

3. Report on implementation of the tariff estimate for the regulated service for oil pumping through Kenkiyak-Kumkol pipeline of Kazakhstan-China Pipeline LLP to the domestic market for the 1st half of 2023

Attachment 1 Form 5
To Rules of establishing tariffs, approved by
the order of the Minter of National Economy of the Republic of Kazakhstan
No 90 dated November 19, 2019

No	Indicators	Measuring unit	Provided in the approved tariff estimate	actually prevailing indicators of tariff estimates	Deviation percent	Reasons of deviation
1	2	3	4	5	6	7
I	The costs for producing goods and providing services	thous.tenge	9 435 267	6 561 436	-30,5%	
	including:					
1	<i>Material costs, total</i>	-//-	55 945	29 698	-46,9%	
	including:					
1.1	raw materials	-//-	14 997	3 760	-74,9%	Represented by the cost of writing off basic materials and purchased products for the production process, spec. clothes for production personnel, as well as the write-off of an emergency stock of spare parts.
1.2	power	-//-	40 949	25 938	-36,7%	Within the framework of the approved tariff estimate, the consumption of electricity was 2,306,487 kWh at a cost of 17.75 tenge/kWh. Actual electricity consumption for the 1st half of the year amounted to 1,273,764 kWh, with an average cost of 20.36 tenge/kWh. The excess of the conditional plan for the 1st half of 2023 is due to an increase in the actual cost of electricity from 17.75 to 20.36 tenge / kWh.
2	<i>Labor costs, total</i>	-//-	98 383	69 290	-29,6%	
	including:	-//-				
2.1	Salary of the production personnel	-//-	89 848	63 279	-29,6%	Labor costs are represented by actual labor costs for production personnel (19 people) with deductions. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost allocation base.
2.2	social tax	-//-	8 536	6 011	-29,6%	
3	<i>Depreciation</i>	-//-	3 693 227	3 106 242	-15,9%	Depreciation is represented by depreciation on fixed production assets of the facilities of the main pipeline "Kenkiyak-Kumkol". Exceeding the notional plan for 1 half of 2023 due to an increase in the revalued carrying amount of property, plant and equipment and the cost allocation base.
4	<i>Repair, total</i>	-//-	241 705	141 870	-41,3%	Expenses are represented by the actual costs for the maintenance and current repair of along-route roads and access roads to the objects of the main pipeline "Kenkiyak-Kumkol", carried out on an annual basis, through the involvement of subcontractors, with a total length of 456.6 km. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost allocation base.
5	<i>Other costs, total</i>	-//-	5 346 006	3 214 336	-39,9%	
	including:					

5.1	private and fire protection	-//-	322 378	268 436	-16,7%	Actual costs are represented by costs: 1. For non-departmental security - costs, according to the concluded agreement on the provision of services for the protection of the linear part and stationary structures of the Kenkiyak-Kumkol oil pipeline from the conditions for organizing patrols / guarding objects / premises / property / people / the linear part and stationary structures of the Kenkiyak-Kumkol oil pipeline Services for the protection of the Kenkiyak-Kumkol oil pipeline. 2. For fire protection - on the basis of an agreement on the provision of fire extinguishing/prevention services at the Aralsk WUA. Exceeding the conditional plan for 1 half of 2023 due to an increase in the cost of services and an increase in the cost sharing base.
5.2	OTM services	-//-	2 400 962	2 139 336	-10,9%	The actual costs are represented by the costs under the concluded agreement with KazTransOil JSC on the provision of services for the operation and maintenance of the Kenkiyak-Kumkol oil pipeline. Exceeding the conditional plan for 1 half of 2023 due to an increase in the cost of services and an increase in the cost sharing base.
5.3	metrology	-//-	2 885	2 293	-20,5%	Expenses are represented by actual expenses for verification of measuring instruments installed at the facilities of the Kenkiyak-Kumkol oil pipeline. Exceeding the conditional plan for 1 half of 2023 due to an increase in the cost of services and an increase in the cost sharing base.
5.4	maintenance of equipment and metering devices	-//-	23 924	17 950	-25,0%	The costs are represented by production and operating costs for the operation and maintenance of the 10/6 kV overhead line; services to ensure the reliability and stability of power supply for 2 cells at the 110 kV Emba substation, as well as services for servicing cells, distribution points, 35/10/6 kV converter substations located at substations supplying objects of the Kenkiyak-Kumkol oil pipeline. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost of services and an increase in the cost allocation base.
5.5	Communication system service	-//-	114 149	71 082	-37,7%	Represented by the costs of maintenance and current repair of equipment for production and technological communication systems (SPTS) of the main oil pipeline "Kenkiyak-Kumkol". The SPTS system includes 40 technological facilities and consists of: FOCL, SDN transport network equipment, BOY, SPD, UPATS, VSC, IPB, VSAT, TRS, CCTV, KOPS, HVAC Systems, OPS and ASP. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost allocation base (from 78% to 97%).
5.6	tax payments and fees	-//-	812 454	593 381	-27,0%	Costs are represented by actual tax payments (property tax; land tax and payment for the use of land plots; payment for emissions into the environment; payment for the use of the radio frequency spectrum), in accordance with the Tax Code of the Republic of Kazakhstan. Excess of the conditional plan for the 1st half of 2023 due to property tax based on the results of actual accrual, at the revalued book value of fixed assets.
5.7	environmental monitoring and protection	-//-	8 605	2 277	-73,5%	Represented by services for the removal (collection) of hazardous waste (oil sludge). Services for industrial monitoring of the state of the environment will be carried out in the second half of 2023.
5.8	maintenance of hazardous production facilities of the oil and gas industry	-//-	20 713	18 213	-12,1%	Represented by services to provide a professional emergency rescue service at the Aralsk OAFP of the Kenkiyak-Kumkol main oil pipeline. The excess of the conditional plan for the 1st half of 2023 is due to an increase in the cost of services and an increase in the cost distribution base (from 78% to 97%).

5.9	maintenance costs for fire alarm systems	-//-	13 659	7 536	-44,8%	Expenses are represented by actual expenses, according to the concluded contracts for the maintenance and current repair of the security and fire alarm and automatic gas fire extinguishing system. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost allocation base.
5.10	TM, TR of the pipeline protection system and TM, TR of video surveillance systems and the perimeter protection system of the main pipeline	-//-	36 156	12 446	-65,6%	Expenses are represented by the following services: 1) maintenance and current repair of the oil pipeline security system; 2) Maintenance, TR of video surveillance systems and perimeter security systems of the main oil pipeline includes maintenance and TR of video surveillance systems; TO and TR systems of perimeter protection.
5.11	transportation services with office vehicles (current repair and maintenance of vehicles	-//-	35 969	27 578	-23,3%	Represented by the costs of purchasing transport services for 4 vehicles serving the production facilities of the Kenkiyak-Kumkol oil pipeline. The excess of the conditional plan for the 1st half of 2023 is due to an increase in the cost distribution base.
5.12	TM and TR of office equipment, software and climate control systems	-//-	18 216	17 641	-3,2%	Presented by the actual costs of maintenance and current repairs of air conditioning and climate control systems. The excess of the conditional plan for the 1st half of 2023 is due to an increase in the cost of services and an increase in the cost distribution base.
5.13	current repair and maintenance of oil metering station	-//-	35 023	10 358	-70,4%	Represented by services for the maintenance and current repair of the SIKN, in order to ensure the constant operability of the SIKN "Kenkiyak" and the SIKN "Kumkol" and its constituent groups of equipment and measuring instruments. Savings based on the results of tender procedures.
5.14	communication service	-//-	16 258	12 833	-21,1%	The costs are represented by services for the provision of: 1) telephone communication through the Kenkiyak-Kumkol main oil pipeline; 2) satellite communication services on the route; 3) Internet access services for the Kenkiyak-Kumkol main pipeline. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost of services and an increase in the cost distribution base (from 78% to 97%).
5.15	accommodation and meals for shift employees	-//-	11 626	11 374	-2,2%	The costs are represented by the actual expenses for accommodation and meals for shift workers, in accordance with the concluded agreement on the provision of services for the provision of accommodation and food at the Kumkol field. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost of services and an increase in the cost sharing base.
5.16	insurance	-//-	1 252	1 601	27,8%	Insurance payments include: 1. Compulsory insurance of an employee against accidents in the performance of labor (service) duties; 2. Civil liability insurance of facility owners; 3. Ecological insurance. The excess of the conditional plan for the 1st half of 2023 is due to an increase in the cost of services.
5.17	training and professional development	-//-	2 214	0	-100,0%	Training of production personnel is planned for the 2nd half of this year.
5.18	technological costs (introduction of an anti-turbulent additive)	-//-	1 469 560	0	-100,0%	Costs are represented by services for the introduction of anti-turbulent additives. The purchase of services for the introduction of an anti-turbulent additive of the Kenkiyak-Kumkol MN was initially formed on the basis of the projected volumes of oil transportation for 2023 at 10.204 million tons per year (letter of KazTransOil JSC dated 15.05.2019). However, according to the updated forecast data provided, the expected volume of oil transportation through the Kenkiyak-Kumkol oil pipeline in 2023 has been reduced to 8,093 million tons; accordingly, the introduction of PTP is not required to transport the reduced volume of oil.
II	Expenses of the period, total	-//-	2 409 598	2 384 650	-1,0%	
	including:					

6	General and administrative costs:	-//-	676 205	368 942	-45,4%	
	including:	-//-				
6.1	salary for administrative staff	-//-	306 635	156 733	-48,9%	The labor costs of the AMS include the payroll, taking into account income tax and contributions to the accumulative pension fund, vacation pay. The costs are represented by wage costs for the actual average number of employees in the amount of 135 people.
6.2	social tax	-//-	29 130	14 890	-48,9%	Social tax is represented by actual costs in accordance with the Tax Code of the Republic of Kazakhstan.
6.3	bank services	-//-	1 404	873	-37,8%	Represented by the actual costs of providing banking services for settlement transactions in tenge and foreign currency, purchase and sale of foreign currency, statements of movement and availability of bank account balances. The increase in costs is due to an increase in the cost distribution base (from 30% to 35%).
6.4	depreciation	-//-	62 798	24 460	-61,0%	Expenses are represented by accrual of depreciation of involved non-production fixed assets and intangible assets, according to the actual "Statement of depreciation of intangible assets" (according to 1C).
6.5	third party services, total	-//-	276 237	171 986	-37,7%	
	including:					
6.5.1	raw materials:	-//-	2 127	949	-55,4%	Represented by write-off costs: 1) purchase and write-off of drinking water for the head office. 2) special clothing, special footwear and other personal protective equipment.
6.5.2	transport services with office vehicles (transport services)	-//-	98 054	69 329	-29,3%	Represented by actual expenses for the purchase of transport services for vehicles serving the administrative and management personnel of the Partnership. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost allocation base (from 30% to 35%).
6.5.3	training and professional development	-//-	6 977	0	-100,0%	Training of AUP employees according to the plan is planned in the 2nd half of this year.
6.5.4	advertisement in mass media	-//-	569	1 071	88,2%	The article is represented by services for the placement of information materials in the media (media) distributed on the territory of the Republic of Kazakhstan. The excess of the conditional plan for the 1st half of 2023 is due to an increase in the volume of placement of materials in the media, so at the request of the Law on the main pipeline, additional halfly publication of information on the pipeline for the population, enterprises, organizations and farms is required.
6.5.5	business trip services	-//-	44 115	15 949	-63,8%	Expenses are represented by actual expenses in accordance with the provisions of the Regulations "On business trips of employees of the Partnership (KS ISM17 / 4-01-018), approved by the Supervisory Board of KKT LLP dated August 27, 2018 No. 1.
6.5.6	comunication services	-//-	3 013	1 298	-56,9%	Represented by actual costs for the provision of international, long-distance communication services, Internet access services.
6.5.7	taxes	-//-	7 976	5 320	-33,3%	Taxes are represented by actual costs in accordance with the Tax Code of the Republic of Kazakhstan. Exceeding the conditional plan for the 1st half of 2023 due to an increase in the cost allocation base (from 30% to 35%).
6.6	other expenses, total	-//-	113 406	78 071	-31,2%	Other costs are represented by the following costs: notary, information services, ISO costs, Stationery, maintenance of office equipment and software, insurance, courier services, maintenance of administrative buildings, staff outstaffing services.

7	costs for interests payment	-//-	1 733 394	2 015 708	16,3%	Represented by interest expense under a loan agreement dated June 27, 2018 in the amount of USD 540 million with ICBC Limited obtained by refinancing existing loans in order to reduce the financial burden and ensure the financial stability of the Partnership, as well as expenses for arranging financing. In general, the excess of the conditional plan for the 1st half of 2023 for the payment of remuneration is due to the growth of the dollar against tenge (upon approval, the exchange rate was adopted at the level of 380 tenge, the actual amounted to 452.29 tenge) and the growth of the cost distribution base, as well as due to an increase in the LIBOR6M rate on the loan from 1.904% (if the tariff is approved) to 5.059% at the time of principal repayment in February 2023.
III	Total costs for services	-//-	11 844 866	8 946 086	-24,5%	
IV	Income	-//-	18 138 328	5 110 178	-71,8%	The decrease in profits is due to an increase in costs associated with an increase in the cost of services and an increase in the share of distribution of costs to the domestic market.
VI	total of income	-//-	29 983 193	14 056 265	-53,1%	
VII	Volume of services provided	thous.ton	7 954	3 785	-52,4%	
VIII	Regulatory Technical Losses	thous.ton	5	3	-40,1%	
IX	Cargo turnover	million tkm	6 225	2 918	-53,1%	
X	Specific tariff (without VAT)	tenge for 1 ton for 1000km.	4 817	4 817	0,0%	

4. On the main financial and economic performance indicators of the Partnership for the 1st half of 2023

No	Name	Actual indicators for the 1st half of 2023 (thous. tenge)
1	Returns	42 797 610
2	Cost of services	-19 062 466
3	Gross return	23 735 144
4	Administrative expenses	-1 729 646
5	Other income from side activities	1 006 588
6	Total operating income	23 012 086
7	Finance costs	-2 624 911
8	Other expenses from side activities	-73 767
9	Income /(loss) before tax	20 313 408
10	Income tax expense	4 190 160
11	Net income (loss)	16 123 248

5. On volumes of regulated services provided for the reporting period

No	indicators of tariff estimates	Measuring unit	provided for 2023 *	fact for the 1st half of 2023	deviation in%
1	Oil pumping volume	thous. ton	7 954	3 785	-52%
2	Cargo turnover	mln tkm	6 225	2 918	-53%

* Indicators of the tariff estimate for the regulated service of Kazakhstan-China Pipeline LLP on oil pumping through the pipeline system for 2021, approved by the order of Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan in Almaty No. 74-ОД dated December 31, 2019

6. On ongoing work with consumers of regulated services

For the reporting period, 27 contracts with consumers were concluded on Kenkiyak-Kumkol pipeline to the domestic market. At the same time, the volume of oil turnover to the domestic market through the Kenkiyak-Kumkol oil pipeline for the 1st half of 2022 amounted to 3,102 million tons / km, with the approved indicators of 6,155 million tons / km in the tariff estimate, which is 50%. Every day oil balance is maintained, pumping data is processed, on the basis of which the accounting of oil commercial operations is controlled, and the interaction of the issuing and receiving parties is coordinated. The quality and quantity of oil is controlled by the Partnership together with KazTransOil JSC.

7. About the prospects of activity (development plans)

- 1) Ensuring uninterrupted oil transportation, reliable and safe operation of oil trunk pipeline facilities.
- 2) Increasing economic efficiency by reducing the financial burden.