

IMPERIAL OIL LTD
Form 10-Q
November 04, 2015
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FORM 10-Q
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2015

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-12014

IMPERIAL OIL LIMITED
(Exact name of registrant as specified in its charter)

CANADA (State or other jurisdiction of	98-0017682 (I.R.S. Employer
incorporation or organization)	Identification No.)
237 Fourth Avenue S.W.	
Calgary, Alberta, Canada (Address of principal executive offices)	T2P 3M9 (Postal Code)
Registrant's telephone number, including area code: 1-800-567-3776	

The registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 91 days. YES NO

The registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

The registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (see definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934).

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

The registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). YES NO

The number of common shares outstanding, as of September 30, 2015, was 847,599,011.

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In this report all dollar amounts are expressed in Canadian dollars unless otherwise stated. This report should be read in conjunction with the company's Annual Report on Form 10-K for the year ended December 31, 2014.

The term "project" as used in this release can refer to a variety of different activities and does not necessarily have the same meaning as under government payment transparency reports.

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IMPERIAL OIL LIMITED

CONSOLIDATED STATEMENT OF INCOME

(U.S. GAAP, unaudited)

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2015	2014	2015	2014
REVENUES AND OTHER INCOME				
Operating revenues (a) (b)	7,111	9,641	20,553	28,237
Investment and other income (note 3)	44	17	106	696
TOTAL REVENUES AND OTHER INCOME	7,155	9,658	20,659	28,933
EXPENSES				
Exploration	19	14	52	52
Purchases of crude oil and products (c)	4,053	6,100	11,653	17,677
Production and manufacturing (d)	1,351	1,358	4,105	4,224
Selling and general	267	254	803	825
Federal excise tax (a)	416	412	1,180	1,165
Depreciation and depletion	400	276	1,052	836
Financing costs (note 5)	12	(1)	20	3
TOTAL EXPENSES	6,518	8,413	18,865	24,782
INCOME BEFORE INCOME TAXES	637	1,245	1,794	4,151
INCOME TAXES	158	309	774	1,037
NET INCOME	479	936	1,020	3,114
PER SHARE INFORMATION (Canadian dollars)				
Net income per common share - basic (note 8)	0.56	1.10	1.20	3.67
Net income per common share - diluted (note 8)	0.56	1.10	1.20	3.66
Dividends per common share	0.14	0.13	0.40	0.39

(a) Federal excise tax included in operating revenues	416	412	1,180	1,165
(b) Amounts from related parties included in operating revenues	944	1,201	2,599	2,759
(c) Amounts to related parties included in purchases of crude oil and products	867	1,111	2,520	2,939
(d) Amounts to related parties included in production and manufacturing expenses	106	93	333	268

The information in the Notes to Consolidated Financial Statements is an integral part of these statements.

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IMPERIAL OIL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(U.S. GAAP, unaudited)

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2015	2014	2015	2014
Net income	479	936	1,020	3,114
Other comprehensive income, net of income taxes				
Post-retirement benefit liability adjustment (excluding amortization)			(176)	(38)
Amortization of post-retirement benefit liability adjustment included in net periodic benefit costs	42	34	126	109
Total other comprehensive income/(loss)	42	34	(50)	71
Comprehensive income	521	970	970	3,185

The information in the Notes to Consolidated Financial Statements is an integral part of these statements.

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IMPERIAL OIL LIMITED

CONSOLIDATED BALANCE SHEET

(U.S. GAAP, unaudited)

millions of Canadian dollars	As at Sept 30 2015	As at Dec 31 2014
ASSETS		
Current assets		
Cash	366	215
Accounts receivable, less estimated doubtful accounts (a)	1,702	1,539
Inventories of crude oil and products	1,223	1,121
Materials, supplies and prepaid expenses	506	380
Deferred income tax assets	316	314
Total current assets	4,113	3,569
Long-term receivables, investments and other long-term assets	1,484	1,406
Property, plant and equipment, less accumulated depreciation and depletion	53,615 (16,050)	50,911 (15,337)
Property, plant and equipment, net	37,565	35,574
Goodwill	224	224
Other intangible assets, net	66	57
TOTAL ASSETS	43,452	40,830
LIABILITIES		
Current liabilities		
Notes and loans payable (b)	1,953	1,978
Accounts payable and accrued liabilities (a) (note 7)	3,393	3,969
Income taxes payable	424	34
Total current liabilities	5,770	5,981
Long-term debt (c) (note 6)	6,473	4,913
Other long-term obligations (d) (note 7)	3,900	3,565
Deferred income tax liabilities	4,148	3,841

TOTAL LIABILITIES	20,291	18,300
SHAREHOLDERS EQUITY		
Common shares at stated value (e)	1,566	1,566
Earnings reinvested	23,704	23,023
Accumulated other comprehensive income (note 9)	(2,109)	(2,059)
TOTAL SHAREHOLDERS EQUITY	23,161	22,530
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	43,452	40,830

- (a) Accounts receivable, less estimated doubtful accounts included amounts receivable from related parties of \$107 million (2014 - accounts payable and accrued liabilities included amounts payable to related parties of \$174 million)
- (b) Notes and loans payable included amounts to related parties of \$75 million (2014 - \$75 million)
- (c) Long-term debt included amounts to related parties of \$5,852 million (2014 - \$4,746 million)
- (d) Other long-term obligations include amounts to related parties of \$231 million (2014 - \$96 million)
- (e) Number of common shares authorized and outstanding were 1,100 million and 848 million, respectively (2014 - 1,100 million and 848 million, respectively)

The information in the Notes to Consolidated Financial Statements is an integral part of these statements.

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IMPERIAL OIL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(U.S. GAAP, unaudited)

inflow/(outflow)

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2015	2014	2015	2014
OPERATING ACTIVITIES				
Net income	479	936	1,020	3,114
Adjustments for non-cash items:				
Depreciation and depletion	400	276	1,052	836
(Gain)/loss on asset sales (note 3)	(29)	(4)	(80)	(664)
Deferred income taxes and other	86	185	358	411
Changes in operating assets and liabilities:				
Accounts receivable	403	104	(163)	(217)
Inventories, materials, supplies and prepaid expenses	(65)	42	(228)	(131)
Income taxes payable	58	(12)	390	(29)
Accounts payable and accrued liabilities	(271)	(216)	(634)	(20)
All other items - net (a)	43	(81)	47	14
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	1,104	1,230	1,762	3,314
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(647)	(1,351)	(2,431)	(3,852)
Proceeds from asset sales (note 3)	28	7	118	814
Additional investments		(35)	(32)	(79)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(619)	(1,379)	(2,345)	(3,117)
FINANCING ACTIVITIES				
Short-term debt - net	(30)	135	(29)	(88)
Long-term debt issued			1,106	
Reduction in capitalized lease obligations	(7)	(3)	(13)	(7)
Dividends paid	(110)	(111)	(330)	(331)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(147)	21	734	(426)

INCREASE (DECREASE) IN CASH	338	(128)	151	(229)
CASH AT BEGINNING OF PERIOD	28	171	215	272
CASH AT END OF PERIOD (b)	366	43	366	43

(a) Included contribution to registered pension plans (46) (95) (178) (267)

(b) Cash is composed of cash in bank and cash equivalents at cost. Cash equivalents are all highly liquid securities with maturity of three months or less when purchased

NON-CASH TRANSACTIONS

A capital lease of approximately \$480 million was not included in Additions to property, plant and equipment or Long-term debt issued lines on the Consolidated Statement of Cash Flows.

The information in the Notes to Consolidated Financial Statements is an integral part of these statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Basis of financial statement preparation

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America and follow the same accounting policies and methods of computation as, and should be read in conjunction with, the most recent annual consolidated financial statements filed with the U.S. Securities and Exchange Commission in the company's 2014 Annual Report on Form 10-K. In the opinion of the company, the information furnished herein reflects all known accruals and adjustments necessary for a fair statement of the results for the periods reported herein. All such adjustments are of a normal recurring nature. The company's exploration and production activities are accounted for under the "successful efforts" method.

The results for the nine months ended September 30, 2015, are not necessarily indicative of the operations to be expected for the full year.

All amounts are in Canadian dollars unless otherwise indicated.

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