



KPMG Audit  
Tour EQHO  
2 Avenue Gambetta  
CS 60055  
92066 Paris la Défense Cedex  
France



**ERNST & YOUNG Audit**  
1/2, place des Saisons  
92400 Courbevoie  
Paris La Défense 1  
France  
S.A.S. à capital variable

# Total Capital International

**Statutory auditors' report on the financial statements**

Year ended 31 December 2016  
Total Capital International  
2, place Jean Millier - La Défense 6 -  
92400 Courbevoie - France  
*This report contains 23 pages*



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*This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.*

*This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

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## **Total Capital International**

Registered office: 2, place Jean Millier - La Défense 6 - 92400 Courbevoie - France  
Share capital: €300.000

Statutory auditors' report on the financial statements

Year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Total Capital International;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## **1 Opinion on the financial statements**

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or



other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

## **2 Justification of our assessments**

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matters :

Note 1 to the financial statements presents the accounting rules and methods applied to the currency transactions, rate and foreign exchange instruments and bond issues.

As part of our assessment of the accounting policies implemented by your company, we verified that the information presented in this note to the financial statements was appropriate and consistently applied.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## **3 Specific verifications and information**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.



*Total Capital International*  
*Statutory auditors' report on the financial statements*  
*8 February 2017*

In accordance with French law, we inform you that, contrary to the requirements of article L. 225-102-1 of the French Commercial Code ("Code de commerce"), your Company has not included in the management report of the Board of Directors the information relating to remunerations and benefits received by the directors and any other commitments made in their favour. Consequently, we cannot attest the accuracy and fair presentation of this information.

Paris La Défense, 8 February 2017

Paris La Défense, 8 February 2017

The statutory auditors

The statutory auditors

French original signed by

French original signed by

KPMG Audit  
Département de KPMG S.A.

ERNST & YOUNG Audit

Michel Piette  
*Partner*

Yvon Salaün  
*Partner*

**TOTAL CAPITAL INTERNATIONAL  
2 PLACE JEAN MILLIER  
92400 COURBEVOIE  
R.C.S. 479 858 854**

**CONDENSED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2016**

TOTAL CAPITAL INTERNATIONAL

- BALANCE SHEET AS OF 31 DECEMBER 2016
- INCOME STATEMENT AS OF 31 DECEMBER 2016
- CASH FLOW STATEMENT AS OF 31 DECEMBER 2016
- APPENDIX

TOTAL CAPITAL INTERNATIONAL

**BALANCE SHEET  
AS OF 31 DECEMBER 2016**

## TOTAL CAPITAL INTERNATIONAL

( in euros )

## BALANCE SHEET AS OF DECEMBER, 31st 2016

ASSETS	31-Dec-16			31-Dec-15	LIABILITIES	31-Dec-16	31-Dec-15
	Gross	Amortizations depreciations and provisions	Net				
<b>FIXED ASSETS</b>					<b>SHAREHOLDERS' EQUITY (note 4)</b>		
<b>FINANCIAL ASSETS (note 2)</b>					Capital	300,000	300,000
Long-term loans	25,223,637,875		25,223,637,875	22,813,794,475	Reserves	2,079,796	1,038,798
Drawdowns on credit facilities	25,157,037,439		25,157,037,439	22,780,648,759	Legal Reserves	30,000	30,000
Accrued interests on long-term loans	66,600,436		66,600,436	33,145,716	Retained Earnings	2,049,796	1,008,798
Accrued interests on credit facilities					Income for fiscal year	6,845,975	6,020,998
<b>SUB TOTAL I</b>	<b>25,223,637,875</b>		<b>25,223,637,875</b>	<b>22,813,794,475</b>	<b>SUB TOTAL I</b>	<b>9,225,771</b>	<b>7,359,796</b>
<b>CURRENT ASSETS</b>					<b>PROVISIONS</b>		
<b>ACCOUNTS RECEIVABLE (note 3)</b>					<b>SUB TOTAL II</b>		
Current accounts and inter-company loans	15,471,336		15,471,336	7,422,166	<b>LIABILITIES</b>		
Related accounts receivable	15,471,336		15,471,336	7,422,166	Debtenture loans and similar debt debentures (note 5)	25,229,302,137	22,812,449,834
Other receivables					Debtenture loans after hedge swaps	25,157,037,440	22,780,648,759
Accrued income / dedicated swaps					Accrued interests on debtenture loans	72,264,697	31,801,075
					<b>Miscellaneous borrowings and financial debts (note 6)</b>	37,979	25,975
					Commercial Papers		
					Banks and security deposits		
					Creditor current accounts	37,979	25,975
					Related accounts payables / miscellaneous financial liabilities		
					Accrued liabilities / dedicated swaps		
					Miscellaneous creditors		
					<b>Operating liabilities (note 7)</b>		
					Trade notes and accounts payable	543,324	1,381,036
					Tax and social liabilities	104,903	100,000
						438,421	1,281,036
<b>SUB TOTAL II</b>	<b>15,471,336</b>		<b>15,471,336</b>	<b>7,422,166</b>	<b>SUB TOTAL III</b>	<b>25,229,883,440</b>	<b>22,813,856,845</b>
<b>PREPAID EXPENSES III</b>					<b>PREPAID INCOME IV</b>		
<b>TOTAL (I+II+III)</b>	<b>25,239,109,211</b>		<b>25,239,109,211</b>	<b>22,821,216,641</b>	<b>TOTAL (I+II+III+IV)</b>	<b>25,239,109,211</b>	<b>22,821,216,641</b>
	EUR		EUR	EUR		EUR	EUR



TOTAL CAPITAL INTERNATIONAL

**INCOME STATEMENT  
AS OF 31 DECEMBER 2016**

## TOTAL CAPITAL INTERNATIONAL

( in euros )

## INCOME STATEMENT AS OF DECEMBER, 31st 2016

EXPENSES	31-Dec-16	31-Dec-15	INCOME	31-Dec-16	31-Dec-15
<b>OPERATING EXPENSES (note 8)</b>			<b>OPERATING INCOME</b>		
External expenses	2,157,217	1,965,961	Miscellaneous income		
Taxes	113	1,140			
<b>SUB TOTAL I</b>	<b>2,157,330</b>	<b>1,967,101</b>	<b>SUB TOTAL I</b>	<b>0</b>	<b>0</b>
<b>FINANCIAL EXPENSES (note 9)</b>			<b>FINANCIAL INCOME (note 10)</b>		
Interests on debenture loans after swaps			Interests on long-term loans		
Interests on commercial papers	345,554,635	221,201,686	Interests on credit facilities	358,278,254	231,454,404
Interests on Billets de Trésorerie			Interests on inter-company loans		
Interests on loans		364	Interests on current accounts	30,294	9,113
Interests on current accounts	22,269		Interests on bank deposits		
Interests on bank deposits			Income from dedicated swaps		
Interests on dedicated swaps			Other interests and similar income		
Other financial expenses	171,473		Foreign exchange income		850,249
Foreign exchange loss			Diverse financial interests		
Diverse financial expenses					
<b>SUB TOTAL II</b>	<b>345,748,377</b>	<b>221,202,050</b>	<b>SUB TOTAL II</b>	<b>358,308,548</b>	<b>232,313,766</b>
<b>EXTRAORDINARY EXPENSES</b>			<b>EXTRAORDINARY INCOME</b>		
<b>SUB TOTAL III</b>	<b>0</b>	<b>0</b>	<b>SUB TOTAL III</b>	<b>0</b>	<b>0</b>
<b>INCOME TAX IV</b>	<b>3,556,866</b>	<b>3,123,617</b>	<b>NET LOSS FOR THE FISCAL YEAR</b>		
<b>NET INCOME FOR THE PERIOD</b>	<b>6,845,975</b>	<b>6,020,998</b>	<b>TOTAL</b>	<b>EUR</b>	<b>EUR</b>
<b>TOTAL</b>	<b>358,308,548</b>	<b>232,313,766</b>		<b>358,308,548</b>	<b>232,313,766</b>

TOTAL CAPITAL INTERNATIONAL

**CASH FLOW STATEMENT  
AS OF 31 DECEMBER 2016**

## CASH FLOW STATEMENT

in thousand of euros

	31-Dec-16	31-Dec-15
<b>OPERATING CASH FLOW</b>		
Fiscal period income as of 31.12.2015		6,021
Fiscal period income as of 31.12.2016	6,846	
Decrease (increase) of working capital requirement	(848)	105
<b>Net Operating Cash Flow</b>	<b>5,998</b>	<b>6,126</b>
<b>INVESTMENT CASH FLOW</b>		
Increase in long-term loans	(4,542,033)	(4,439,271)
Repayment of long-term loans	2,960,270	3,463,083
<b>Net Investment Cash Flow</b>	<b>(1,581,763)</b>	<b>(976,188)</b>
<b>FINANCING CASH FLOW</b>		
Dividends paid	(4,980)	(3,282)
Net loans issued	1,547,401	975,621
Changes in short-term financial liabilities	23	(1,669)
Changes in short-term receivables	(7,433)	(1,187)
<b>Net Financing Cash Flow</b>	<b>1,535,011</b>	<b>969,483</b>
Cash increase (decrease)	(40,754)	(800)
Impact of foreign exchange fluctuations	40,754	800
Cash at the beginning of the period	0	0
<b>Cash at the end of the period</b>	<b>0</b>	<b>0</b>

TOTAL CAPITAL INTERNATIONAL

**APPENDIX**

## APPENDIX

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## TOTAL CAPITAL INTERNATIONAL

### SIGNIFICANT EVENTS

During the year 2016, Total Capital International continued its activity on debt capital markets through various debt issuance programmes.

During 2016, Total Capital International issued debenture loans for USD 3,057 Million (after swaps) under the EMTN program.

For long-term borrowings, Total Capital International can issue along with TOTAL S.A., TOTAL Capital and Total Capital Canada Ltd., as principal issuer under the EMTN programme (guaranteed by TOTAL S.A.), on a US SEC Registered Shelf programme (guaranteed by TOTAL S.A.), under an AMTN programme in Australia (guaranteed by TOTAL S.A.) and on a stand-alone basis (guaranteed by TOTAL S.A.) on the Swiss market.

Total Capital International's issue programmes have a long term and a short term ratings by Standard and Poor's: A+/A-1 with a negative outlook, and by Moody's: Aa3/P-1 with a stable outlook. These ratings were made possible thanks to TOTAL S.A.'s guarantee granted to these programmes.

On April, 8<sup>th</sup> Moody's, following a complete review of the oil sector, decided to downgrade the rating of the long term debt of Total from Aa1 to Aa3 with a stable perspective.

In addition, Standard & Poors decided on February, 22<sup>nd</sup> to downgrade the rating of the long term debt of Total from AA- to A+ and the short term debt from A-1+ to A-1. The long term debt has a negative perspective.

Interest rates and currency transactions were concluded by empowered entities of Total S.A. in association with the development of the financial activities of Total Capital International, towards the Group as well as the market.

### Note 1: ACCOUNTING RULES GENERAL PRINCIPLES

The balance sheet and income statement are established in accordance with the provisions of French law and in compliance with generally accepted accounting principles used by corporations.

### ACCOUNTING RULES AND METHODS

The long- and medium-term financing transactions within the Total group are recorded as financial assets according to their face value.

#### ✓ Currency transactions

Given Total Capital International's financial activities and the significant amount of its foreign currency inflows and outflows, Total Capital International uses multi-currency accounting, as financial institutions do.

## TOTAL CAPITAL INTERNATIONAL

Therefore, at closing, Total Capital International does not use translation adjustment accounts but revalues balance sheet and off-balance sheet entries whose impact is recorded in the income statement.

The revaluation of long-term off-balance sheet items in foreign currencies is recorded in the balance sheet as the financial derivative instruments with which they match (debenture loans).

The revaluation of short-term off-balance sheet items in foreign currencies is recorded under "revenue receivables from the revaluation of off-balance sheet foreign exchange positions" or "expenses payables for the revaluation of off-balance sheet foreign exchange positions."

The foreign exchange positions are converted into euros based on the exchange rate at the end of the fiscal year.

### ✓ Interest Rate and Currency Financial Instruments

Outstanding transactions involving forward financial instruments are recognized as off-balance sheet liabilities. They consist primarily of interest rate and currency swap agreements negotiated for hedging purposes in order to manage Total Capital International's exposure to fluctuations in interest rates and foreign exchange rates.

The interest differentials along with the premiums or discounts associated with these swaps or forward contracts are recorded, prorated over the period, in the income statement as financial expenses or income over the life of the items that they match.

A provision will be booked for possible losses relating to transactions where the accounting standards for hedging are not respected.

### ✓ Debenture loans

Debenture loans converted into US dollars or euros through individually paired swaps are shown after swaps in the balance sheet and in the income statement. They are converted at the closing rate on the date of the account statement. The profits and losses resulting from the conversion at the closing rate of the currency borrowings and currency swaps are recorded as revenue under the heading: Foreign Exchange Profits and Losses.

### ✓ Presentation of interests on swaps hedging debenture loans

Interests on debenture loans are presented net of swaps. This presentation establishes consistency between the profit and loss statement and the balance sheet (Debenture loans were presented after their reevaluation for foreign exchange variations on associated swaps) and enables a direct assessment of the final cost of debt. On the balance sheet, accrued interests on debenture loans are also disclosed net of accrued interests on swaps.



**Note 2: FINANCIAL ASSETS**

Financial fixed assets of Total Capital International are only comprised of long-term loans in US dollars with Total Finance for an amount of 19.751 Billion euros and with Total S.A. for an amount of 5.406 Billion euros.

**a) Changes in financial assets**

FINANCIAL ASSETS	in thousand of euros			
	POSITION AT THE OPENING OF FISCAL YEAR	INCREASES ACQUISITIONS CONTRIBUTIONS	DECREASES DISPOSALS	GROSS VALUE AT CLOSING
Long-term loans	22,780,649	5,304,057	2,927,669	25,157,037
Accrued interests on long-term loans	33,146	66,055	32,601	66,600
<b>TOTAL</b>	<b>22,813,795</b>	<b>5,370,112</b>	<b>2,960,270</b>	<b>25,223,637</b>

**b) Financial assets repayment schedule**

	in thousand of euros			
	GROSS AMOUNT	LESS THAN A YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Long-term loans	25,157,037	3,522,059	8,385,814	13,249,164
Accrued interests on long-term loans	66,600	66,600		
<b>TOTAL</b>	<b>25,223,637</b>	<b>3,588,659</b>	<b>8,385,814</b>	<b>13,249,164</b>

**Note 3: RECEIVABLES**

100% of the accounts receivable are loans with Total Treasury amounting to 15.471 Million euros

**Detail of Accounts Receivable**

	in thousand of euros			
	GROSS AMOUNT	LESS THAN A YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Current accounts and inter-company loans	15,471	15,471		
Accrued interest (inter-company loans, current accounts)				
Other receivables				
Accrued income on swaps and forward transactions				
<b>TOTAL</b>	<b>15,471</b>	<b>15,471</b>		

**Note 4: SHAREHOLDERS' EQUITY****a) Changes in Shareholders' Equity**

in thousand of euros

2015	POSITION AT THE OPENING OF FISCAL YEAR	NET INCOME APPROPRIATION 2014	POSITION AS OF 31/12/2015
Share capital	300		300
Legal reserve	30		30
Retained earnings	709	300	1,009
Income for fiscal year 2014	3,582	(3,582)	0
Dividend distribution		3,282	6,021
Income as of 31/12/2015			
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4,621</b>	<b>0</b>	<b>7,360</b>

in thousand of euros

2016	POSITION AT THE OPENING OF FISCAL YEAR	NET INCOME APPROPRIATION 2015	POSITION AS OF 31/12/2016
Share capital	300		300
Legal reserve	30		30
Retained earnings	1,009	1,041	2,050
Income for fiscal year 2015	6,021	(6,021)	0
Dividend distribution		4,980	6,846
Income as of 31/12/2016			
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,360</b>	<b>0</b>	<b>9,226</b>

**b) Structure of the Share Capital**

Total Capital International comprises 30,000 shares with a face value of 10 euros each, held as follows:

TOTAL SA	29,994	shares representing	99.98%
DIRECTORS	6	shares representing	0.02%

**NOTE 5: DEBENTURE LOANS AND SIMILAR DEBT DEBENTURES**

The debenture loans are shown below first before conversion into EUR mainly with floating rate. They are redeemed at maturity.

As of 31/12/2016							As of 31/12/2015		
NOMINAL IN SPECIFIC CURRENCY (in thousands)	CURRENCY	DETAIL	IN THOUSAND OF EUROS	LESS THAN A YEAR in thousand of euros	BETWEEN 1 AND 5 YEARS in thousand of euros	MORE THAN 5 YEARS in thousand of euros	NOMINAL IN THOUSAND OF SPECIFIC CURRENCY	IN THOUSAND OF EUROS	
1,050,000	AUD	EXISTING AS OF 31/12/2015	719,375	239,792	411,071	68,512	1,050,000	704,840	
200,000	CAD	EXISTING AS OF 31/12/2015	140,964	70,482	70,482		200,000	132,310	
1,000,000	CHF	EXISTING AS OF 31/12/2015	931,185			931,185	1,000,000	922,935	
5,600,000	EUR	EXISTING AS OF 31/12/2015	5,600,000		2,150,000	3,450,000	5,600,000	5,600,000	
1,250,000		1250 M EUR 0,250%	1,250,000			1,250,000			
1,500,000		1500 M EUR 0,750%	1,500,000			1,500,000			
975,000	GBP	EXISTING AS OF 31/12/2015	1,138,779		671,588	467,191	975,000	1,328,428	
2,472,000	HKD	EXISTING AS OF 31/12/2015	302,382			302,382	2,472,000	292,974	
2,050,000	NOK	EXISTING AS OF 31/12/2015	225,614	159,581	66,033		2,650,000	275,955	
300,000	NZD	EXISTING AS OF 31/12/2015	197,915		197,915		300,000	188,407	
11,385,000	USD	EXISTING AS OF 31/12/2015	10,800,684	2,846,030	3,922,778	4,031,876	12,635,000	11,605,585	
<b>TOTAL</b>			<b>22,806,898</b>	<b>3,315,885</b>	<b>7,489,867</b>	<b>12,001,146</b>		<b>21,051,434</b>	

Most of the debenture loans have been swapped from fixed to floating rate into USD or EUR in order to match financing needs resulting from long term loans and drawdowns on credit facilities.

The impacts of revaluation of swaps are shown below.

	As of 31/12/2016				As of 31/12/2015	
	IN THOUSAND OF EUROS	LESS THAN A YEAR in thousand of euros	BETWEEN 1 AND 5 YEARS in thousand of euros	MORE THAN 5 YEARS in thousand of euros	NOMINAL IN SPECIFIC CURRENCY in thousands of	IN THOUSAND OF EUROS
Total debenture loans before hedge swaps	22,806,898	3,315,885	7,489,867	12,001,146		21,051,434
Impact of revaluation of hedge swaps	2,350,139	206,175	895,946	1,248,018		1,729,214
Total debenture loans after hedge swaps	25,157,037	3,522,060	8,385,813	13,249,164		22,780,649
Interest accrued / debenture loans after swaps (1)	72,265	72,265				31,801
<b>TOTAL</b>	<b>25,229,302</b>	<b>3,594,325</b>	<b>8,385,813</b>	<b>13,249,164</b>		<b>22,812,450</b>

(1) among which accrued interest net of swaps associated to bonds

**Note 6: MISCELLANEOUS BORROWINGS AND FINANCIAL DEBTS**

## Repayment schedule for miscellaneous borrowings and financial debts

	31-Dec-16	LESS THAN A YEAR	BETWEEN 1 AND 5 YEARS	INCLUDING MORE THAN 5 YEARS	31-Dec-15
Deposit and securities					
Current account receivable	38	38			26
Related accounts payables / miscellaneous financial debts					
Accrued liabilities / swap					
Miscellaneous accounts receivable					
<b>TOTAL LIABILITIES</b>	<b>38</b>	<b>38</b>			<b>26</b>

**Note 7: OPERATING LIABILITIES**

## Repayment schedule for operating liabilities

	31-Dec-16	LESS THAN A YEAR	BETWEEN 1 AND 5 YEARS	INCLUDING MORE THAN 5 YEARS	31-Dec-15
Trade notes and accounts payable	105	105			100
Tax and social liabilities	438	438			1,281
<b>TOTAL LIABILITIES</b>	<b>543</b>	<b>543</b>			<b>1,381</b>