Annual activity report of Kazakhstan-China Pipeline LLP for consumers and other interested parties

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| **Annual activity report of Kazakhstan-China Pipeline LLP for consumers and other interested parties** | | | | | | | |
| In accordance with the RK law "On natural monopolies and regulated markets" Kazakhstan-China Pipeline LLP reports on its activity to consimers and other interested parties at the annual hearing. The principles of annual reporting are publicity, transparency of a natural monopoly, as well as observation of balance of interests between consumers and natural monopolies. The annual report contains the following information: | | | | | | | |
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| **1) Implementation of investment programs and (or) projects, including those approved by the relevant state authority** | | | | | | | |
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| № | Tariff estimate indicators | Unit of measure | Appropriated\* | Actual | Deviation % |  |  |
| 1 | Reconstruction of PS Kenkiyak | thousand tenge | 57 942,6 | 0 | -100% |  |  |
| 2 | Reconstruction of PS Kumkol | thousand tenge | 47 462,0 | 0 | -100% |  |  |
| 3 | Construction of PS Aralsk | thousand tenge | 4 056 095,0 | 0 | -100% |  |  |
|  | Total: | thousand tenge | 4 161 499,6 | 0 | -100% |  |  |
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| \* Indicators are taken from the Investment program of the Partnership for 2015–2019 approved by the joint order №129-ОД dated 30.03.2015 of RK Committee for regulation of natural monopolies and competition protection and №267 dated 02.04.2015 of the RK Ministry of Energy | | | | | |  |  |
|  |  |  |  |  |  |  |  |
| [Reference](http://www.kcp.kz/eng/sem/report-on-the-implementation-of-the-investment-program-project/_2015/i-st-half-of-2015/execution-of-the-investment-program-of-the-partnership2015.html" \t "_blank):Information from natural monopolies on implementation of the investment program as per the attachment 3 to the Rules of approval of the investment programs (projects) of natural monopolies, their correction, as well as analysis of information about implementation, approved by the RK Minister of National economy, order №194 of 30.12.2014 | | | | | |  |  |
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| **2) Main financial-economic activity indicators of the reported period** | | | | | | | |
|  |  |  |  |  |  |  |  |
| № | Item | Actual (x1000 tenge) |  |  |  |  |  |
| 1 | Income | 51 134 608 |  |  |  |  |  |
| 2 | Prime cost of services | -29 646 377 |  |  |  |  |  |
| 3 | Gross margin | 21 488 231 |  |  |  |  |  |
| 4 | Administrative costs | -3 316 733 |  |  |  |  |  |
| 5 | Other costs (balanced) | 5 049 709 |  |  |  |  |  |
| 6 | Total operational profit | 23 221 207 |  |  |  |  |  |
| 7 | Financing expenses (balanced) | -130 342 228 |  |  |  |  |  |
| 8 | Loss before tax | -107 121 021 |  |  |  |  |  |
| 9 | Income tax saving | 17 978 504 |  |  |  |  |  |
| 10 | Loss after tax | -89 142 517 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| [Reference](http://www.kcp.kz/eng/finansy/2015/consolidated-special-purpose-financial-information-in-accordance-with-the-order-143-of-the-minister-.html" \t "_blank):Profit and loss statement as per the form approved by the RK Minister of Finance, order №143 of 27.02.2015 | | | | | |  |  |
|  |  |  |  |  |  |  |  |
| **3) Volume of regulated services provided in the reported period** | | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| № | Tariff estimate indicators | Unit of measure | Planned\* | Actual | Deviation % |  |  |
| 1 | Volume of oil transported | thousand tons | 5 072 | 4 090 | -19% |  |  |
| 2 | Traffic load | mln tons/km | 4 020 | 3 074 | -24% |  |  |
|  |  |  |  |  |  |  |  |
| \* Indicators of a tariff estimate for the regulated service of oil transportation through the Kenkiyak-Kumkol pipeline of Kazakhstan-China Pipeline LLP to the domestic market, approved by the RK Committee for regulation of natural monopolies and competition protection, order №343-ОД of 20.08.2015 | | | | | |  |  |
|  |  |  |  |  |  |  |  |
| **4) Interaction with consumers** | |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| In the reported period 10 contracts were signed with the consumers for Kenkiyak-Kumkol pipeline. The traffic load of oil made 3 074 million tons against the approved 4 020 million tons in the tariff estimate, what makes 76%. There is daily processing of traffic data and oil balance, used to control commercial oil operations and to coordinate custody transfer. The Partnership control oil quality and quantity with involvement of an independent organization - KazTransOil JSC. For the purpose of customer satisfaction assessment the Partnership conducted a survey in the reported period in order to improve quality of its services. The customers were sent questionnaires. The results showed high level of services provided by the Partnership and made 99%. | | | | | | | |
|  |  |  |  |  |  |  |  |
| [Reference](http://www.kcp.kz/upload/anketa.rar" \t "_blank):Customer questionnaires | | | | | |  |  |
|  |  |  |  |  |  |  |  |
| **5) Itemized execution of a tariff estimate in the reported period, approved by the relevant state authority** | | | | | | | |
|  |  |  |  |  |  |  |  |
| **Execution of a tariff estimate for the regulated service of oil transportation throught Kenkiyak-Kumkol pipeline to the domestic market in 2015** | | | | | |  |  |
| **№** | **Tariff estimate indicators** | **Unit of measure** | **Included in the tariff estimate** | **Actual figures** | **Deviation %** |  |  |
| **I** | **Costs for production of goods and provision of services** | **thousand tenge** | **7 404 530** | **7 445 325** | **0,6%** |  |  |
|  | including: |  |  |  |  |  |  |
| *1* | *Material costs, total* | -//- | *36 354* | *37 240* | *2,4%* |  |  |
|  | including: |  |  |  |  |  |  |
| 1.1 | raw materials and supplies | -//- | 1 823 | 1 839 | 0,9% |  |  |
| 1.2 | fuel | -//- | 1 232 | 1 258 | 2,2% |  |  |
| 1.3 | energy | -//- | 33 299 | 34 143 | 2,5% |  |  |
| *2* | *Labor costs, total* | -//- | *122 848* | *122 846* | *0,0%* |  |  |
|  | including: | -//- |  |  |  |  |  |
| 2.1 | salary | -//- | 111 781 | 111 642 | -0,1% |  |  |
| 2.2 | social tax | -//- | 11 066 | 11 204 | 1,2% |  |  |
| *3* | *Depreciation* | -//- | 3 637 632 | 3 652 598 | *0,4%* |  |  |
| *4* | *Repair, total* | -//- | *77 463* | *77 628* | *0,2%* |  |  |
|  | including: |  |  |  |  |  |  |
| 4.1 | major overhaul that does not increase the cost of fixed assets | -//- | 77 463 | 77 628 | 0,2% |  |  |
| *5* | *Other costs, total* | -//- | *3 530 233* | *3 555 014* | *0,7%* |  |  |
|  | including: |  |  |  |  |  |  |
| 5.1 | Security and fire protection | -//- | 291 679 | 292 123 | 0,2% |  |  |
| 5.2 | Other costs, total | -//- | 3 238 554 | 3 262 891 | 0,8% |  |  |
|  | including: |  |  |  |  |  |  |
| 5.2.1 | air services | -//- | 74 900 | 78 000 | 4,1% |  |  |
| 5.2.2 | maintenance | -//- | 1 815 662 | 1 835 274 | 1,1% |  |  |
| 5.2.3 | metrology | -//- | 3 847 | 3 903 | 1,4% |  |  |
| 5.2.4 | diagnostics | -//- |  |  |  |  |  |
| 5.2.5 | maintenance of metering equipment and devices | -//- | 20 900 | 20 855 | -0,2% |  |  |
| 5.2.6 | maintenance of telecom systems | -//- | 79 890 | 79 890 | 0,0% |  |  |
| 5.2.7 | taxes and fees | -//- | 1 148 711 | 1 149 127 | 0,0% |  |  |
| 5.2.8 | environmental monitoring and protection | -//- | 4 240 | 4 279 | 0,9% |  |  |
| 5.2.9 | costs for maintenance of security and fire alarm | -//- | 33 421 | 33 438 | 0,1% |  |  |
| 5.2.10 | repair and maintenance of motor vehicles | -//- | 1 888 | 1 928 | 2,1% |  |  |
| 5.2.11 | maintenance and repair of office equipment, software and air conditioners | -//- | 11 168 | 11 170 | 0,0% |  |  |
| 5.2.12 | repair and maintenance of oil metering stations | -//- | 20 533 | 21 048 | 2,5% |  |  |
| 5.2.13 | communication services | -//- | 19 180 | 19 749 | 3,0% |  |  |
| 5.2.14 | accomodation of shift workers | -//- | 994 | 1 002 | 0,8% |  |  |
| 5.2.15 | insurance | -//- | 1 987 | 1 991 | 0,2% |  |  |
| 5.2.16 | training and advance training | -//- | 1 232 | 1 239 | 0,5% |  |  |
| **II** | **Period costs, total** | **-//-** | **2 920 615** | **2 922 899** | **0,1%** |  |  |
|  | including: |  |  |  |  |  |  |
| **6** | **General and administrative costs** | **-//-** | **442 913** | **445 197** | **0,5%** |  |  |
|  | including: | -//- |  |  |  |  |  |
| 6.1 | salary of administrative personnel | -//- | 211 340 | 211 593 | 0,1% |  |  |
| 6.2 | social tax | -//- | 20 923 | 20 927 | 0,0% |  |  |
| 6.3 | bank services | -//- | 2 077 | 2 127 | 2,4% |  |  |
| 6.4 | depreciation | -//- | 28 157 | 28 183 | 0,1% |  |  |
| 6.5 | third party services, total | -//- | 3 119 | 3 125 | 0,2% |  |  |
|  | including: |  |  |  |  |  |  |
| 6.5.1 | fuel purchasing | -//- | 1 406 | 1 406 | 0,0% |  |  |
| 6.5.2 | transportation services | -//- | 1 713 | 1 719 | 0,4% |  |  |
| 6.6 | business trip services | -//- | 25 144 | 25 253 | 0,4% |  |  |
| 6.7 | communication services | -//- | 3 063 | 3 093 | 1,0% |  |  |
| 6.8 | taxes | -//- | 26 253 | 26 331 | 0,3% |  |  |
| 6.9 | other costs, total | -//- | 122 838 | 124 563 | 1,4% |  |  |
|  | including: |  |  |  |  |  |  |
| 6.9.1 | audit services | -//- | 3 823 | 3 858 | 0,9% |  |  |
| 6.9.2 | legal services | -//- | 923 | 934 | 1,2% |  |  |
| 6.9.3 | notary services | -//- | 291 | 291 | 0,2% |  |  |
| 6.9.4 | consulting services | -//- | 2 129 | 2 135 | 0,3% |  |  |
| 6.9.5 | office equipment and software servicing | -//- | 2 329 | 2 371 | 1,8% |  |  |
| 6.9.6 | insurance | -//- | 524 | 543 | 3,6% |  |  |
| 6.9.7 | courrier services, mail | -//- | 584 | 588 | 0,8% |  |  |
| 6.9.8 | maintenance of administrative buildings |  | 4 884 | 4 887 | 0,0% |  |  |
| 6.9.9 | financing costs | -//- | 107 351 | 108 955 | 1,5% |  |  |
| **7** | **Loan interest costs** | **-//-** | **2 477 702** | **2 477 702** | **0,0%** |  |  |
| **III** | **Total costs for services** | **-//-** | **10 325 145** | **10 368 224** | **0,4%** |  |  |
| **IV** | **Income (foregone)** | **-//-** | **9 328 699** | **3 682 699** | **-60,5%** |  |  |
| **V** | **Total income** | **-//-** | **19 653 844** | **14 050 924** | **-28,5%** |  |  |
| VI | Volume of services | thousand tons | 5 072 | 4 090 | -19,4% |  |  |
| VIII | Traffic load | mln tons/km | 4 020 | 3 074 | -23,5% |  |  |
| **IX** | **Domestic tariff (excl. VAT)** | **tenge/1 ton for 1000km** | **4 889,02** | **4 889,02** | **0,0%** |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **6) Business prospects (development plans), including potential changes of tariffs for regulated services** | | | | | | | |
|  |  |  |  |  |  |  |  |
| Further implementation of the Partnership's investment program approved by the joint order of №129-ОД dated 30.03.2015 of RK Committee for regulation of natural monopolies and competition protection and №267 dated 02.04.2015 of the RK Ministry of Energy | | | | | | | |