



ҚАЗАҚСТАН-ҚЫТАЙ ҚҰБЫРЫ
**KAZAKHSTAN-
CHINA PIPELINE**
КАЗАХСТАНСКО-КИТАЙСКИЙ ТРУБОПРОВОД

PUBLIC HEARINGS
of the annual activity report of
Kazakhstan-China Pipeline LLP
for 2015

20 April 2016



Agenda

Goals of the hearing of the annual activity report of Kazakhstan-China Pipeline LLP for 2015 on provision of regulated services of oil transportation through the Kenkiyak-Kumkol pipeline within the domestic market before the consumers and other interested parties (the Hearing) are:

- Increase of consumer rights protection
- Assurance of activity transparency by natural monopolies

1

Appointment of a secretary of the Hearing from employees of the natural monopoly to take minutes.

2

Speech of the first director, or a person replacing him, in accordance with the annual report procedure.

3

Questions and opinions of the Hearing participants with attachment of the written speech to the record.

4

Conclusions and closing of the Hearing.



General information

Kazakhstan-China Pipeline LLP was established in the frames of implementation of:

Frame agreement between the Governments of the Republic of Kazakhstan and People's Republic of China on development of comprehensive cooperation in the oil and gas sphere, dated 17 May 2004.

Agreement on the main principles of Atasu-Alashankou pipeline construction, dated 17 May 2004, signed between KazMunaiGas JSC and China National Petroleum Corporation (CNPC)

Agreement on the main principles of construction of the second stage of Kazakhstan-China pipeline construction, dated 20 December 2006, signed between KazMunaiGas and CNPC in order to increase the capacity of Atasu-Alashankou pipeline up to 20 million tons a year.

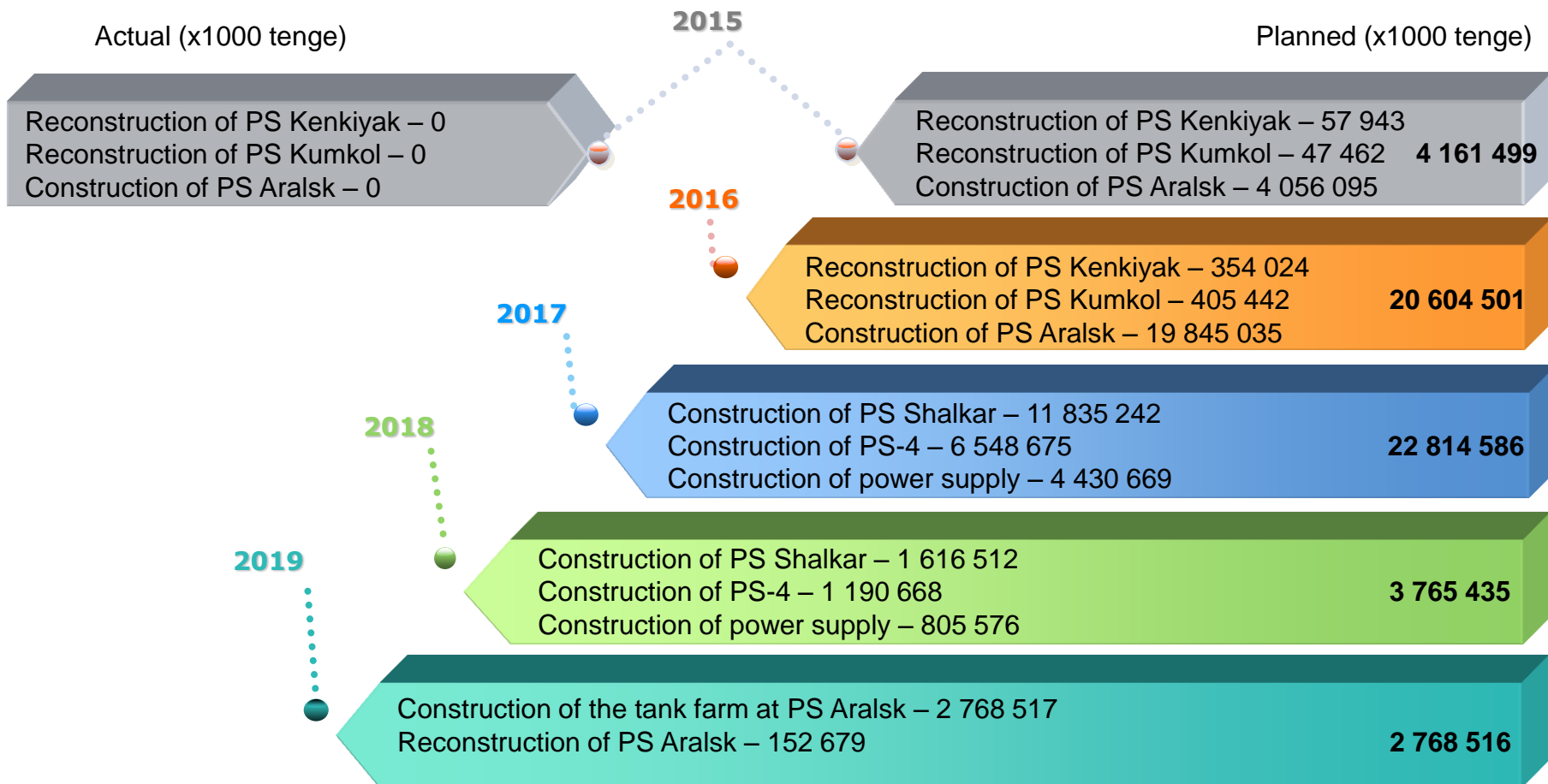
Agreement on the main principles of cooperation for expansion and operation of Kazakhstan-China pipeline, dated 6 April 2013, between KazMunaiGas and CNPC, in order to increase the capacity of Kenkiyak-Kumkol pipeline up to 20 million tons a year

The Partnership is included in the republican section of the State register of natural monopolies, in accordance with the order № 12-ОД dated 9 January 2007 by the Chairman of the RK Agency for regulation of natural monopolies.



Investment program

The investment program of the Partnership was approved by the joint order of the RK Committee for regulation of natural monopolies and competition protection №129-ОД of 30 March 2015 and the RK Ministry of Energy №267 of 2 April 2015.

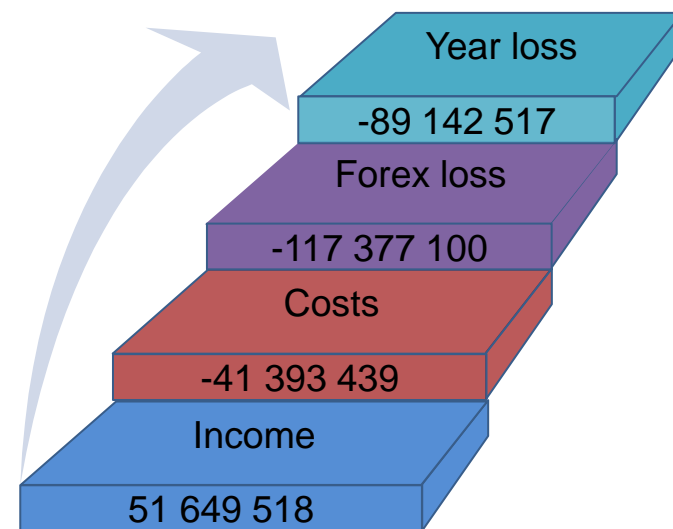
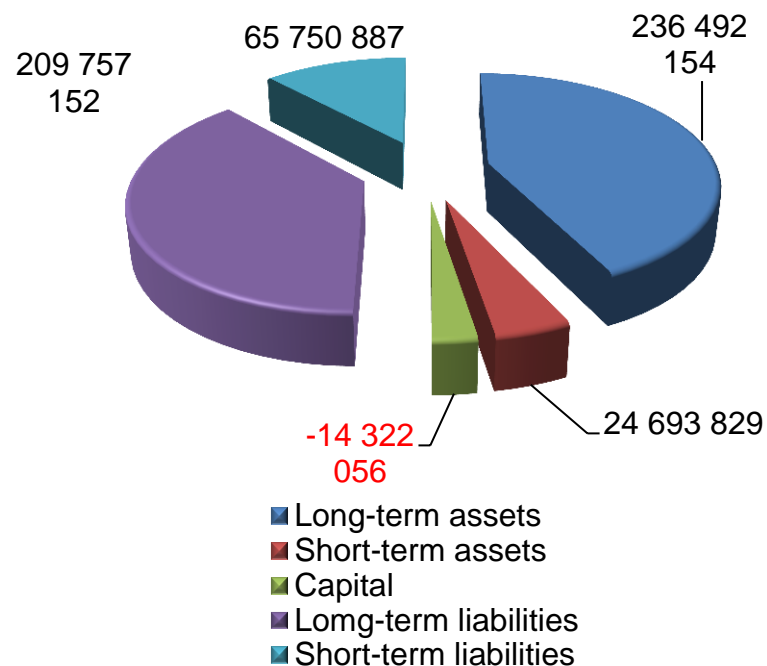


Total capital expenditures under the Investment program – 54 114 539 000 tenge



Financial and economic indicators

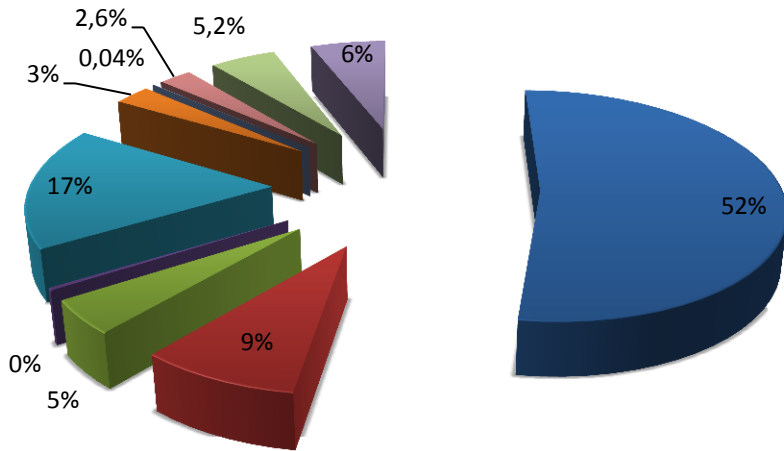
№	Indicators	Cost, x1000 tenge
1	Non-current assets, including:	236 492 154
2	Fixed assets	230 515 330
3	Current assets	24 693 829
4	Equity capital	-14 322 056
5	Long-term liabilities	209 757 152
6	Short-term liabilities	65 750 887
7	Service income	51 134 608
8	Other revenues	514 910
9	Costs	158 770 539
10	Prime costs of services	29 646 377
11	General and administrative costs	3 316 733
12	Interest expenses	8 430 329
13	Forex exchange loss	117 377 100
14	Income tax saving	17 978 504
15	Year loss	-89 142 517
16	Cash balance	17 974 613





Volume of services and customer relations

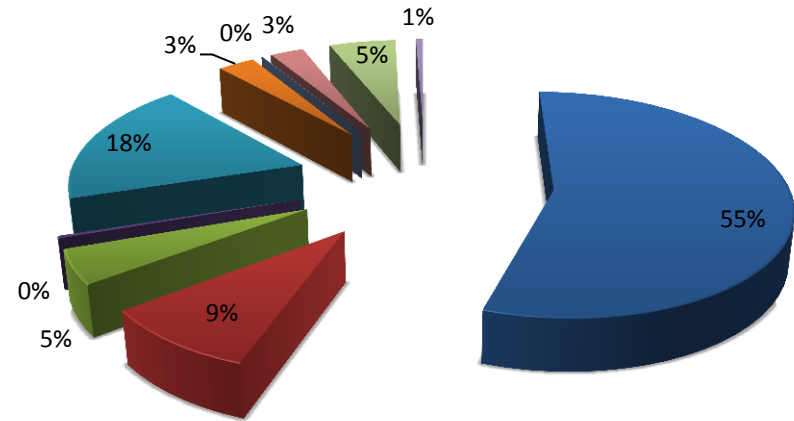
Volume of oil transportation (x1000 tenge)



- CNPC Aktobemunaigas JSC
- KMK Munai JSC
- MangistauMunaiGas JSC
- Aral Petroleum Capital LLP
- Embamunaigas and others

- Kazakhoil Aktobe JSC
- Caspi Neft TME JSC
- Altius Petroleum
- Firam Ada Oil LLP
- SouthOil LLP VS No.29

Oil traffic (x1000 tenge)



- CNPC Aktobemunaigas JSC
- KMK Munai JSC
- MangistauMunaiGas JSC
- Aral Petroleum Capital LLP
- Embamunaigas and others

- Kazakhoil Aktobe JSC
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In 2015 the oil traffic through Kenkiyak-Kumkol pipeline within the domestic market was 3 074 million tons/km with the approved 4 020 million tons/km, which is 76%. For assessment of customer satisfaction the Partnership conducted a customer survey in the reported period to improve the quality of services. The customers were sent questionnaires. The survey results showed a high level of service quality (99%).

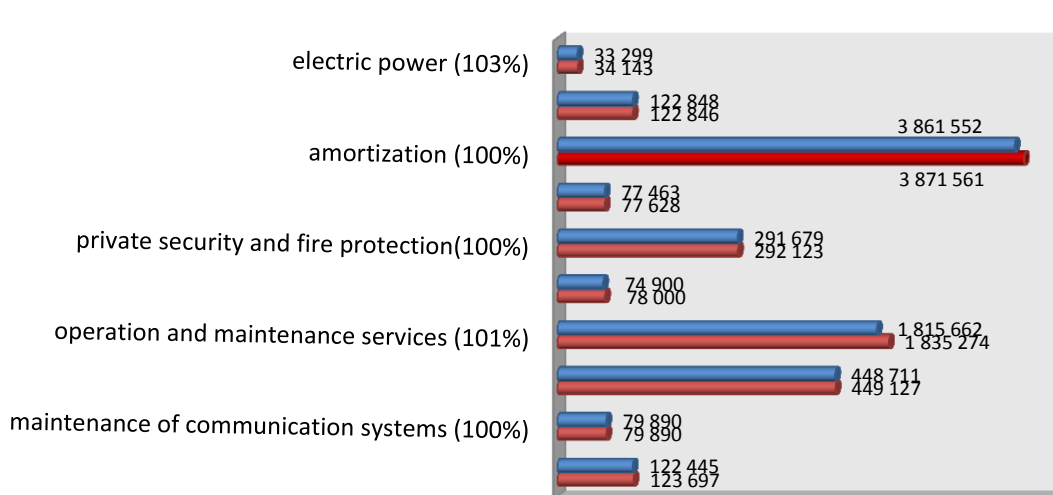


Tariff estimate

Tariff estimate indicators	Unit of measure	Included in the tariff estimate	Actual figures of the tariff estimate	Deviation, abs	Deviation, %
Costs for production of goods and provision of services, total	x1000 tenge	7 404 530	7 445 325	40 795	1%
Period costs, total	- \ -	2 920 615	2 922 899	2 284	0%
General and administrative costs, total	- \ -	442 913	445 197	2 284	1%
Interest expenses	- \ -	2 477 702	2 477 702	0	0%
Total costs	- \ -	10 325 145	10 368 224	43 079	0%
Profit	- \ -	9 328 699	3 682 699	-5 646 000	-61%
Total income	- \ -	19 653 844	14 050 924	-5 602 921	-29%
Volume of services	x1000 tons	5 072	4 090	-982	-19%
Traffic	mln.km	4 020	3 074	-946	-24%
Specific tariff (excl.VAT)	tenge/ 1 ton/ 1000 km.	4889,02	4889,02	0,00	0%

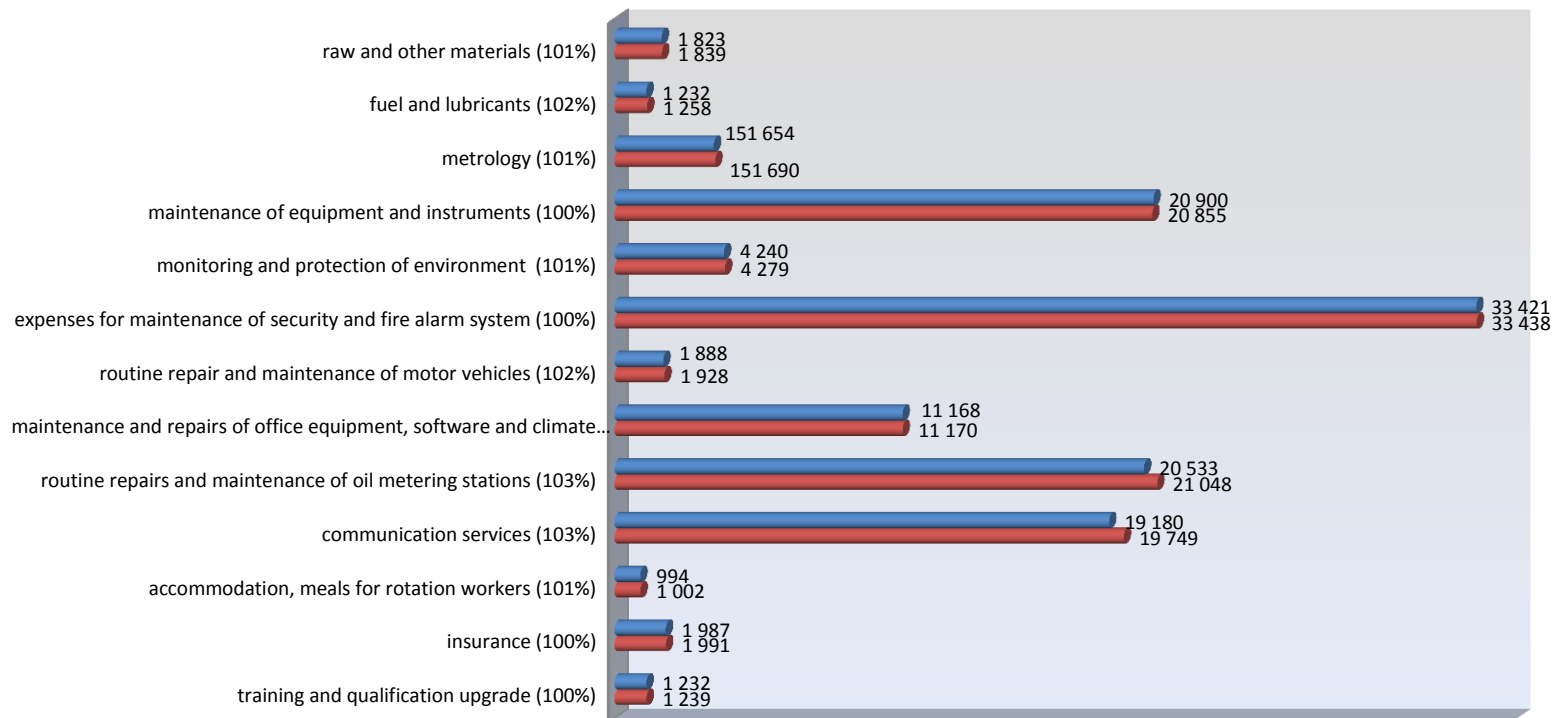


Service costs



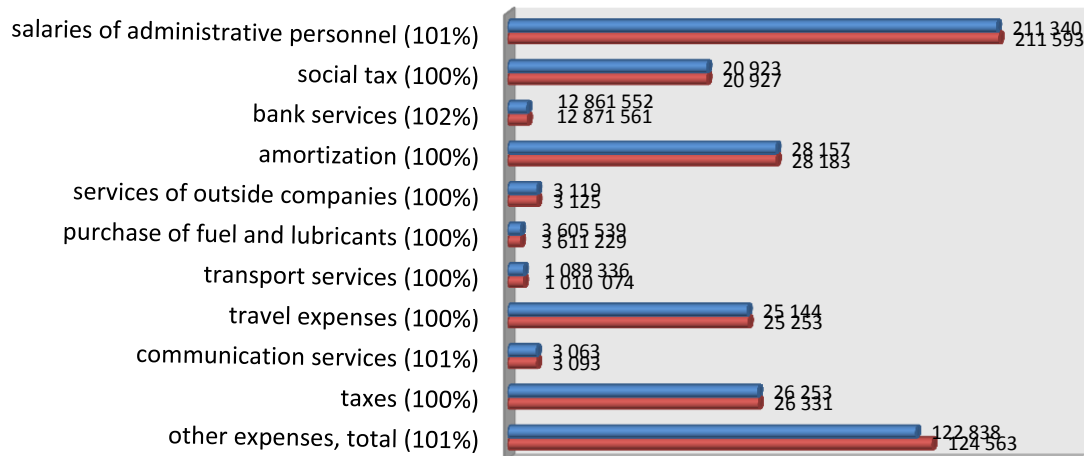
- Included in the approved tariff estimate
- Actual figures in the tariff estimate
- Figures x1000 tenge

Other costs (by articles)



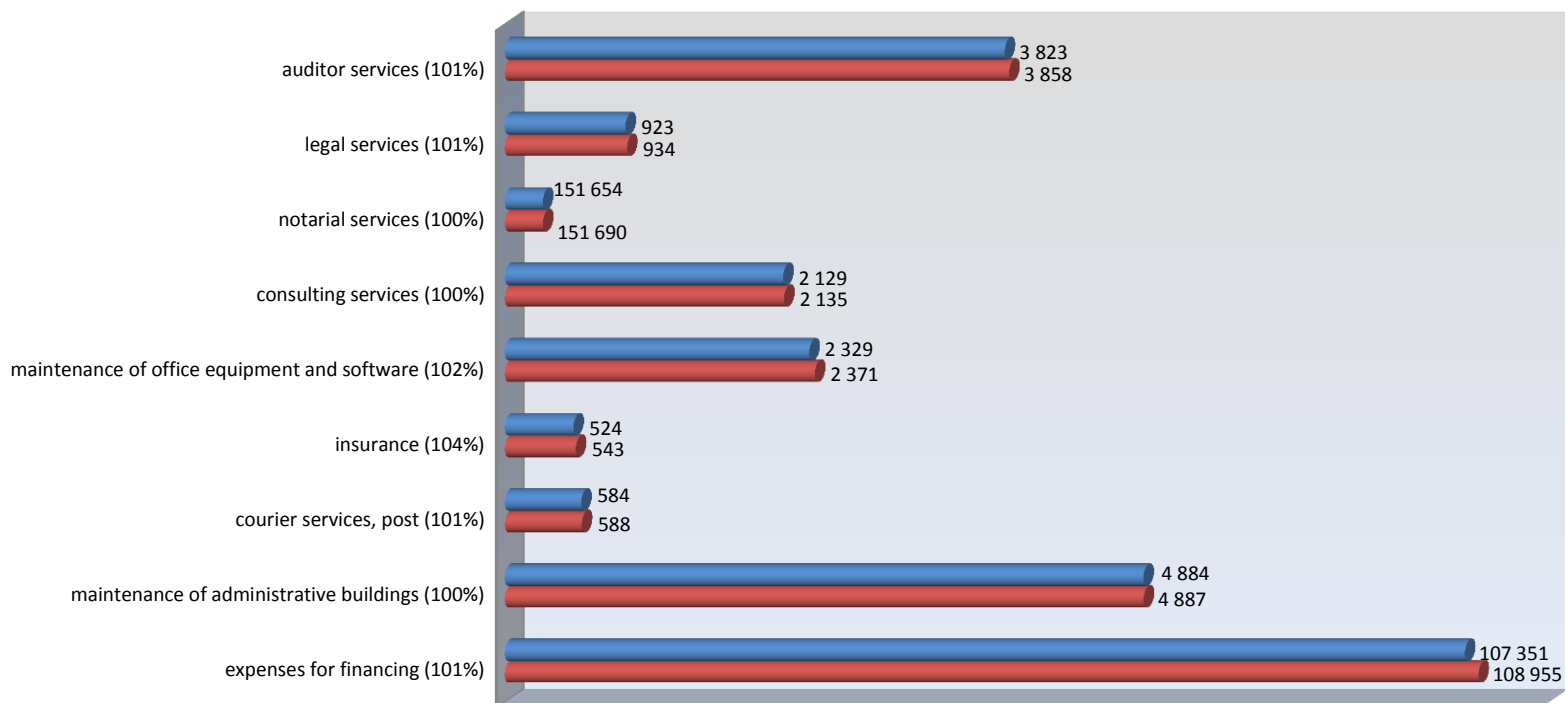


General and administrative costs



- Included in the approved tariff estimate
- Actual figures in the tariff estimate
- Figures x1000 tenge

Other costs (by articles)





Activity results

Production costs

Included – 7,40 bln tenge
Actual – 7,44 bln tenge
Realization – 101%

Period costs

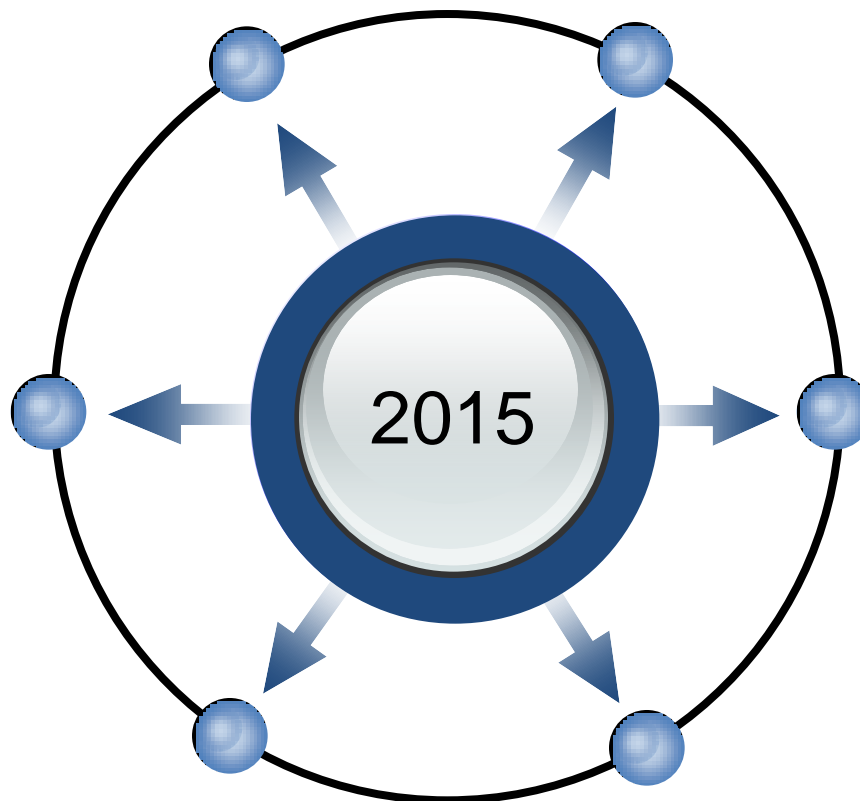
Included – 2,92 bln tenge
Actual – 2,92 bln tenge
Realization – 100%

Profit

Included – 9,33 bln tenge
Actual – 3,68 bln tenge
Realization – 39%

Tariff revenue

Included – 19,65 bln tenge
Actual – 14,05 bln tenge
Realization – 71%



Volume of oil pumping

Included – 5 072 000 tons
Actual – 4 090 000 tons
Realization – 81%

Oil traffic

Included – 4 020 mln t/km
Actual – 3 074 mln t/km
Realization – 76%



Perspectives

Implementation of the investment program of Kazakhstan-China Pipeline LLP, approved by the joint order of order of the RK Committee for regulation of natural monopolies and competition protection, №129-ОД of 30 March 2015, and the RK Ministry of Energy, №267 of 2 April 2015.

Improvement of economic efficiency of Kazakhstan-China Pipeline LLP through reduction of financial load and optimization of business processes through automation.

Thank you for
attention!