 million.

In the balance sheet as of June 30, 2018, the provisional fair value of identifiable acquired assets, liabilities and contingent liabilities amounts to $451 million.

The provisional purchase price allocation is shown below :

($ million)	At the acquisition date
Intangible assets	326
Tangible assets	192
Other assets and liabilities	(91)
Net debt	24
Fair value of consideration transferred	**451**

- **Maersk Oil**

On March 8, 2018, TOTAL finalized the acquisition of Maersk Oil, following the signature of the « *Share Transfer Agreement* » on August 21, 2017.

The Group acquired all the voting rights of Maersk Oil & Gas A/S (Maersk Oil), a wholly owned subsidiary of A.P. Møller – Mærsk A/S (Maersk), for a purchase consideration of $5,741 million. This includes the fair value ($5,585 million) of 97,522,593 shares issued in exchange for all Maersk Oil shares, calculated using the market price of the company's shares of 46.11 euros on the Euronext Paris Stock Exchange at its opening of business on March 8, 2018, and the amount of price adjustments ($156 million) paid on closing.

In the balance sheet as of June 30, 2018, the provisional fair value of identifiable acquired assets, liabilities and contingent liabilities amounts to $3,113 million.

The Group recognized a $2,628 million goodwill.

The provisional purchase price allocation is shown below:

($ million)	At the acquisition date
Goodwill	2,628
Intangible assets	4,227
Tangible assets	4,033
Other assets and liabilities	(3,223)
Including provision for site restitution	*(2,100)*
Including deferred tax	*(675)*
Net debt	(1,924)
Fair value of consideration transferred	**5,741**

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.

The operational profit and assets are broken down by business segment prior to the consolidation and inter-segment adjustments.

Sales prices between business segments approximate market prices.

The organization of the Group's activities is structured around the four followings segments:

- An Exploration & Production segment;
- A Gas, Renewables & Power segment including downstream Gas activities, New Energies activities (excluding biotechnologies) and Energy Efficiency division;
- A Refining & Chemicals segment constituting a major industrial hub comprising the activities of refining, petrochemicals and specialty chemicals. This segment also includes the activities of oil Supply, Trading and marine Shipping;
- A Marketing & Services segment including the global activities of supply and marketing in the field of petroleum products;

In addition the Corporate segment includes holdings operating and financial activities.

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

(M$)		Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Total
2nd quarter 2018	Inventory valuation effect	-	-	569	134	-	703
	Effect of changes in fair value	-	16	-	-	-	16
	Restructuring charges	-	-	-	-	-	-
	Asset impairment charges	-	(424)	-	-	-	(424)
	Other items	(97)	(1)	-	-	-	(98)
Total		**(97)**	**(409)**	**569**	**134**	**-**	**197**
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)**
1st half 2018	Inventory valuation effect	-	-	531	105	-	636
	Effect of changes in fair value	-	5	-	-	-	5
	Restructuring charges	(53)	-	-	-	-	(53)
	Asset impairment charges	-	(446)	-	-	-	(446)
	Other items	(97)	(93)	-	-	(9)	(199)
Total		**(150)**	**(534)**	**531**	**105**	**(9)**	**(57)**
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)**

ADJUSTMENTS TO NET INCOME, GROUP SHARE

(M$)		Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Total
2nd quarter 2018	Inventory valuation effect	-	-	436	81	-	517
	Effect of changes in fair value	-	9	-	-	-	9
	Restructuring charges	(44)	(2)	-	-	-	(46)
	Asset impairment charges	-	(236)	-	-	-	(236)
	Gains (losses) on disposals of assets	(2)	-	-	-	-	(2)
	Other items	(71)	(3)	-	-	-	(74)
Total		**(117)**	**(232)**	**436**	**81**	**-**	**168**
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)**
1st half 2018	Inventory valuation effect	-	-	412	60	-	472
	Effect of changes in fair value	-	1	-	-	-	1
	Restructuring charges	(59)	(8)	-	-	-	(67)
	Asset impairment charges	-	(248)	-	-	-	(248)
	Gains (losses) on disposals of assets	(103)	-	-	-	-	(103)
	Other items	(51)	(58)	(17)	-	(9)	(135)
Total		**(213)**	**(313)**	**395**	**60**	**(9)**	**(80)**
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)**

4) Shareholders’ equity

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

In accordance with the February 2018 announcements regarding the shareholder return policy over 2018-2020, TOTAL S.A. started share buybacks.

At June 30, 2018, TOTAL S.A. holds 41,429,820 of its own shares, representing 1.55% of its share capital, detailed as follows:

- 8,760,020 shares allocated to TOTAL share grant plans for Group employees;
- 69,759 shares intended to be allocated to new TOTAL share purchase option plans or to new share grant plans;
- 32,600,041 shares acquired during the first three months and intended to be canceled out of which:
    - 9,820,488 shares definitively acquired during the first quarter and intended to be canceled,
    - 18,576,360 shares definitively acquired during the second quarter and intended to be canceled,
    - 4,203,193 shares corresponding to the portion not yet executed on June 30, 2018, of the share buyback for which the group is contractually bound.

These shares are deducted from the consolidated shareholders’ equity.

Dividend

The Annual Shareholders’ Meeting on June 1, 2018 approved the payment of a dividend of €2.48 per share for the 2017 fiscal year. Taking into account the three interim dividends of €0.62 per share that have been paid on October 12, 2017, January 11 and April 9, 2018, the remaining balance of €0.62 per share was paid on June 28, 2018.

The Annual Shareholders’ Meeting on June 1, 2018 approved that shareholders will be given the option to receive the 2017 final dividend in new shares or in cash. The share price of new shares has been set at €52.03 per share. This price is equal to the average opening price on Euronext Paris for the twenty trading days preceding June 1st, 2018, the date of the Annual Shareholders’ Meeting, reduced by the amount of the final dividend, without any discount. On June 28, 2018, 5,798,335 shares have been issued at a price of €52.03 per share.

Another resolution has been approved at the Annual Shareholders’ Meeting on June 1, 2018, if one or more interim dividends are decided by the Board of Directors for the fiscal year 2018, then shareholders will be given the option to receive this or these interim dividends in new shares or in cash.

The Board of Directors, during its April 25, 2018, meeting, decided to set the first interim dividend for the fiscal year 2018 at €0.64 per share. This interim dividend will be paid in cash or in shares on October 12, 2018 (the ex-dividend date will be September 25, 2018).

The Board of Directors, during its July 25, 2018, meeting, decided to set the second interim dividend for the fiscal year 2018 at €0.64 per share. This interim dividend will be paid in cash or in shares on December 18, 2018 (the ex-dividend date will be January 10, 2019).

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 €1.16 per share for the 2nd quarter 2018 (€0.81 per share for the 1st quarter 2018 and €0.71 per share for the 2nd quarter 2017). Diluted earnings per share calculated using the same method amounted to €1.16 per share for the 2nd quarter 2018 (€0.81 per share for the 1st quarter 2018 and €0.71 per share for the 2nd quarter 2017).

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:

(M$)		1st half 2018		1st half 2017
Actuarial gains and losses		67		158
Change in fair value of investments in equity instruments		5		-
Tax effect		(18)		(53)
Currency translation adjustment generated by the parent company		(2,630)		5,464
Sub-total items not potentially reclassifiable to profit and loss		**(2,576)**		**5,569**
Currency translation adjustment		**968**		**(1,418)**
- unrealized gain/(loss) of the period	1,078		(1,372)	
- less gain/(loss) included in net income	110		46	
Available for sale financial assets		**-**		**-**
- unrealized gain/(loss) of the period	-		-	
- less gain/(loss) included in net income	-		-	
Cash flow hedge		**255**		**34**
- unrealized gain/(loss) of the period	142		164	
- less gain/(loss) included in net income	(113)		130	
Variation of foreign currency basis spread		**(27)**		**-**
- unrealized gain/(loss) of the period	(27)		-	
- less gain/(loss) included in net income	-		-	
Share of other comprehensive income of equity affiliates, net amount		**(132)**		**(463)**
- unrealized gain/(loss) of the period	(93)		(465)	
- less gain/(loss) included in net income	39		(2)	
Other		**(2)**		**-**
Tax effect		**(75)**		**(9)**
Sub-total items potentially reclassifiable to profit and loss		**987**		**(1,856)**
Total other comprehensive income, net amount		**(1,589)**		**3,713**

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

(M$)	1st half 2018			1st half 2017		
	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	67	(18)	49	158	(53)	105
Change in fair value of investments in equity instruments	5	-	5	-	-	-
Currency translation adjustment generated by the parent company	(2,630)	-	(2,630)	5,464	-	5,464
Sub-total items not potentially reclassifiable to profit and loss	**(2,558)**	**(18)**	**(2,576)**	**5,622**	**(53)**	**5,569**
Currency translation adjustment	968	-	968	(1,418)	-	(1,418)
Available for sale financial assets	-	-	-	-	(1)	(1)
Cash flow hedge	255	(81)	174	34	(8)	26
Variation of foreign currency basis spread	(27)	6	(21)	-	-	-
Share of other comprehensive income of equity affiliates, net amount	(132)	-	(132)	(463)	-	(463)
Other	(2)	-	(2)	-	-	-
Sub-total items potentially reclassifiable to profit and loss	**1,062**	**(75)**	**987**	**(1,847)**	**(9)**	**(1,856)**
Total other comprehensive income	**(1,496)**	**(93)**	**(1,589)**	**3,775**	**(62)**	**3,713**

5) Financial debt

The Group has not issued any bond during the first six months of 2018.

The Group reimbursed bonds during the first six months of 2018:

- Bond 1.450% issued in 2013 and maturing in January 2018 (USD 1,000 million)
- Bond 2.500% issued in 2013 and maturing in June 2018 (NOK 600 million)
- Bond with floating rate coupon issued in 2014 and maturing in June 2018 (USD 135 million)
- Bond 3.125% issued in several tranches between 2006 / 2008 and maturing in June 2018 (CHF 525 million)

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 2018.

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 and a request for an expert opinion has been approved by the court. The existence and the assessment of the alleged damages in this procedure involving multiple defendants remain contested.

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 court of Appeal upheld 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

1 st half 2018 (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	5,865	7,359	45,088	43,836	3	-	102,151
Intersegment sales	14,717	898	17,396	491	34	(33,536)	-
Excise taxes	-	-	(1,714)	(11,043)	-	-	(12,757)
Revenues from sales	**20,582**	**8,257**	**60,770**	**33,284**	**37**	**(33,536)**	**89,394**
Operating expenses	(8,979)	(8,096)	(58,248)	(31,919)	(399)	33,536	(74,105)
Depreciation, depletion and impairment of tangible assets and mineral interests	(4,834)	(534)	(617)	(346)	(20)	-	(6,351)
Operating income	**6,769**	**(373)**	**1,905**	**1,019**	**(382)**	**-**	**8,938**
Net income (loss) from equity affiliates and other items	1,210	162	417	193	9	-	1,991
Tax on net operating income	(3,322)	(34)	(383)	(297)	181	-	(3,855)
Net operating income	**4,657**	**(245)**	**1,939**	**915**	**(192)**	**-**	**7,074**
Net cost of net debt							(791)
Non-controlling interests							74
Net income - group share							**6,357**

1 st half 2018 (adjustments)[a] (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	-	13	-	-	-	-	13
Intersegment sales	-	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-	-
Revenues from sales	**-**	**13**	**-**	**-**	**-**	**-**	**13**
Operating expenses	(150)	(101)	531	105	(9)	-	376
Depreciation, depletion and impairment of tangible assets and mineral interests	-	(446)	-	-	-	-	(446)
Operating income [b]	**(150)**	**(534)**	**531**	**105**	**(9)**	**-**	**(57)**
Net income (loss) from equity affiliates and other items	(167)	(15)	25	-	-	-	(157)
Tax on net operating income	104	(4)	(158)	(35)	-	-	(93)
Net operating income [b]	**(213)**	**(553)**	**398**	**70**	**(9)**	**-**	**(307)**
Net cost of net debt							(19)
Non-controlling interests							246
Net income - group share							**(80)**

[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	*-*	*-*	*531*	*105*	*-*
- On net operating income	*-*	*-*	*415*	*70*	*-*

1 st half 2018 (adjusted) (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	5,865	7,346	45,088	43,836	3	-	102,138
Intersegment sales	14,717	898	17,396	491	34	(33,536)	-
Excise taxes	-	-	(1,714)	(11,043)	-	-	(12,757)
Revenues from sales	**20,582**	**8,244**	**60,770**	**33,284**	**37**	**(33,536)**	**89,381**
Operating expenses	(8,829)	(7,995)	(58,779)	(32,024)	(390)	33,536	(74,481)
Depreciation, depletion and impairment of tangible assets and mineral interests	(4,834)	(88)	(617)	(346)	(20)	-	(5,905)
Adjusted operating income	**6,919**	**161**	**1,374**	**914**	**(373)**	**-**	**8,995**
Net income (loss) from equity affiliates and other items	1,377	177	392	193	9	-	2,148
Tax on net operating income	(3,426)	(30)	(225)	(262)	181	-	(3,762)
Adjusted net operating income	**4,870**	**308**	**1,541**	**845**	**(183)**	**-**	**7,381**
Net cost of net debt							(772)
Non-controlling interests							(172)
Adjusted net income - group share							**6,437**

1 st half 2018 (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	8,851	328	736	538	58	-	10,511
Total divestments	2,751	483	349	273	3	-	3,859
Cash flow from operating activities (*)	8,197	(75)	(110)	781	(466)	-	8,327

(*) As of January 1st, 2018, for a better reflection of the operating performance of the segments, financial expenses were all transferred to the Corporate segment. 2017 comparative information have been restated.

1 st half 2017 (M$)	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**
Net income (loss) from equity 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**

1 st half 2017 (adjustments)[(a)] (M$)	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)**
Net income (loss) from equity 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)*	*-*

1 st half 2017 (adjusted) (M$)	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**
Net income (loss) from equity 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**

1 st half 2017 (M$)	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 (*)	5,637	40	3,729	582	(647)	-	9,341

(*) As of January 1st, 2018, for a better reflection of the operating performance of the segments, financial expenses were all transferred to the Corporate segment. 2017 comparative information have been restated.

2 nd quarter 2018 (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	3,398	3,268	23,349	22,528	(3)	-	52,540
Intersegment sales	7,793	430	9,440	293	(63)	(17,893)	-
Excise taxes	-	-	(867)	(5,571)	-	-	(6,438)
Revenues from sales	**11,191**	**3,698**	**31,922**	**17,250**	**(66)**	**(17,893)**	**46,102**
Operating expenses	(4,934)	(3,570)	(30,369)	(16,416)	(122)	17,893	(37,518)
Depreciation, depletion and impairment of tangible assets and mineral interests	(2,484)	(464)	(304)	(172)	(11)	-	(3,435)
Operating income	**3,773**	**(336)**	**1,249**	**662**	**(199)**	**-**	**5,149**
Net income (loss) from equity affiliates and other items	569	128	289	107	11	-	1,104
Tax on net operating income	(1,772)	(19)	(279)	(194)	85	-	(2,179)
Net operating income	**2,570**	**(227)**	**1,259**	**575**	**(103)**	**-**	**4,074**
Net cost of net debt							(440)
Non-controlling interests							87
Net income - group share							**3,721**

2 nd quarter 2018 (adjustments)[(a)] (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	-	24	-	-	-	-	24
Intersegment sales	-	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-	-
Revenues from sales	**-**	**24**	**-**	**-**	**-**	**-**	**24**
Operating expenses	(97)	(9)	569	134	-	-	597
Depreciation, depletion and impairment of tangible assets and mineral interests	-	(424)	-	-	-	-	(424)
Operating income[(b)]	**(97)**	**(409)**	**569**	**134**	**-**	**-**	**197**
Net income (loss) from equity affiliates and other items	(66)	(4)	46	1	-	-	(23)
Tax on net operating income	46	(7)	(177)	(38)	-	-	(176)
Net operating income[(b)]	**(117)**	**(420)**	**438**	**97**	**-**	**-**	**(2)**
Net cost of net debt							(9)
Non-controlling interests							179
Net income - group share							**168**

[(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	*-*	*-*	*569*	*134*	*-*
- On net operating income	*-*	*-*	*438*	*97*	*-*

2 nd quarter 2018 (adjusted) (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	3,398	3,244	23,349	22,528	(3)	-	52,516
Intersegment sales	7,793	430	9,440	293	(63)	(17,893)	-
Excise taxes	-	-	(867)	(5,571)	-	-	(6,438)
Revenues from sales	**11,191**	**3,674**	**31,922**	**17,250**	**(66)**	**(17,893)**	**46,078**
Operating expenses	(4,837)	(3,561)	(30,938)	(16,550)	(122)	17,893	(38,115)
Depreciation, depletion and impairment of tangible assets and mineral interests	(2,484)	(40)	(304)	(172)	(11)	-	(3,011)
Adjusted operating income	**3,870**	**73**	**680**	**528**	**(199)**	**-**	**4,952**
Net income (loss) from equity affiliates and other items	635	132	243	106	11	-	1,127
Tax on net operating income	(1,818)	(12)	(102)	(156)	85	-	(2,003)
Adjusted net operating income	**2,687**	**193**	**821**	**478**	**(103)**	**-**	**4,076**
Net cost of net debt							(431)
Non-controlling interests							(92)
Adjusted net income - group share							**3,553**

2 nd quarter 2018 (M$)	Exploration & Production	Gas, Renewables & Power	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	2,980	79	404	310	14	-	3,787
Total divestments	500	405	324	45	-	-	1,274
Cash flow from operating activities (*)	4,628	104	999	841	(326)	-	6,246

(*) As of January 1st, 2018, for a better reflection of the operating performance of the segments, financial expenses were all transferred to the Corporate segment. 2017 comparative information have been restated.

2 nd quarter 2017 (M$)	**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**
Net income (loss) from equity 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**

2 nd quarter 2017 (adjustments)[(a)] (M$)	**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)**
Net income (loss) from equity 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)	-

2 nd quarter 2017 (adjusted) (M$)	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**
Net income (loss) from equity 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**

2 nd quarter 2017 (M$)	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 (*)	2,836	(100)	1,967	251	(314)	-	4,640

(*) As of January 1st, 2018, for a better reflection of the operating performance of the segments, financial expenses were all transferred to the Corporate segment. 2017 comparative information have been restated.

9) Reconciliation of the information by business segment with consolidated financial statements

1st half 2018 (M$)	**Adjusted**	**Adjustments(a)**	**Consolidated statement of income**
Sales	**102,138**	**13**	**102,151**
Excise taxes	(12,757)	-	(12,757)
Revenues from sales	89,381	13	89,394
Purchases net of inventory variation	(60,623)	578	(60,045)
Other operating expenses	(13,496)	(202)	(13,698)
Exploration costs	(362)	-	(362)
Depreciation, depletion and impairment of tangible assets and mineral interests	(5,905)	(446)	(6,351)
Other income	628	147	775
Other expense	(115)	(488)	(603)
Financial interest on debt	(849)	(19)	(868)
Financial income and expense from cash & cash equivalents	(95)	-	(95)
Cost of net debt	(944)	(19)	(963)
Other financial income	561	-	561
Other financial expense	(329)	-	(329)
Net income (loss) from equity affiliates	1,403	184	1,587
Income taxes	(3,590)	(93)	(3,683)
Consolidated net income	**6,609**	**(326)**	**6,283**
Group share	6,437	(80)	6,357
Non-controlling interests	172	(246)	(74)

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

1 st half 2017 (M$)	**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)
Net income (loss) from equity 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.

2 nd quarter 2018 (M$)	**Adjusted**	**Adjustments[a]**	**Consolidated statement of income**
Sales	**52,516**	**24**	**52,540**
Excise taxes	(6,438)	-	(6,438)
Revenues from sales	46,078	24	46,102
Purchases net of inventory variation	(31,263)	664	(30,599)
Other operating expenses	(6,694)	(67)	(6,761)
Exploration costs	(158)	-	(158)
Depreciation, depletion and impairment of tangible assets and mineral interests	(3,011)	(424)	(3,435)
Other income	254	(2)	252
Other expense	(55)	(358)	(413)
Financial interest on debt	(469)	(9)	(478)
Financial income and expense from cash & cash equivalents	(54)	-	(54)
Cost of net debt	(523)	(9)	(532)
Other financial income	321	-	321
Other financial expense	(159)	-	(159)
Net income (loss) from equity affiliates	766	337	1,103
Income taxes	(1,911)	(176)	(2,087)
Consolidated net income	**3,645**	**(11)**	**3,634**
Group share	3,553	168	3,721
Non-controlling interests	92	(179)	(87)

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

2 nd quarter 2017 (M$)	**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)
Net income (loss) from equity 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.

10) <u>Post-closing and other events</u>

- **Gas, Renewables & Power**

- On July 6, 2018, TOTAL announced the closing of the acquisition of a 73.04% interest in Direct Energie for an estimated amount of €1.4 billion and on the same day filed a mandatory tender offer for the shares in Direct Energie not yet held by TOTAL.

- On July 13, 2018, TOTAL announced the closing of the acquisition of Engie's portfolio of upstream liquefied natural gas (LNG) assets for an overall enterprise value of $1.5 billion.