

3. Report on the implementation of the tariff estimate for the regulated service of oil pumping through the Kenkiyak-Kumkol main pipeline in the domestic market for 2023

| No. | Indicators | Unit | Provided for in the approved tariff estimate | Actual indicators of the tariff estimate | Deviation in percentage | Reasons of deviation |
|----------|---|-----------------------|--|--|-------------------------|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| I | Costs of goods and services | thousand tenge | 12 925 392 | 13 220 555 | 2,3% | |
| | including: | | | | | |
| 1 | Material costs, total | -/- | 100 348 | 150 119 | 49,6% | |
| | including: | | | | | |
| 1.1 | raw materials | -/- | 47 370 | 94 951 | 100,4% | Represented by the costs of writing off basic materials and bought-in products for the production process, special clothing for production personnel, as well as write-off of emergency stock. The excess costs are due to a large write-off of emergency stock for production purposes. |
| 1.2 | energy | -/- | 52 978 | 55 168 | 4,1% | The adjusted tariff estimate provided for electricity consumption of 2,260,915 kWh, at a cost of 23.4 tenge/kWh, without VAT. Actual electricity consumption was 2,325,989 kWh. The increase in costs is due to actual electricity consumption of 65,074 kWh. |
| 2 | Labor costs, total | -/- | 131 470 | 135 064 | 2,7% | Labor costs are represented by the actual labor costs of production personnel (19 people), taking into account social tax. Overrun due to increasing the cost distribution base from 95.7% to 96.7%. |
| 3 | Depreciation | -/- | 6 108 116 | 6 101 532 | 0% | Depreciation is represented by wear and tear of the production fixed assets of the Kenkiyak-Kumkol main pipeline facilities. |
| 4 | Repair, total | -/- | 237 632 | 240 178 | 1,1% | Expenses are represented by work on the maintenance and current repairs of service and access roads of the Kenkiyak-Kumkol main pipeline facilities in the Kyzylorda and Aktobe regions on an annual basis, through the involvement of subcontractors, with a total length of 456.6 km. Overrun is due to increase in the cost distribution base from 95.7% to 96.7%. |
| 5 | Other costs, total | -/- | 6 347 826 | 6 593 662 | 3,9% | |
| | including: | | | | | |
| 5.1 | security and fire protection | -/- | 531 937 | 535 847 | 0,7% | Actual costs are presented as expenses in accordance with the agreement for security services at the linear part and stationary structures of the Kenkiyak-Kumkol oil pipeline from the terms of patrolling/security of facilities/premises/property/people/linear part and stationary structures of the Kenkiyak-Kumkol oil pipeline and the agreement for fire extinguishing/ fire prevention at ERC Aralisk. Security services for the Kenkiyak-Kumkol oil pipeline consist of: - 15 mobile teams to protect the linear part; - 12 security posts, including 3 stationary security posts (Checkpoint ERC Aralisk, AB Kenkiyak, AB Kumkol) and 9 roving security posts (ERC Aralisk - 4 bypasses, COMS Kenkiyak - 3, COMS Kumkol - 2). Fire protection is provided by creating a fire department with mobile fire fighting equipment in the amount of at least 2 tank trucks in constant (24-hour) readiness of personnel. Overrun is due to increase in the cost distribution base from 95.7% to 96.7%. |
| 5.2 | O&M services | -/- | 4 239 577 | 4 443 795 | 4,8% | Actual costs are represented by costs under the agreement with KazTransOil JSC for operation and maintenance of the Kenkiyak-Kumkol oil pipeline. Overrun is due to an increase in the cost of services, according to additional agreement No. 1 dated December 28, 2023, to Agreement No. 16/452-2022/OS36/2022 dated December 15, 2022 for the operation of the Kenkiyak-Kumkol oil pipeline. |
| 5.3 | metrology | -/- | 2 885 | 8 268 | 186,6% | Costs are represented by actual costs for verification of measuring instruments installed at the facilities of the Kenkiyak-Kumkol oil pipeline. Overrun is due to an increase in the cost of services for verification of instruments measuring the quantity and quality of oil and additional costs for verification of emergency reserves, as well as due to an increase in the cost distribution base from 78% to 96.7%. |
| 5.4 | maintenance of equipment and metering devices | -/- | 44 635 | 55 302 | 23,9% | Costs are represented by production and operational costs for the operation and maintenance of 10/6 kV overhead lines and cells, distribution points, and 35/10/6 kV converter substations of the Kenkiyak-Kumkol main oil pipeline. Overrun is due to the current repair work of the operating current control cabinet of the Aralisk distribution center and the elimination of defects in the 35/10 kV power transformer of the 35/10 kV Tokabay substation for a total amount of 10.3 million tenge. |
| 5.5 | communication systems maintenance | -/- | 140 100 | 143 832 | 2,7% | Represented by the costs of maintenance and current repairs of equipment for industrial communication systems (ICS) of the Kenkiyak-Kumkol main oil pipeline. The ICS system includes 40 technological objects and consists of: fiber optic lines, transport network equipment SDN, BOY, SPD, PABX, VSC, IPB, VSAT, TRS, CCTV, KOPS, HVAC Systems, OPS and ASP. Overrun is due to ongoing repair work of communication equipment at the Kenkiyak-Kumkol main line for 4.9 million tenge. |
| 5.6 | taxes | -/- | 1 146 163 | 1 149 781 | 0% | Costs are represented by actual tax payments (property tax; land tax and fees for the use of land; fees for emissions into the environment; fees for the use of the radio frequency spectrum), in accordance with the Tax Code of the Republic of Kazakhstan. |
| 5.7 | environmental monitoring and protection | -/- | 8 605 | 11 408 | 32,6% | Represented by expenses for industrial monitoring of the environment, as well as the removal of hazardous waste (oil sludge) from PTS-5, PTS PS-4, PTS-3, PTS Shalkar of Kenkiyak-Kumkol MP. Overrun is due to an increase in the cost of oil sludge removal services (from 85 thousand tenge to 119 thousand tenge per 1 ton) and due to an increase in the cost distribution base from 78% to 96.7%. |
| 5.8 | servicing hazardous production facilities in the oil and gas industry | -/- | 36 093 | 36 480 | 1,1% | Represented by professional emergency rescue services at ERC Aralisk of the Kenkiyak-Kumkol main oil pipeline. Overrun is due to increase in the cost distribution base from 95.7% to 96.7%. |
| 5.9 | costs of maintaining fire and security alarm systems | -/- | 14 935 | 20 316 | 36,0% | Expenses are represented by actual expenses, according to agreements for maintenance and current repair of security and fire alarm systems and automatic gas fire extinguishing systems. The excess costs are due to ongoing repair work in the amount of 5.3 million tenge. |

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| 5.10 | M&CR of oil pipeline security systems and M&CR of video surveillance systems and perimeter security systems of the main oil pipeline | -/- | 36 156 | 39 809 | 10,1% | Expenses are represented by services: 1) maintenance and current repair of the oil pipeline security system; 2) maintenance and repair of video surveillance systems and perimeter security systems. Increase in costs due to an increase in the cost distribution base (from 78% to 96.7%). |
| 5.11 | transport services | -/- | 54 652 | 55 237 | 1,1% | Represented by the costs of maintenance of 4 vehicles serving the production facilities of the Kenkiyak-Kumkol oil pipeline. Excess costs due to an increase in the cost distribution base from 95.7% to 96.7%. |
| 5.12 | maintenance and repair of office equipment, software and climate control systems | -/- | 25 331 | 25 892 | 2,2% | Represented by the actual costs of maintenance and current repair of air conditioning and climate control systems. Excess costs due to an increase in the cost distribution base from 95.7% to 96.7%. |
| 5.13 | current repair and maintenance of oil metering units | -/- | 25 458 | 25 838 | 1,5% | Represented by the costs of maintenance and current repair of the oil quantity and quality measuring systems, in order to ensure the constant operability of the OQMS Kenkiyak and OQMS Kumkol. Excess costs due to an increase in the cost distribution base from 95.7% to 96.7%. |
| 5.14 | communication services | -/- | 25 359 | 25 625 | 1,1% | Costs are represented by services: 1) telephone communications at the Kenkiyak-Kumkol main oil pipeline; 2) satellite communication services in the field; 3) Internet access for the Kenkiyak-Kumkol main pipeline. Excess costs due to an increase in the cost distribution base from 95.7% to 96.7%. |
| 5.15 | accommodation and meals for shift workers | -/- | 10 924 | 11 041 | 1,1% | Represented by catering services for workers (rotation workers) in the administrative buildings Kenkiyak and Kumkol of the Partnership. Excess costs due to an increase in the cost distribution base from 95.7% to 96.7%. |
| 5.16 | insurance | -/- | 3 361 | 3 509 | 4,4% | Insurance payments include: 1) compulsory insurance of the employee against accidents at work; 2) civil liability insurance of facility owners; 3) environmental insurance. The increase in expenses is due to an increase in the cost of civil liability insurance for property owners and environmental insurance according to contracts concluded in November 2023. |
| 5.17 | training and advanced training | -/- | 1 656 | 1 681 | 1,5% | Represented by the costs of training production personnel: 1) for the operation of main pipelines (3 people); 2) on industrial safety, in accordance with subparagraph 17, paragraph 3, Article 16 of the Law of the Republic of Kazakhstan "On Civil Protection" (4 people). |
| 5.18 | technological costs (injection of drag-reducing agent) | -/- | 0 | | | |
| II | Expenses of the period, total | -/- | 4 371 505 | 4 455 515 | 1,9% | |
| | including: | | | | | |
| 6 | General and administrative expenses | -/- | 742 831 | 778 448 | 4,8% | |
| | including: | -/- | | | | |
| 6.1 | administrative staff salaries | -/- | 306 635 | 308 929 | 0,7% | AMP's wages include the payroll, taking into account income tax and contributions to the pension fund, and vacation pay. Costs are represented by the actual average number of employees - 135. Excess costs due to an increase in the cost distribution base (from 30% to 35%). |
| 6.2 | social tax | -/- | 29 130 | 29 348 | 0,7% | Social tax is represented by actual costs in accordance with the Tax Code of the Republic of Kazakhstan. Excess costs due to an increase in the cost distribution base (from 30% to 35%). |
| 6.3 | bank services | -/- | 1 404 | 1 671 | 19,0% | Represented by the actual costs of banking services for settlement transactions in tenge and foreign currency, purchase and sale of foreign currency, statements of movement and balances on a bank account. Excess costs due to an increase in the cost distribution base (from 30% to 35%). |
| 6.4 | depreciation | -/- | 49 479 | 52 314 | 5,7% | Expenses are represented by accrual of depreciation of the involved non-production fixed assets and intangible assets, according to the actual "Statement of Depreciation of Intangible Assets" (according to IC). Excess costs due to an increase in the cost distribution base. |
| 6.5 | services of third parties, total | -/- | 356 182 | 386 186 | 8,4% | |
| | including: | | | | | |
| 6.5.1 | materials | -/- | 2 127 | 2 419 | 13,7% | Represented by write-off costs: 1) purchase and write-off of drinking water at the head office. 2) special clothing, special shoes and other personal protective equipment; 3) first aid kits and other essential items. Excess costs due to an increase in the cost distribution base (from 30% to 35%). |
| 6.5.2 | transport services | -/- | 132 668 | 136 092 | 2,6% | Represented by actual costs for the purchase of transport services for the administrative and managerial personnel of the Partnership. Excess costs due to an increase in the cost distribution base (from 34% to 35%). |
| 6.5.3 | training and advanced training | -/- | 3 539 | 5 271 | 49,0% | Represented by expenses for training and advanced training of AMP of the Partnership. Excess costs due to an increase in the number of employees of the Partnership who undergo training. |
| 6.5.4 | advertisements in the media | -/- | 1 832 | 1 875 | 2,4% | The cost item is represented by services for publication of information materials in the media distributed on the territory of the Republic of Kazakhstan. Excess costs due to an increase in the cost distribution base (from 34% to 35%). |
| 6.5.5 | travel services | -/- | 30 041 | 46 909 | 56,2% | Expenses are presented as actual expenses in accordance with the provisions of the Regulation "On business trips of employees of the Partnership (CS IMS 17/4-01-018), approved by the Supervisory Board of KCP dated August 27, 2018 No. 1. Increase in expenses due to an increase in the cost of services and the number of trips. |
| 6.5.6 | communication services | -/- | 2 524 | 2 592 | 2,7% | Represented by the actual costs of international and long-distance communication services, Internet access services, and monthly payments for intra-corporate telephone connections. Excess costs due to an increase in the cost distribution base (from 34% to 35%). |
| 6.5.7 | taxes | -/- | 10 173 | 10 437 | 2,6% | Taxes are represented by actual mandatory payments in accordance with the Tax Code of the Republic of Kazakhstan. Excess costs due to an increase in the cost distribution base (from 34% to 35%). |
| 6.6 | other expenses, total | -/- | 173 278 | 180 590 | 4,2% | |

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|------|------------------------------------|--------------------------------|-------------------|-------------------|-------------|---|
| 7 | Interest expenses | -/- | 3 628 674 | 3 677 066 | 1,3% | Represented by expenses for the payment of interest under the loan agreement dated June 27, 2018 in the amount of USD 540 million with ICBC Limited, obtained through refinancing of existing loans in order to reduce the financial burden and ensure the financial stability of the Partnership, as well as expenses for loan arrangement - deferred expenses incurred in 2018, for arrangement of financing in the amount of 0.9 percent of the amount of the loan agreement for 540 million US dollars (4,860,000 US dollars) and legal support costs in the amount of 150,000 US dollars, which are written off monthly in equal shares during the loan term. Excess costs due to an increase in the cost distribution base from 95.7% to 96.7%. |
| III | Total costs of services | -/- | 17 296 897 | 17 676 070 | 2,2% | |
| IV | Profit | -/- | 12 686 297 | 10 650 053 | -16,1% | The decrease in profit by 2,036,244,000 tenge is due to a shortfall in income by 1,657,071,000 tenge associated with a decrease in the volume of regulated services for reasons beyond the control of the natural monopoly entity, as well as due to an increase in costs by 379,173,000 tenge mainly due to increased cost of services. |
| VI | Total income | -/- | 29 983 193 | 28 326 122 | -5,5% | Lost revenue of 1,657,071,000 tenge due to a reduction in the volume of regulated services provided for reasons beyond the control of the Partnership. |
| VII | Volume of services provided | thousand tons | 7 953,6 | 7 621,7 | -4,2% | Reduction in the volume of regulated services provided for reasons beyond the control of the Partnership. |
| VIII | Standard technical losses | thousand tons | 4,9 | 5,9 | 21% | |
| IX | Freight turnover | million tkm | 6 224,7 | 5 880,7 | -5,5% | Reduction in the volume of regulated services provided for reasons beyond the control of the Partnership. |
| X | Unit tariff (excluding VAT) | tenge/1 ton per 1000 km | 4 816,77 | 4 816,77 | 0% | |

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

| No. | Tariff estimate indicators | Unit | Provided for 2023* | Actual of 2023 | Deviation % |
|-----|----------------------------|---------------|--------------------|----------------|-------------|
| 1 | Oil pumping volume | thousand tons | 7 954 | 7 622 | -4% |
| 2 | Freight turnover | million tkm | 6 225 | 5 881 | -6% |

* Indicators of the tariff estimate of Kazakhstan-China Pipeline LLP for regulated services of pumping oil through the main pipeline system for 2023, approved by order of the Almaty Department of the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated November 10, 2023 No. 131-OD.

6. On the ongoing work with consumers of regulated services

During the reporting period, the Partnership concluded 51 contracts for domestic transportation via the Kenkiyak-Kumkol main oil pipeline, of which 46 shippers transported oil. At the same time, the cargo turnover of the Kenkiyak-Kumkol main oil pipeline in the domestic market in 2023 amounted to 5,881 million tons/km, with the approved plan of 6,225 million tons/km, execution is 94.5%. A daily balance of oil is recorded, data on pumping is processed, on the basis of which the accounting of commercial oil transactions is controlled, and the interaction of the shipping and receiving parties is coordinated. Control over the quality and quantity of oil is carried out by the Partnership together with KazTransOil JSC.

7. On the prospects of activity (development plans)

- 1) Increasing economic efficiency by reducing the financial burden.
- 2) Ensuring uninterrupted oil transportation, reliable and safe operation of oil pipeline facilities;
- 3) Timely submission of an application for approval of the tariff for regulated services of oil pumping through the Kenkiyak-Kumkol oil pipeline system in the domestic market of the Republic of Kazakhstan for 2025-2029.