TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF 2016

(unaudited)

1) Accounting policies

The interim consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) as of June 30, 2016 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, 2016 do not differ significantly from those applied for the consolidated financial statements as of December 31, 2015 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, 2016 did not have a material impact on the Group's consolidated financial statements as of June 30, 2016.

The preparation of financial statements in accordance with IFRS requires the executive management to make estimates, judgments and assumptions considered reasonable, which affect the Consolidated Financial Statements and their notes. Different estimates, assumptions and judgments could have significant impacts on the Consolidated Financial Statements and their notes and consequently the final achievements could also be different from the amounts included in the Consolidated Financial Statements.

These estimates, assumptions and judgments are regularly reviewed if circumstances change or as a result of new information or changes in the Group’s experience; they could therefore be significantly changed later.

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, 2015.

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, main acquisitions and divestments

- **Upstream**

  - In March 2016, TOTAL finalized the sale to North Sea Midstream Partners of all its interests in the FUKA and SIRGE gas pipelines, and the St. Fergus gas terminal in the United Kingdom.

  - In June 2016, TOTAL has signed an agreement with Qatar Petroleum, granting the Group a 30 % interest in the concession covering the offshore Al Shaheen oil field in Qatar for a period of 25 years beginning July 14, 2017.

  - In June 2016, Total and Lampiris, the third-largest supplier of natural gas and renewable power to the Belgium residential sector, have signed an agreement under which Total will acquire all of the shares in Lampiris. The agreement is subject to customary regulatory approvals.

- **Marketing & Services**

  - In January 2016, TOTAL finalized the acquisition of a majority 70% interest in the leading Dominican fuel retailer.

  - In April 2016, TOTAL finalized the sale to Demirören Group of its service station network and commercial sales, supply and logistics assets located in Turkey.

- In May 2016, TOTAL has acquired Gulf Africa Petroleum Corporation's (GAPCO) assets in Kenya, Uganda and Tanzania. The transaction is subject to the authorities' approval in the three countries.

3) Adjustment items

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL and which is reviewed by the main operational decision-making body of the Group, namely the Executive committee.

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 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 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 item 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$)		Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
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)	(65)	(10)	-	(425)
Total		**(564)**	**451**	**108**	**-**	**(5)**
2nd quarter 2015	Inventory valuation effect	-	199	51	-	250
	Effect of changes in fair value	(10)	-	-	-	(10)
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	(194)	(31)	(23)	-	(248)
	Other items	(150)	(76)	-	-	(226)
Total		**(354)**	**92**	**28**	**-**	**(234)**
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	(801)	(67)	(10)	-	(878)
Total		**(1,023)**	**244**	**31**	**-**	**(748)**
1st half 2015	Inventory valuation effect	-	434	44	-	478
	Effect of changes in fair value	(6)	-	-	-	(6)
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	(1,240)	(31)	(23)	-	(1,294)
	Other items	(440)	(117)	-	-	(557)
Total		**(1,686)**	**286**	**21**	**-**	**(1,379)**

(M$)		Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
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)	(52)	(14)	-	(292)
Total		**(362)**	**278**	**(2)**	**-**	**(86)**
2nd quarter 2015	Inventory valuation effect	-	138	36	-	174
	Effect of changes in fair value	(6)	-	-	-	(6)
	Restructuring charges	-	-	-	-	-
	Asset impairment charges	(194)	(31)	(20)	-	(245)
	Gains (losses) on disposals of assets	(29)	(4)	360	-	327
	Other items	(280)	(82)	(2)	-	(364)
Total		**(509)**	**21**	**374**	**-**	**(114)**
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	(417)	(56)	(25)	-	(498)
Total		**(194)**	**141**	**(63)**	**-**	**(116)**
1st half 2015	Inventory valuation effect	-	288	40	-	328
	Effect of changes in fair value	(4)	-	-	-	(4)
	Restructuring charges	-	(26)	(5)	-	(31)
	Asset impairment charges	(1,286)	(31)	(37)	-	(1,354)
	Gains (losses) on disposals of assets	299	670	360	-	1,329
	Other items	(140)	(135)	(46)	-	(321)
Total		**(1,131)**	**766**	**312**	**-**	**(53)**

In the second quarter of 2016, the headings « Other items » and « Asset impairment charges » include, in the Upstream segment, charges related to the cessation of the Group activities in Kurdistan ($(550) million in operating income, $(355) million in net income, Group share).

4) <u>Shareholders' equity</u>

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

As of June 30, 2016, TOTAL S.A. holds 13,634,910 of its own shares, representing 0.54% of its share capital, detailed as follows:

- 13,601,945 shares allocated to TOTAL share grant plans for Group employees; and
- 32,965 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.

TOTAL shares held by Group subsidiaries

As of June 30, 2016, TOTAL S.A. holds indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.01% of its share capital, detailed as follows:

- 2,023,672 shares held by a consolidated subsidiary, Total Nucléaire, 100% indirectly controlled by TOTAL S.A.; and
- 98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval), 100% indirectly controlled by TOTAL S.A.

These shares are deducted from the consolidated shareholders' equity.

Dividend

The shareholders' meeting on May 24, 2016 approved the payment of a dividend of €2.44 per share for the 2015 fiscal year. Taking into account the three quarterly dividends of €0.61 per share that have already been paid in shares or in cash on October 21, 2015, January 14, 2016, and April 12, 2016, the remaining balance of €0.61 per share was paid on June 23, 2016. The shareholders' meeting on May 24, 2016, approved the option for shareholders to receive the fourth quarter dividend in shares or in cash. The number of shares issued in lieu of the cash dividend was based on the dividend amount divided by €38.26 per share, equal to 90% of the average Euronext Paris opening price of the shares for the 20 trading days preceding the shareholders meeting reduced by the amount of the dividend remainder. On June 23, 2016, 24,372,848 shares were issued at a price of €38.26 per share.

Another resolution has been approved at the shareholders' meeting on May 24, 2016, being that if one or more interim dividends are decided by the Board of Directors for the fiscal year 2016, then shareholders have the option to receive this or these interim dividends in shares or in cash.

A first interim dividend for the fiscal year 2016 of €0.61 per share, decided by the Board of Directors on April 26, 2016 would be paid on October 14, 2016 (the ex-dividend date will be September 27, 2016).

A second interim dividend for the fiscal year 2016 of €0.61 per share, decided by the Board of Directors on July 27, 2016, would be paid on January 12, 2017 (the ex-dividend date will be December 21, 2016).

Issuance of perpetual subordinated notes

During the first half year of 2016, the Group issued a perpetual deeply subordinated note 3.875% callable after 6 years on May 18, 2022 (1,750 million EUR).

Based on its characteristics and in compliance with the IAS 32 standard, this note was recorded in equity.

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 €0.77 per share for the 2nd quarter 2016 (€0.61 per share for the 1st quarter 2016 and €1.17 per share for the 2nd quarter 2015). Diluted earnings per share calculated using the same method amounted to €0.76 per share for the 2nd quarter 2016 (€0.61 per share for the 1st quarter 2016 and €1.17 per share for the 2nd quarter 2015).

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 2016		1st half 2015
Actuarial gains and losses		(213)		153
Tax effect		72		(117)
Currency translation adjustment generated by the parent company		1,528		(5,229)
Items not potentially reclassifiable to profit and loss		**1,387**		**(5,193)**
Currency translation adjustment		**(1,355)**		**2,588**
- unrealized gain/(loss) of the period	(1,233)		3,044	
- less gain/(loss) included in net income	122		456	
Available for sale financial assets		**(14)**		**(4)**
- unrealized gain/(loss) of the period	(14)		2	
- less gain/(loss) included in net income	-		6	
Cash flow hedge		**32**		**(94)**
- unrealized gain/(loss) of the period	34		(314)	
- less gain/(loss) included in net income	2		(220)	
Share of other comprehensive income of equity affiliates, net amount		**354**		**841**
- unrealized gain/(loss) of the period	372		841	
- less gain/(loss) included in net income	18		-	
Other		**3**		**1**
Tax effect		**(3)**		**29**
Items potentially reclassifiable to profit and loss		**(983)**		**3,361**
Total other comprehensive income, net amount		**404**		**(1,832)**

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

(M$)	1st half 2016 Pre-tax amount	1st half 2016 Tax effect	1st half 2016 Net amount	1st half 2015 Pre-tax amount	1st half 2015 Tax effect	1st half 2015 Net amount
Actuarial gains and losses	(213)	72	(141)	153	(117)	36
Currency translation adjustment generated by the parent company	1,528	-	1,528	(5,229)	-	(5,229)
Items not potentially reclassifiable to profit and loss	**1,315**	**72**	**1,387**	**(5,076)**	**(117)**	**(5,193)**
Currency translation adjustment	(1,355)	-	(1,355)	2,588	-	2,588
Available for sale financial assets	(14)	4	(10)	(4)	-	(4)
Cash flow hedge	32	(7)	25	(94)	29	(65)
Share of other comprehensive income of equity affiliates, net amount	354	-	354	841	-	841
Other	3	-	3	1	-	1
Items potentially reclassifiable to profit and loss	**(980)**	**(3)**	**(983)**	**3,332**	**29**	**3,361**
Total other comprehensive income	**335**	**69**	**404**	**(1,744)**	**(88)**	**(1,832)**

5) Financial debt

The Group did not issue any bond, during the first six months of 2016.

The Group reimbursed bonds during the first six months of 2016:

- Bond 6.50% 2011-2016 (AUD 150 million)
- Bond 2.30% 2010-2016 (USD 1,000 million)
- Bond 0.75% 2012-2016 (USD 750 million)
- Bond US Libor 3 months + 38 bp 2013-2016 (USD 1,000 million)
- Bond 2.375% 2006-2016 (CHF 500 million)
- Bond 2.375% 2009-2016 (CHF 150 million)

In the context of its active cash management, the Group may temporarily increase its current borrowings, particularly in the form of treasury bills and 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 2016.

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. For the same reasons as those successfully adjudicated by Elf Aquitaine against Blue Rapid and the Russian Olympic Committee, the Group considers this claim to be unfounded as a matter of law and fact.

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 of Total Gas & Power North America, Inc. (TGPNA), an American 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 regarding the same facts.

TGPNA has cooperated in the investigation with the U.S. authorities and contests the claims brought against it.

Russia

Since July 2014, the United States of America and the European community have adopted economic sanctions against certain Russian persons and entities, including various entities operating in the financial, energy and defense sectors, in response to the situation in Ukraine.

Among other things, the United States has adopted economic sanctions targeting OAO Novatek[1] ("Novatek"), as well as entities in which Novatek (individually or with other similarly targeted persons or entities collectively) owns an interest of at least 50%, including OAO Yamal LNG[2] ("Yamal LNG").

[1] A Russian company listed on stock exchanges in Moscow and London and in which the Group held an interest of 18.9% as of June 30, 2016.

[2] A company jointly owned by Novatek (50.1%), Total E&P Yamal (20%), CNODC (20%), a subsidiary of China National Petroleum Corporation ("CNPC") and Silk Road Fund (9.9%).

These sanctions prohibit U.S. persons from transacting in, providing financing for or otherwise dealing in debt issued by these entities after July 16, 2014 of greater than 90 days maturity. Consequently, the use of the U.S. dollar for such financing, including for Yamal LNG, is effectively prohibited.

As a result, the Yamal LNG project's financing was finalized in June 2016 without the use of the U.S. dollar or the intervention of U.S. persons. It consists of funding in rubles from the Russian National Welfare Fund, loans in euros from Russian banks, and loans in euros and renminbi from Chinese banks.

The economic sanctions initially adopted by the European Union in 2014 and subsequently extended do not materially affect TOTAL's activities in Russia. TOTAL has been formally authorized to continue all of its activities in Russia (in the Kharyaga field as operator, and in the Termokarstovoye gas field and Yamal LNG project in which the Group holds interests) by the French government which is the competent authority for granting authorization under EU sanctions regime.

TOTAL's activities in Russia are also not materially affected by restrictive measures adopted by the United States in August 2015 imposing export controls and restrictions relating to the export of certain goods, services, and technologies destined for projects located in Russia in the field of oil exploration.

With respect to the exploration project in the Bazhenov play (tight oil) in western Siberia, which has been suspended since 2014, TOTAL signed in July 2015 an agreement transferring the exploration licenses it held in the play to OAO Lukoil. This agreement also sets out the conditions under which TOTAL and OAO Lukoil could potentially resume their joint activities in Russia.

TOTAL continues to monitor the different international economic sanctions with respect to its activities in Russia.

In January 2016, TOTAL signed an agreement to sell 50% of its interest in the Kharyaga field and transfer the operatorship to Zarubezhneft. After the sale, which is expected to be completed in 2016, TOTAL's interest in the Kharyaga field will be 20%.

Yemen

Due to the further deterioration in the security situation in the vicinity of its Balhaf site, the company Yemen LNG, in which the Group holds a 39.62% stake, decided to stop its commercial LNG production and export activities. The plant is in a preservation mode and no expatriate personnel remain on site. As a consequence of this situation, Yemen LNG declared Force Majeure to its various stakeholders in early April 2015.

8) Information by business segment

1 st half 2016 (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	6,810	30,505	32,738	3	-	70,056
Intersegment sales	7,421	9,688	340	151	(17,600)	-
Excise taxes	-	(1,885)	(8,938)	-	-	(10,823)
Revenues from sales	**14,231**	**38,308**	**24,140**	**154**	**(17,600)**	**59,233**
Operating expenses	(9,754)	(35,303)	(22,989)	(513)	17,600	(50,959)
Depreciation, depletion and impairment of tangible assets and mineral interests	(4,778)	(499)	(355)	(16)	-	(5,648)
Operating income	**(301)**	**2,506**	**796**	**(375)**	**-**	**2,626**
Equity in net income (loss) of affiliates and other items	1,239	437	48	201	-	1,925
Tax on net operating income	493	(655)	(270)	29	-	(403)
Net operating income	**1,431**	**2,288**	**574**	**(145)**	**-**	**4,148**
Net cost of net debt						(409)
Non-controlling interests						(45)
Net income						**3,694**

1 st half 2016 (adjustments)[a] (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	(132)	-	-	-	-	(132)
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
Revenues from sales	**(132)**	**-**	**-**	**-**	**-**	**(132)**
Operating expenses	(691)	244	31	-	-	(416)
Depreciation, depletion and impairment of tangible assets and mineral interests	(200)	-	-	-	-	(200)
Operating income [b]	**(1,023)**	**244**	**31**	**-**	**-**	**(748)**
Equity in net income (loss) of affiliates and other items	329	(27)	(79)	-	-	223
Tax on net operating income	500	(75)	(8)	-	-	417
Net operating income [b]	**(194)**	**142**	**(56)**	**-**	**-**	**(108)**
Net cost of net debt						(11)
Non-controlling interests						3
Net income						**(116)**

[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	*-*	*311*	*41*	*-*
- On net operating income	*-*	*198*	*34*	*-*

1 st half 2016 (adjusted) (M$)[a]	**Upstream**	**Refining & Chemicals**	**Marketing & Services**	**Corporate**	**Intercompany**	**Total**
Non-Group sales	6,942	30,505	32,738	3	-	70,188
Intersegment sales	7,421	9,688	340	151	(17,600)	-
Excise taxes	-	(1,885)	(8,938)	-	-	(10,823)
Revenues from sales	**14,363**	**38,308**	**24,140**	**154**	**(17,600)**	**59,365**
Operating expenses	(9,063)	(35,547)	(23,020)	(513)	17,600	(50,543)
Depreciation, depletion and impairment of tangible assets and mineral interests	(4,578)	(499)	(355)	(16)	-	(5,448)
Adjusted operating income	**722**	**2,262**	**765**	**(375)**	**-**	**3,374**
Equity in net income (loss) of affiliates and other items	910	464	127	201	-	1,702
Tax on net operating income	(7)	(580)	(262)	29	-	(820)
Adjusted net operating income	**1,625**	**2,146**	**630**	**(145)**	**-**	**4,256**
Net cost of net debt						(398)
Non-controlling interests						(48)
Adjusted net income						**3,810**
Adjusted fully-diluted earnings per share ($)						**1.58**

[a] *Except for earnings per share.*

1 st half 2016 (M$)	**Upstream**	**Refining & Chemicals**	**Marketing & Services**	**Corporate**	**Intercompany**	**Total**
Total expenditures	7,776	739	729	230	-	9,474
Total divestments	1,363	52	333	10	-	1,758
Cash flow from operating activities	3,096	1,139	225	303	-	4,763

1 st half 2015 (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	9,723	37,257	40,039	9	-	87,028
Intersegment sales	9,305	14,350	495	108	(24,258)	-
Excise taxes	-	(1,940)	(8,856)	-	-	(10,796)
Revenues from sales	**19,028**	**49,667**	**31,678**	**117**	**(24,258)**	**76,232**
Operating expenses	(11,418)	(45,899)	(30,371)	(419)	24,258	(63,849)
Depreciation, depletion and impairment of tangible assets and mineral interests	(5,770)	(543)	(376)	(14)	-	(6,703)
Operating income	**1,840**	**3,225**	**931**	**(316)**	**-**	**5,680**
Equity in net income (loss) of affiliates and other items	1,088	869	423	468	-	2,848
Tax on net operating income	(1,277)	(879)	(324)	(175)	-	(2,655)
Net operating income	**1,651**	**3,215**	**1,030**	**(23)**	**-**	**5,873**
Net cost of net debt						(352)
Non-controlling interests						113
Net income						**5,634**

1 st half 2015 (adjustments)[(a)] (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	(304)	-	-	-	-	(304)
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
Revenues from sales	**(304)**	**-**	**-**	**-**	**-**	**(304)**
Operating expenses	(142)	317	44	-	-	219
Depreciation, depletion and impairment of tangible assets and mineral interests	(1,240)	(31)	(23)	-	-	(1,294)
Operating income[(b)]	**(1,686)**	**286**	**21**	**-**	**-**	**(1,379)**
Equity in net income (loss) of affiliates and other items	(55)	590	285	-	-	820
Tax on net operating income	473	(110)	(22)	-	-	341
Net operating income[(b)]	**(1,268)**	**766**	**284**	**-**	**-**	**(218)**
Net cost of net debt						-
Non-controlling interests						165
Net income						**(53)**

[(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	-	*434*	*44*	-
- On net operating income	-	*288*	*38*	-

1 st half 2015 (adjusted) (M$)[(a)]	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	10,027	37,257	40,039	9	-	87,332
Intersegment sales	9,305	14,350	495	108	(24,258)	-
Excise taxes	-	(1,940)	(8,856)	-	-	(10,796)
Revenues from sales	**19,332**	**49,667**	**31,678**	**117**	**(24,258)**	**76,536**
Operating expenses	(11,276)	(46,216)	(30,415)	(419)	24,258	(64,068)
Depreciation, depletion and impairment of tangible assets and mineral interests	(4,530)	(512)	(353)	(14)	-	(5,409)
Adjusted operating income	**3,526**	**2,939**	**910**	**(316)**	**-**	**7,059**
Equity in net income (loss) of affiliates and other items	1,143	279	138	468	-	2,028
Tax on net operating income	(1,750)	(769)	(302)	(175)	-	(2,996)
Adjusted net operating income	**2,919**	**2,449**	**746**	**(23)**	**-**	**6,091**
Net cost of net debt						(352)
Non-controlling interests						(52)
Adjusted net income						**5,687**
Adjusted fully-diluted earnings per share ($)						**2.47**

[(a)] *Except for earnings per share.*

1 st half 2015 (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	13,804	899	651	45	-	15,399
Total divestments	1,541	2,640	679	17	-	4,877
Cash flow from operating activities	6,238	2,014	1,023	(156)	-	9,119

2 nd quarter 2016 (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	3,344	16,567	17,305	(1)	-	37,215
Intersegment sales	4,159	5,540	208	81	(9,988)	-
Excise taxes	-	(924)	(4,580)	-	-	(5,504)
Revenues from sales	**7,503**	**21,183**	**12,933**	**80**	**(9,988)**	**31,711**
Operating expenses	(4,956)	(19,521)	(12,208)	(293)	9,988	(26,990)
Depreciation, depletion and impairment of tangible assets and mineral interests	(2,531)	(246)	(183)	(8)	-	(2,968)
Operating income	**16**	**1,416**	**542**	**(221)**	**-**	**1,753**
Equity in net income (loss) of affiliates and other items	569	260	34	98	-	961
Tax on net operating income	180	(379)	(190)	(8)	-	(397)
Net operating income	**765**	**1,297**	**386**	**(131)**	**-**	**2,317**
Net cost of net debt						(199)
Non-controlling interests						(30)
Net income						**2,088**

2 nd quarter 2016 (adjustments)[a] (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	(6)	-	-	-	-	(6)
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
Revenues from sales	**(6)**	**-**	**-**	**-**	**-**	**(6)**
Operating expenses	(358)	451	108	-	-	201
Depreciation, depletion and impairment of tangible assets and mineral interests	(200)	-	-	-	-	(200)
Operating income[b]	**(564)**	**451**	**108**	**-**	**-**	**(5)**
Equity in net income (loss) of affiliates and other items	-	(27)	(62)	-	-	(89)
Tax on net operating income	202	(145)	(38)	-	-	19
Net operating income[b]	**(362)**	**279**	**8**	**-**	**-**	**(75)**
Net cost of net debt						(5)
Non-controlling interests						(6)
Net income						**(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*	*-*

2 nd quarter 2016 (adjusted) (M$)[a]	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	3,350	16,567	17,305	(1)	-	37,221
Intersegment sales	4,159	5,540	208	81	(9,988)	-
Excise taxes	-	(924)	(4,580)	-	-	(5,504)
Revenues from sales	**7,509**	**21,183**	**12,933**	**80**	**(9,988)**	**31,717**
Operating expenses	(4,598)	(19,972)	(12,316)	(293)	9,988	(27,191)
Depreciation, depletion and impairment of tangible assets and mineral interests	(2,331)	(246)	(183)	(8)	-	(2,768)
Adjusted operating income	**580**	**965**	**434**	**(221)**	**-**	**1,758**
Equity in net income (loss) of affiliates and other items	569	287	96	98	-	1,050
Tax on net operating income	(22)	(234)	(152)	(8)	-	(416)
Adjusted net operating income	**1,127**	**1,018**	**378**	**(131)**	**-**	**2,392**
Net cost of net debt						(194)
Non-controlling interests						(24)
Adjusted net income						**2,174**
Adjusted fully-diluted earnings per share ($)						**0.90**

[a] *Except for earnings per share.*

2 nd quarter 2016 (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	3,539	480	339	208	-	4,566
Total divestments	448	23	296	6	-	773
Cash flow from operating activities	983	1,560	(15)	354	-	2,882

2 nd quarter 2015 (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	4,498	19,793	20,419	5	-	44,715
Intersegment sales	4,921	7,383	223	56	(12,583)	-
Excise taxes	-	(1,007)	(4,439)	-	-	(5,446)
Revenues from sales	**9,419**	**26,169**	**16,203**	**61**	**(12,583)**	**39,269**
Operating expenses	(5,449)	(24,182)	(15,508)	(180)	12,583	(32,736)
Depreciation, depletion and impairment of tangible assets and mineral interests	(2,329)	(291)	(202)	(9)	-	(2,831)
Operating income	**1,641**	**1,696**	**493**	**(128)**	**-**	**3,702**
Equity in net income (loss) of affiliates and other items	319	107	503	174	-	1,103
Tax on net operating income	(909)	(433)	(193)	(93)	-	(1,628)
Net operating income	**1,051**	**1,370**	**803**	**(47)**	**-**	**3,177**
Net cost of net debt						(164)
Non-controlling interests						(42)
Net income						**2,971**

2 nd quarter 2015 (adjustments)[a] (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	(158)	-	-	-	-	(158)
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
Revenues from sales	**(158)**	**-**	**-**	**-**	**-**	**(158)**
Operating expenses	(2)	123	51	-	-	172
Depreciation, depletion and impairment of tangible assets and mineral interests	(194)	(31)	(23)	-	-	(248)
Operating income[b]	**(354)**	**92**	**28**	**-**	**-**	**(234)**
Equity in net income (loss) of affiliates and other items	(191)	(71)	374	-	-	112
Tax on net operating income	36	-	(24)	-	-	12
Net operating income[b]	**(509)**	**21**	**378**	**-**	**-**	**(110)**
Net cost of net debt						-
Non-controlling interests						(4)
Net income						**(114)**

[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	-	*199*	*51*	-
- On net operating income	-	*138*	*43*	-

2 nd quarter 2015 (adjusted) (M$)[a]	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	4,656	19,793	20,419	5	-	44,873
Intersegment sales	4,921	7,383	223	56	(12,583)	-
Excise taxes	-	(1,007)	(4,439)	-	-	(5,446)
Revenues from sales	**9,577**	**26,169**	**16,203**	**61**	**(12,583)**	**39,427**
Operating expenses	(5,447)	(24,305)	(15,559)	(180)	12,583	(32,908)
Depreciation, depletion and impairment of tangible assets and mineral interests	(2,135)	(260)	(179)	(9)	-	(2,583)
Adjusted operating income	**1,995**	**1,604**	**465**	**(128)**	**-**	**3,936**
Equity in net income (loss) of affiliates and other items	510	178	129	174	-	991
Tax on net operating income	(945)	(433)	(169)	(93)	-	(1,640)
Adjusted net operating income	**1,560**	**1,349**	**425**	**(47)**	**-**	**3,287**
Net cost of net debt						(164)
Non-controlling interests						(38)
Adjusted net income						**3,085**
Adjusted fully-diluted earnings per share ($)						**1.34**

[a] *Except for earnings per share.*

2 nd quarter 2015 (M$)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	5,653	465	436	36	-	6,590
Total divestments	379	874	627	13	-	1,893
Cash flow from operating activities	2,713	1,700	379	(60)	-	4,732

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

1st half 2016 (M$)	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 from marketable securities & 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.

1st half 2015 (M$)	Adjusted	Adjustments[a]	Consolidated statement of income
Sales	**87,332**	**(304)**	**87,028**
Excise taxes	(10,796)	-	(10,796)
Revenues from sales	76,536	(304)	76,232
Purchases net of inventory variation	(51,035)	478	(50,557)
Other operating expenses	(12,131)	(172)	(12,303)
Exploration costs	(902)	(87)	(989)
Depreciation, depletion and impairment of tangible assets and mineral interests	(5,409)	(1,294)	(6,703)
Other income	884	1,459	2,343
Other expense	(235)	(603)	(838)
Financial interest on debt	(493)	-	(493)
Financial income from marketable securities & cash equivalents	59	-	59
Cost of net debt	(434)	-	(434)
Other financial income	397	-	397
Other financial expense	(329)	-	(329)
Equity in net income (loss) of affiliates	1,311	(36)	1,275
Income taxes	(2,914)	341	(2,573)
Consolidated net income	**5,739**	**(218)**	**5,521**
Group share	5,687	(53)	5,634
Non-controlling interests	52	(165)	(113)

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

2 nd quarter 2016 (M$)	**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 from marketable securities & 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.

2 nd quarter 2015 (M$)	**Adjusted**	**Adjustments[(a)]**	**Consolidated statement of income**
Sales	**44,873**	**(158)**	**44,715**
Excise taxes	(5,446)	-	(5,446)
Revenues from sales	39,427	(158)	39,269
Purchases net of inventory variation	(26,603)	250	(26,353)
Other operating expenses	(5,955)	(76)	(6,031)
Exploration costs	(350)	(2)	(352)
Depreciation, depletion and impairment of tangible assets and mineral interests	(2,583)	(248)	(2,831)
Other income	358	364	722
Other expense	(136)	(260)	(396)
Financial interest on debt	(231)	-	(231)
Financial income from marketable securities & cash equivalents	28	-	28
Cost of net debt	(203)	-	(203)
Other financial income	255	-	255
Other financial expense	(163)	-	(163)
Equity in net income (loss) of affiliates	677	8	685
Income taxes	(1,601)	12	(1,589)
Consolidated net income	**3,123**	**(110)**	**3,013**
Group share	3,085	(114)	2,971
Non-controlling interests	38	4	42

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

10) Changes in progress in the Group structure

- **Upstream**

  - TOTAL has signed in January 2016 an agreement for the transfer to Zarubezhneft of a 20% stake and the operatorship in Kharyaga, Russia. At June 30, 2016 the assets and liabilities remain respectively classified in the consolidated balance sheet in “assets classified as held for sale” for an amount of $245 million and “liabilities directly associated with the assets classified as held for sale” for an amount of $165 million. The assets and liabilities concerned mainly include tangible assets for an amount of $189 million and deferred tax liabilities for an amount of $92 million.

- **Refining & Chemicals**

  - Following the sale offering of its electroplating activity Atotech in May 2016, the assets and liabilities have been respectively classified in the consolidated balance sheet in “assets classified as held for sale” for an amount of $1,012 million and “liabilities directly associated with the assets classified as held for sale” for an amount of $482 million at June 30, 2016. The assets and liabilities concerned mainly include tangible assets for an amount of $327 million, inventories for an amount of $182 million, receivables for an amount of $229 million, cash and cash equivalents for an amount of $98 million, non-current liabilities for an amount of $188 million, payables for an amount of $83 million and other creditors and accrued liabilities for an amount of $193 million.

11) Post-closing and other events

- In May 2016, TOTAL and Saft Group announced that, following the signature of an agreement between the companies, TOTAL filed a friendly tender offer on all of the issued and outstanding shares in the capital of Saft with the French Financial Markets Authority (Autorité des Marchés Financiers (“AMF”)).
  The proposed offer targets all of Saft’s issued and outstanding shares at a price of €36.50 per share, ex-dividend of €0.85 per share, valuing Saft’s equity at €950 million.
  On July 18, 2016, the “AMF” published the results of the public tender offer, following which TOTAL holds 23,456,093 Saft Group shares representing 90.14% of the capital and voting rights of Saft Group.