

State University of Trade and Economics
The Department of International Management

FINAL QUALIFYING PAPER

on the topic:

**«Organization of imports of machinery products
(on the basis of LLC “ULTERRA UKRAINE” Kyiv) »**

Student of the 4th year, group 7ab

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Task for the final qualifying paper of the student

Hlobets

1. Theme of the final qualifying paper

« **Organization of imports of machinery products** »

Approved by order of STEU from 12.01.2023 № 38

2. Deadline for the submission of completed final qualifying paper by the student

3. Target installation and initial data to final qualifying paper

The purpose of the final qualifying paper is to increase the volume of imported machinery products to diversify the range of machinery in Ukrainian market.

The object of the final qualifying paper is analysis of foreign economic activity of the enterprise and finding an exporter of machinery products for Ukrainian market.

The subject of the final qualifying paper is the organization of imports machinery products.

4. Contents of the final qualifying paper (list of questions for each chapter)

Introduction

Chapter 1. Research of the foreign economic activity of LLC «ULTERRA UKRAINE»

Characteristics of the enterprise.

Analysis of production and economic (trade) activities. Study of the financial condition and total income of the entity in recent years. The purpose of the import operation. Research of foreign economic activity of the enterprise with definition of

geographical structure of import operations, commodity structure of imported goods. Identification of current problems of the enterprise-subject of foreign economic activity.

Chapter 2. Justification of the choice of the country counterparty for the organization of imports of fish products.

Study of the main stages of development and the current state of the world market of machinery products. Study of world market of machinery products in recent years. Identifying the leading countries in the world market of machinery products. Analysis of the dynamics of value and quantity of exports and imports. Price level research. Identification of local importers (competitors). Study of demand for the researched product in the domestic market, analysis of consumer behavior, determination of the target audience of the consumer.

Chapter 3. Implementation of import operation

Compliance with regulatory requirements of Ukraine. Availability of logistics. Search for potential partners. Detailing the content of the Contract. Definition of exogenous, endogenous risks, contractual risks.

Conclusion

References

5. Calendar plan of the final qualifying paper

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
		plan	fact
1	Approval of the content of the final paper	11/02/2023	11/02/2023
2	Collection of information	27/02/2023	27/02/2023
3	Writing and submitting for review the first chapter of the final paper	15/04/2023	15/04/2023
4	Writing and submitting for review the second chapter of the final paper	1/05/2023	1/05/2023
5	Writing and submitting for review the third chapter of the final paper	13/05/2023	13/05/2023

SUMMARY

Hlobets Y. « Organization of imports of machinery products » (based on **ULTERRA UKRAINE LLC, city Kyiv**).

Final qualifying paper in the specialty «Management» specialization «Management of foreign economic activity». State University of Trade and Economics. Kyiv, 2023.

The final qualifying paper is devoted to practical aspects of the organization of import of machinery products, which includes: study of foreign economic activity of the enterprise, analysis of financial condition and total income of the entity for recent years, analysis of the world market of machinery and machinery products, study of import operations of fish products, study the geospatial (geographical) structure of import operations of the enterprise, justification of the US choice as a counterparty for the organization of imports of goods, research on the feasibility of importing goods to Ukraine on the basis of ..., implementation of management decision on imports through organizational support and forecast assessment of the effectiveness of supplies of fishery products to Ukraine from

Key words: subject of foreign economic activity, imports, exports, machinery, machinery products, management decision, US.

Анотація

Глобец Я. «Організація імпорту продукції машинобудування» (за матеріалами ТОВ «Ультерра Юкрейн», м. Київ).

Випускна кваліфікаційна робота за спеціальністю «Менеджмент» спеціалізацією «Менеджмент зовнішньоекономічної діяльності». Державний торговельно-економічний університет, Київ, 2023.

Випускну кваліфікаційну роботу присвячено практичним аспектам організації імпортової поставки машинобудівної продукції до України, що передбачає: дослідження зовнішньоекономічної діяльності підприємства, аналіз фінансового стану і сукупного доходу підприємства за останні роки, аналіз світового ринку продукції машинобудування, вивчення імпортних операцій продукції машинобудування, визначення геопросторової (географічної) структури імпортних операцій підприємства, обґрунтування вибору країни-контрагента для організації імпорту товарів, дослідження доцільності імпорту товарів до України, реалізація управлінського рішення щодо імпорту через організаційне забезпечення та прогнозу оцінку результативності поставки рибної продукції до України.

Ключові слова: суб'єкт зовнішньоекономічної діяльності, імпорт, експорт, машинобудування, продукція машинобудування, управлінське рішення.

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INTRODUCTION

The relevance of the chosen topic: import management plays an important role in facilitating international trade and meeting the industry's demand for machinery. Importing machinery requires a number of strategic and logistical considerations to ensure a smooth and efficient process. Companies involved in importing machinery products must consider various legal, financial and operational aspects in order to successfully import these goods into their countries.

Importing machinery involves the purchase, transportation and customs clearance of equipment and related components from foreign suppliers. This requires careful planning, coordination and compliance with the legal framework to overcome potential problems and maximize the benefits of international trade. In addition, companies need to build effective partnerships with suppliers, logistics companies and customs authorities to facilitate the smooth movement of goods across borders.

This topic focuses on the most important aspects of organizing the import of engineering products. It covers sourcing suitable suppliers, contract negotiations, import compliance, transport and logistics management, and customs clearance procedures. Understanding these elements is critical for companies that want to effectively import engineering products and meet demand in their domestic markets.

The purpose of the study: to study foreign economic activities, import activities, effectiveness of foreign trade in management decisions and proposals to improve the efficiency of foreign trade operations of LLC “Ulterra Ukraine”.

The object of the study: the foreign trade activities of Ulterra Ukraine LLC.

The subject of the study: the analysis and evaluation of the effectiveness of foreign trade operations.

The tasks of the research:

- to provide characteristics of Ulterra Ukraine LLC, its activities, analysis of financial condition.
- to analyze effectiveness of the company, its import activities.
- to analyze world market of machinery equipment, determine the prospects for the import activities of Ulterra Ukraine LLC.

Methods of research: analysis (using multiple sources, including literature (textbooks, articles), online-resources (web-sites, social media, forums) and databases with public access), description, classification, etc.

By implementing effective organizational strategies, companies can increase their competitiveness, gain access to advanced technologies and take advantage of international suppliers. In addition, successful imports contribute to economic growth, job creation and the overall development of industries that rely on machinery.

In this context, this topic examines the various considerations and best practices involved in organising machinery imports and sheds light on the crucial role they play in meeting market demand, fostering innovation and economic progress.

The structure of the final qualifying paper consists of an introduction, three chapters, conclusions and propositions, references (there are 23 items) and appendices. The total volume of the final qualifying paper is 62 pages.

Information support: online Ukrainian and English resources (web-sites, presentations, videos, social media) and data bases with public access.

CHAPTER 1. RESEARCH OF THE FOREIGN ECONOMIC ACTIVITY OF LLC “ULTERRA UKRAINE”

1.1 Evaluation of production and economic activity, financial activity of LLC “Ulterra Ukraine”

"Ulterra Ukraine, Limited Liability Company is a Ukrainian company registered in Kyiv, which is a subsidiary of the American company Ulterra Drilling Technologies LP. The company was founded in 2014 and specializes in the manufacture and supply of drill heads for the oil and gas industry.

"Ulterra Ukraine is a part of the international network of Ulterra companies operating in more than 30 countries. The company has its own production base in Ukraine, where it manufactures and tests drill heads using modern technologies and materials.

"Ulterra Ukraine is known for its high-quality products and innovative solutions, which allows it to hold a leading position in the drill head market in Ukraine and abroad. In addition, the company actively cooperates with its customers, providing them with customized solutions and support at various stages of drilling.

Here is the general information about the enterprise activity in Table 1.1.

Table 1.1

The general information about the LLC "Ulterra Ukraine"

The name of the enterprise	ULTERRA UKRAINE, LIMITED LIABILITY COMPANY (ULTERRA UKRAINE, LLC)
Main activity	46.63 Wholesale of machinery and equipment for mining and construction

Table 1.1 continued

Additional activities	<p>09.10 Provision of auxiliary services in the field of oil and natural gas extraction</p> <p>28.92 Manufacture of machinery and equipment for mining and construction</p> <p>33.12 Repair and maintenance of machinery and equipment for industrial purposes</p> <p>33.20 Installation of machinery and equipment</p> <p>46.14 Activities of intermediaries in the sale of machinery, industrial equipment, ships and aircraft</p> <p>46.18 Activities of intermediaries specializing in the sale of other goods</p> <p>46.69 Wholesale of other machinery and equipment</p> <p>77.39 Renting of other machinery, equipment and goods</p>
Code	44286709
Address	Kyiv, Ukraine. Khmelnytskoho street, 4
Head	Zavada Vladyslav Valeriyovych
Date of establishment	28.07.2021
Contacts	+380976752675

Source: structured by the author on the basis [1].

In 2020, net revenue from sales increased by UAH 30.24 million (+24%) to UAH 126 million compared to 2019.

The main driver of net revenue growth in 2020 was the completion of the oil deal and, as a result. Excluding the effect of the oil transaction, net income was UAH 103.6 million, which is 17.8% less than in 2019.

In 2020 compared to 2019 net revenue from sales of oil machinery decreased by UAH 2.7 billion due to a decrease in direct sales of oil as a commodity and lower oil prices and amounted to UAH 0.9 billion compared to UAH 3.6 billion in 2019.

At the same time, net income from gas machinery sales amounted to 124 UAH million, of which UAH 96 million was from sales of gas produced in 2018. Thus, compared to 2019, excluding the effect of the oil agreement, net revenue from oil machinery sales decreased by 40% to UAH 189 million from UAH 135 million, mainly due to a significant decrease in gas prices by 37%.

Cost of sales increased by UAH 21 million compared to 2019 due to

- an increase in the cost of petroleum products sold in the wholesale segment, obtained as a result of refining own crude oil, by UAH 45 million to UAH 67 million, as the company operated in the crude oil to petroleum products model throughout 2020.

- decrease in cost of sales in the retail segment by UAH 15 million due to lower sales volumes and weighted average cost of sales to UAH 130 million.

Other operating expenses (excluding rent expenses) decreased by UAH 29 million, mainly due to the release of provisions for fines and penalties for "historical" tax arrears in 2020. In 2020, rent payments were lower by UAH 20 million due to significantly lower prices for oil, condensate and gas (31% lower on average than in 2019).

As a result, net profit for 2020 was UAH 43 billion, compared to a net loss of UAH 12 million in 2019.

We can observe the dynamic of net profit in the diagram below.

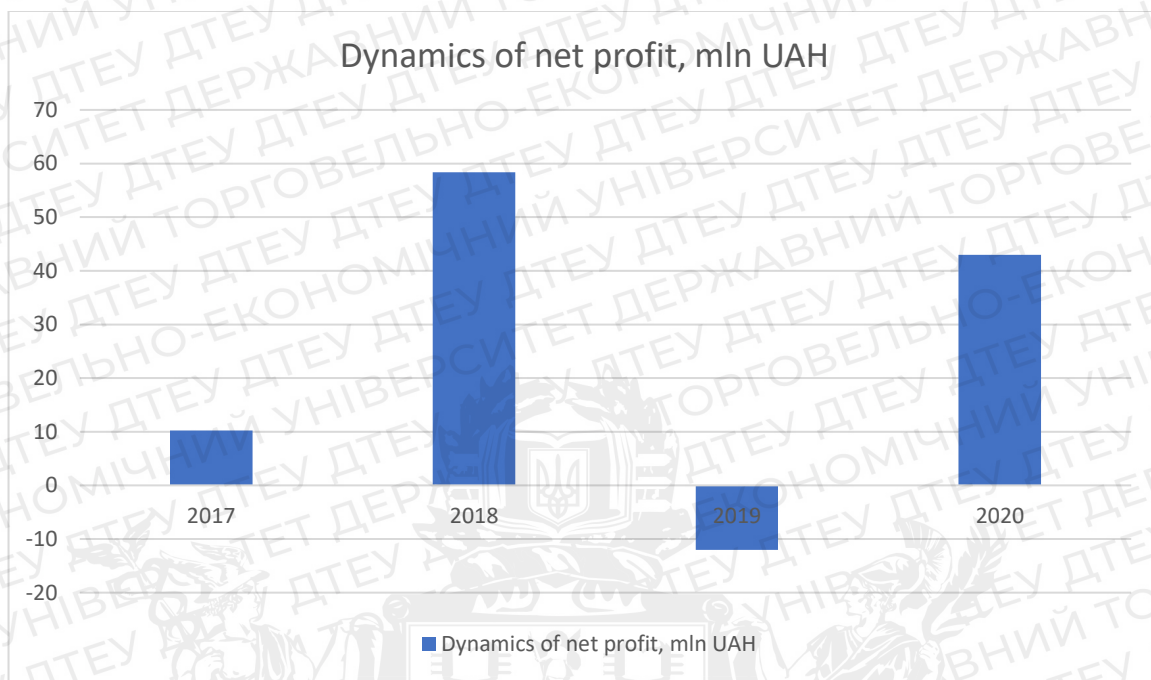


Fig. 1.1 “Dynamic of net profit of LLC “Ultrerra Ukraine””

Source: developed by the author based on financial reports of Ultrerra Ukraine

LLC

This diagram shows us shortened version of net profit analysis of “Ultrerra Ukraine LLC”.

Table 1.3

**STATEMENT OF FINANCIAL POSITION OF LLC ULTERRA
UKRAINE, UAH thousand for 2020-2021**

Indicator	As of year’s end, points			Absolute deviation, points	
	2018	2019	2020	2018-2019	2019-2020
1	2	3	4	7	8
Oil and gas assets	5887	8766	5844	2922	-2879
Exploration and evaluation assets	8,2	7,3	6,5	0,8	0,9
Other property, plant and equipment	7444	9008	7853	1155	-1564

Intangible assets	324	348	293	55	-24
Deferred tax asset	5527	6373	5738	995	-846
Total of non-current assets	25911,7	28410,3	19784,5	8625,8	-3098,6
Current assets					
Inventories	3591	5140	7208	-2068	-1549
Accounts receivable	6227	7219	7151	68	-992
Prepayments made	185	192	158	34	-7
Other current assets	1926	1565	1946	-381	361
Restricted cash and cash equivalents	8,2	100	101	-1	-91,8
Cash and cash equivalents	8210	203	174	29	8007
Non-current assets held for sale	15,2	15,2	15,2	-	-
Total current assets	12147,2	14419	16738	-2319	-2272
Total assets	38109,7	42814,1	36507,3	6306,8	-4704,4
Shareholder's equity					
Share capital	1010	1010	1010	-	-
Revaluation	1835	2053	1679	374	-218
Accumulated loss	9507	1536	1116	420	7971
Total equity	12352	4599	3805	794	7753
Total of non-current liabilities	2934,6	2965	2271	694	-30,4
Current liabilities					
Total current liabilities	10670	6723	6751	-28	3947
Total liabilities	13604,6	9688	9022	666	3916,6
Total assets and liabilities	51714,3	52502,1	45529,3	6972,8	-787,8

Source: developed by the author based on Ulterra Ukraine LLC data

This table shows the financial position of a company at a certain date. It contains assets (e.g. cash, shares, real estate), liabilities (e.g. loans, credits, payments to suppliers) and equity (e.g. share capital, retained earnings).

Table 1.4

**STATEMENT OF COMPREHENSIVE INCOME of LLC ULTERRA
UKRAINE, PROFIT OR LOSS, UAH thousand during 2019-2021**

Indicator	Year			Absolute deviation, points	
	2018	2019	2020	2018-2019	2019-2020
Income from ordinary activities	40234	35534	28210	7324	4700
Cost of sales	2000	1809	1595	214	191
Impairment of oil and gas properties, exploration and evaluation assets, other property, plant and equipment	800	788	761	72	12
Gross profit	23412	16652	11495	5157	6760
Selling and distribution expenses	-1456	-1690	-1583	-107	234
Administrative expenses	-1593	-1661	-1704	43	8
Other operating expenses	-8923	-5115	-10031	4922	3808
Profit/loss before interest and taxation	5932	6044	-4684	10728	-112
Financial income	82	79	24	55	3
Financial expense	-754	-550	-294	-256	-204
Income tax expense/income	123	-1303	880	-2183	1426
Profit/loss for the year	9475	4270	-4074	8317	5205
Change in measurement of asset retirement obligations	19	7,3	-202	209,3	11,7
Effect of income tax	21	-1,3	36,4	-37,7	22,3
Income tax effect	-	-	-1418	-	-
Decrease in fair value of oil and gas assets and other property, plant and equipment	-1298	-2603	-3040	437	1305

Source: developed by the author based on Ulterra Ukraine LLC data

It is one of the key financial statements that provides information about a company's revenue, expenses, profit or loss over a certain period.

The statement of comprehensive income is an important tool for assessing a company's financial performance. It helps investors, creditors and other stakeholders

Table 1.5

**STATEMENT OF CASH FLOWS of LLC ULTERRA UKRAINE
(2019-2021), INDIRECT METHOD, UAH thousand**

Indicator	As of year's end, points			Absolute deviation, points	
	2018	2019	2020	2018-2019	2019-2020
Share of profit of associates and joint ventures	-	-	-11,3	-	-
Financial expenses	687	550	294,7	255,3	137
Changes in working capital					
Change in accounts receivable	-1872	-2220	-3668	-1448	348
Change in prepayments and other liabilities	1643	940,2	436,6	503,6	702,8
Change in rents, other taxes and similar payments	-7365	-9195	-280	-8915	1830
Cash flows from operating activities	-12463	-18755	1514	-20269	6292
Security used	-175	-163,3	-164,3	1	-11,7
Fines and penalties on taxes paid	-15473	-17122	-	-17122	1649
Income tax paid	5632	4521	1075	3446	1109
Net cash provided by operating activities					
Investments in exploration and evaluation assets	-76	-40,3	-14,9	-25,4	-35,7
Expenditures on oil and gas properties	-239	-145	-345,9	200,9	-94
Cash contributions to investments in associates	-	-	-3,8	3,8	-
Proceeds from disposal of other property, plant and equipment	11	9,3	8,3	1	1,7
Cash and cash equivalents as at 1 st January	462,2	203,4	174	29,4	258,8

Source: developed by the author based on Ulterra Ukraine LLC data

This report provides information about the cash flows generated by the company during a certain period. The report considers cash flows from operating, investing and financing activities of the company.

1.2 Analysis of import activity of LLC “Ulterra Ukraine”

Ulterra Ukraine LLC is a Ukrainian subsidiary of the US-based Ulterra Drilling Technology (headquartered in Texas), which is the main manufacturer of drill bits in North America. - the company's CEO is Vladyslav Zavada, the founder of Mejia-Sanchez Maria Isabel through Ulterra Drilling Technologies (USA).

Ulterra Drilling Technologies LP bits are used in the companies' projects: "Poltava Drilling Company, Ukrburservice, and DTEK Oil and Gas.

The company's warehouse is located in Poltava. Ulterra has an impressive history supplying instrumentation and metering solutions in the up-, mid- and downstream Oil & Gas industry.

Ulterra's equipment is believed to be of the highest quality on the market. The company imports oilfield equipment from the UAE, justifying this by short delivery distances and well-established logistics.

With presence in many countries, local support is usually available from just around the corner. This applies whether the application can be covered by standard instrumentation, or is more challenging, where a one-off solution with dedicated process diagnostics is required.

If we talk about effectiveness of import operations of Ulterra Ukraine LLC, we can see it from the table 1.6.

Table 1.6

Effectiveness of import activity of LLC Ultrerra Ukraine (2019-2021)

Indicator	As of year's end, points			Absolute deviation, points	
	2018	2019	2020	2018-2019	2019-2020
Import operations cost, UAH thousand	103	68	68,5	-35	0,5
Realization cost	159	104	103.7	-55	-0,3
Profit from the sale of imported goods, UAH thousand	670	438	467	-232	29
Profitability of import, %	39,1	39,3	36,8	0,2	-2,5

Source: developed by the author based on company's documentation

The company is certified by the American Petroleum Institute for the manufacture of drill bits, and its quality system meets all the requirements of ISO 9001/API Spec Q1.

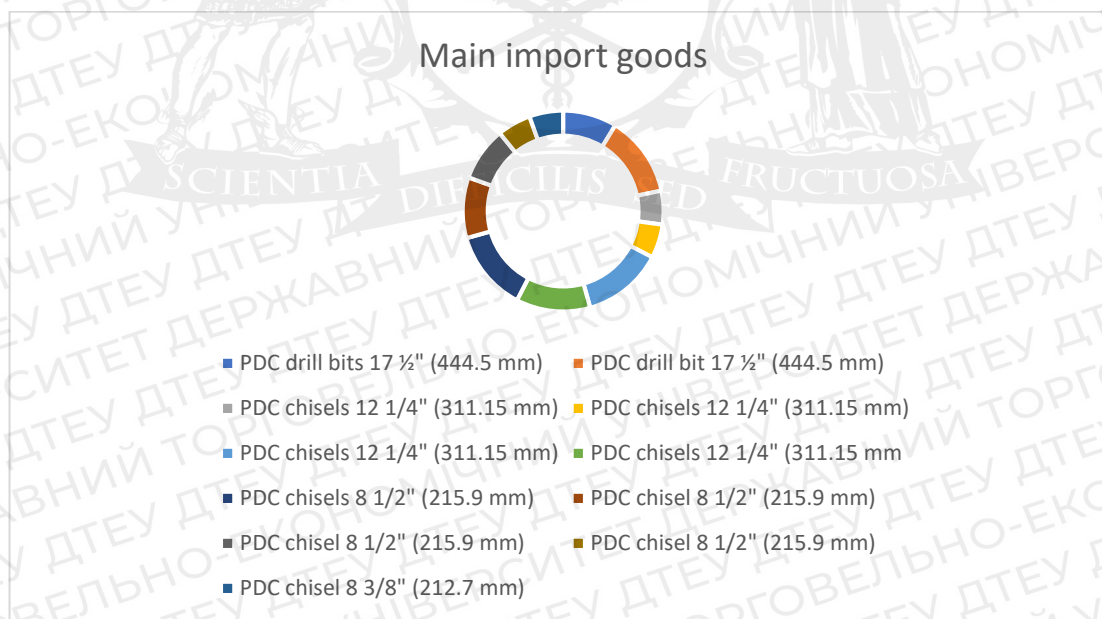


Fig. 1.2. Assortment of imported goods by Ultrerra Ukraine, LLC, % of market

Source: developed by the author based on Ultrerra Ukraine LLC data

The company's production facilities are located in Texas, USA.

A striking example is that Ulterra easily outperforms its competitors in the market: ULTERRA won the tender of JSC Ukrgasvydobuvannya for the supply of 121 drill bits for UAH 47.82 million (including VAT). This was reported in the Prozorro system on 7 December 2021.

The tender was announced at the end of September this year. The delivery period for the bits is 90 calendar days from the date of the contract with the right of early delivery, but no later than 1 June 2022.

The subject of the tender is the following list of drill bits:

1. PDC drill bits 17 ½" (444.5 mm) 8 pcs.
2. PDC drill bit 17 ½" (444.5 mm) 12 pcs.
3. PDC chisels 12 ¼" (311.15 mm) 5 pcs.
4. PDC chisels 12 ¼" (311.15 mm) 5 pcs.
5. PDC chisels 12 ¼" (311.15 mm) 12 pcs
6. PDC chisels 12 ¼" (311.15 mm) 11 pcs
7. PDC chisels 8 ½" (215.9 mm) 12 pcs.
8. PDC chisel 8 ½" (215.9 mm) 9 pcs
9. PDC chisel 8 ½" (215.9 mm) 8 pcs
10. PDC chisel 8 ½" (215.9 mm) 5 pcs
11. PDC chisel 8 ⅜" (212.7 mm) 5 pcs.
12. PDC chisels 8 ⅜" (212.7 mm) 5 pcs.
13. PDC bit 6" (152.4 mm) 8 pcs.
14. PDC bit 6" (152.4 mm) 6 pcs
15. PDC chisel 5 ⅞" (149.2 mm) 5 pcs.
16. PDC bit 5 ⅞" (149.2 mm) 5 pcs.

The starting price of the procurement was UAH 130.887 million, but was reduced to UAH 47.82 million during the bidding process. The auction was also

attended by SE NewTech Ukraine with a bid that was UAH 1 higher than the winner's offer, and Naftogazkhim Service LLC with a price offer of UAH 129.58 million.

Honghua International (China), Smith Services Ukraine LLC, Baker Hughes Ukraine LLC, Endeavour LLC, and Wuhan Longway Petroleum Technology (China) also submitted documents for the auction, but these companies were disqualified due to incomplete documents [12].

Or based on the information [13]"An impressive drilling performance was recently achieved by combining BICO downhole screw motors with ULTERRA bits.

When drilling for an intermediate casing in the Permian system, the combination of the two companies' tools made it possible to drill 1,979 metres in 17 hours, i.e. 113.63 m/h!

"The previous record for penetration with the same tool: 2167 metres in 24 hours (89.3 m/h)", we can conclude that Ulterra is really leading the market.

Conclusion to chapter 1

Ulterra Ukraine is the Ukrainian division of the American company Ulterra Drilling Technologies LP. The company specializes in the production and supply of well heads for the oil and gas industry.

Ulterra Ukraine is part of the international network of Ulterra companies operating in more than 30 countries. It has its own production base in Ukraine, where it imports and tests wellheads using state-of-the-art technologies and materials.

Ulterra Ukraine is known for its high-quality products and innovative solutions, which allows it to hold a leading position in the wellhead market in Ukraine and abroad. In addition, the company actively cooperates with its customers, providing them with customized solutions and support at various stages of drilling.

In 2020, net revenue from sales of oil equipment decreased by UAH 2.7 million compared to 2019 due to a decrease in direct sales of oil as a commodity and a drop in oil prices. However, the company's net profit increased to UAH 43 million compared to a loss of UAH 12 million in 2019.

Ulterra Ukraine has an impressive track record in well drilling and its products are used in projects of companies such as Poltava Drilling Company, Ukrburservice and DTEK Oil and Gas.

Ulterra Ukraine has a good reputation in the industry and is the winner of the tender of JSC Ukrgasvydobuvannya for the supply of 121 well heads for UAH 47.82 million. Its equipment is considered to be of the highest quality on the market.

In general, Ulterra Ukraine LLC is a recognized company that holds a leading position in the wellhead industry in Ukraine and has successful cooperation with customers. It produces high-quality products, is a tender winner and has a good reputation in the market.

CHAPTER 2. JUSTIFICATION OF THE CHOICE OF THE COUNTRY COUNTERPARTY FOR THE ORGANIZATION OF IMPORTS OF MACHINERY EQUIPMENT

2.1 Investigation of the world market of machinery equipment

The global market for machine-building equipment is quite large and is constantly growing. According to statistical studies, the global market for engineering equipment is growing by 5-7% annually. In 2020, the size of the global engineering equipment market was about 1.2 trillion US dollars, and further growth is expected in 2021.

One of the most important characteristics of the current development of the global economy is the accelerated growth of international trade in technology-intensive and knowledge-intensive goods, primarily machinery and equipment. Over the past few decades, the share of this group of goods in global trade has grown from 10 to 40% and is currently more than twice as high as the next largest commodity item in terms of share of trade - fuel (18%). In many countries, this group is dominant in the commodity structure and accounts for (%): in the Czech Republic - 54, Hungary - 55, Japan - 58, the Republic of Korea - 54, Mexico - 53, and Germany - 47. In China, the share of machinery and equipment in exports grew from 21% in 1995 to 47.5% in 2011 [14].

One of the biggest trends in the global engineering equipment market is the growing demand for environmentally friendly technologies and equipment. This is due to rising global average temperatures, environmental pollution, and stricter emission standards.

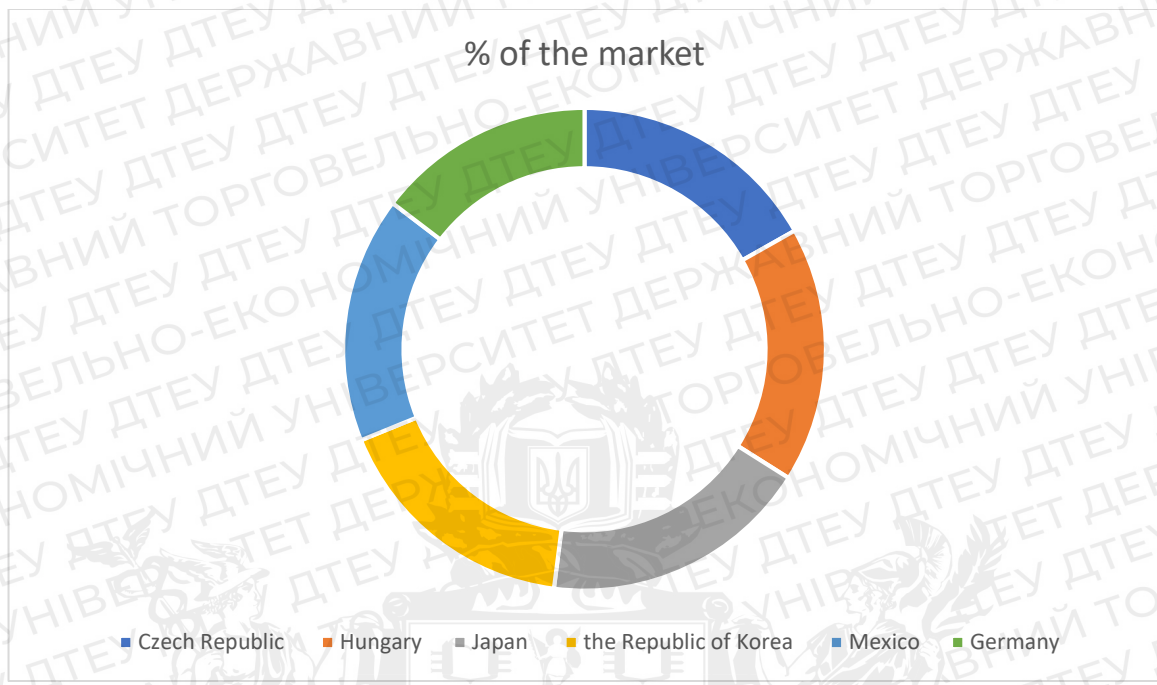


Fig. 2.1. Percentage that takes machinery equipment of each country's market, % of the market

Source: developed by the author based on [14]

There is also a trend towards automation of production, reduction of energy costs, and increased productivity. This leads to an increase in demand for the latest equipment and technologies.

Factors influencing the development of the global engineering equipment market include political, economic, technological and social factors. For example, the development of information technology and digital transformation of production is opening up new opportunities for the machine-building industry.

The global machinery market is characterized by a high level of competition due to a large number of companies operating in this sector and the constant growth in demand for machinery products. The leading players in the global machinery market include Caterpillar, Komatsu, Hitachi Construction Machinery, Volvo, Liebherr Group, Terex, CNH Industrial, Doosan Infracore, JCB, and others.

The competition in the machine building equipment market is very intense due to the presence of many manufacturers trying to compete with each other by improving product quality and reducing production costs. In addition, companies are increasingly focusing on the development of new technologies and innovations, which allows them to maintain a competitive advantage in the market.

Table 2.1

Analysis of Ukraine's import of oil and gas extraction machinery equipment during 2022(during the war time)

Country	Cost of import in 2022 (USD, thousand)	Trade balance in 2022 (USD, thousand)	Part in Ukraine's import (%)	Import size, tons
China	15079	-15055	39.5	1738
Germany	4652	-4012	12.2	85
The USA	4201	-3904	11	44
Poland	2422	220	6.3	60
India	2371	-2371	6.2	88
Italy	1663	-1558	4.4	45
Korean Republic	1001	-1001	2.6	14
Turkey	952	-798	2.5	49
Czech Republic	449	-416	1.2	7
Israel	394	-260	1	1

Source: developed by the author based [15]

According to the table 2.1, we can see that the biggest part of Ukrainian import of machinery equipment is taken by China. Also 2 big parts are taken by Germany and the USA, as they have parts more than 10% of Ukrainian import.

At the same time, the market for machine-building equipment is also experiencing increased competition from manufacturers from China and India, which are characterized by low production costs and worldwide distribution of their goods at an affordable price. Thus, the competition in the machinery market remains intense and companies should continue to focus on developing new products and technologies to maintain their market position.

The dynamics of the global machinery market in recent years has been characterized by some instability and fluctuations.

According to Statista, the global market for machinery and equipment amounted to USD 1.32 trillion in 2020, a 13% decrease compared to the previous year. The reason for this decline was the COVID-19 pandemic and related economic challenges. [2]

However, future forecasts are more optimistic. According to MarketsandMarkets, the global market for engineering equipment is expected to grow from USD 201.6 billion in 2020 to USD 273.9 billion in 2025, an average annual growth rate of 6.3%. [3]

One of the factors influencing the dynamics of the global engineering equipment market is the growing use of automated technologies and smart machines. This creates new opportunities for market development and also poses challenges for companies that cannot adapt to new technologies.

It is also worth noting the growing interest in the development of "green" technology, which may have a significant impact on the market for engineering equipment in the future. For example, according to Allied Market Research, the

electric vehicle equipment market is expected to grow from USD 2.2 billion in 2020 to USD 9.6 billion in 2027, an average annual growth rate of 23.5%. [4]

The analysis of the machinery industry regulation includes the study of national and international legislation, standards and rules that define the requirements and conditions for the development, production, labeling and operation of machinery and equipment.

For example, many countries have mandatory certification of machinery and equipment, which confirms that the product meets the requirements of national and international safety, quality and reliability standards. For example, in the European Union, this is certification in accordance with European Union standards, such as CE marking. In the United States, in addition to international standards, domestic safety standards set by the Occupational Safety and Health Administration (OSHA) and other relevant agencies are used.

In addition, there are international standards that define the requirements for machinery and equipment in terms of safety, reliability and quality. The most well-known international standards are ISO 9001 (quality management system) [5], ISO 14001 (environmental management system) [6], and ISO 45001 (occupational health and safety management system) [7]. Industry-specific standards also exist. For example, the food industry uses the HACCP (Hazard Analysis and Critical Control Points) standard [8].

The machine-building industry is subject to legislation that regulates the interaction between various parties, including manufacturers, suppliers, sellers and consumers. Particularly important are the rules relating to product safety and quality.

Many countries have legislation that requires producers to obtain certificates of conformity to certain quality standards. For example, in the European Union, the quality requirements for machinery and equipment are regulated by the Machinery

Directive 2006/42/EC [9]. This directive sets out the rules that manufacturers must follow to ensure the safety and health of people using their products.

2.2 Analysis of Ukrainian market

Ukraine's machine-building equipment market is an important economic sector that meets the needs of the manufacturing sector for high-quality and reliable equipment. According to the State Statistics Service of Ukraine, the country's machinery market is worth several billion US dollars a year.

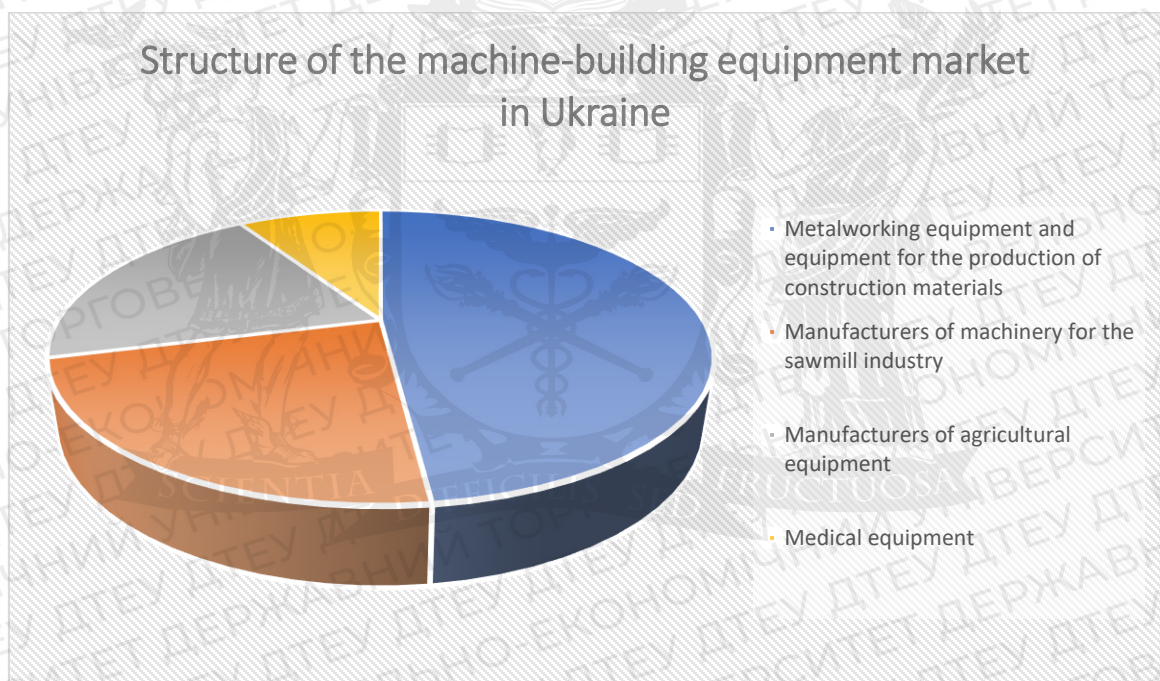


Fig. 2.2. Structure of the machine-building equipment market in Ukraine

Source: developed by the author based on [11]

It is estimated that the production of machinery and equipment in Ukraine in 2020 increased by 0.5% compared to 2019 and amounted to UAH 141.8 billion. This data shows that the machine building industry is developing steadily in Ukraine and continues to meet the production needs of all sectors of the country's economy[11].

Table 2.2

**Analysis of the Ukrainian market of machine-building equipment
during 2018-2022**

Indicators/years	2018	2019	2020	2021	2022
Market size	2	2.1	1.9	2.3	2.5
Production	1.8	1.9	1.7	2	2.2
Export	1.1	1.2	1	1.3	1.5
Import	1.5	1.6	1.4	1.7	1.9
Main industries	Metalworking equipment, agricultural, construction, medical	Metalworking equipment, agricultural, construction, medical	Metalworking equipment, agricultural, construction, medical	Metalworking equipment, agricultural, construction, medical	Metalworking equipment, agricultural, construction, medical
Main players	«Interpipe», «myritvoret s`», «Pivdenmash», «Titanmash», «Electrovazhmash», «mashynost	«Interpipe», «myritvoret s`», «Pivdenmash», «Titanmash», «Electrovazhmash», «mashynost	«Interpipe», «myritvoret s`», «Pivdenmash», «Titanmash», «Electrovazhmash», «mashynost	PrJSC, “Zaporizhia oblennergobud” TOB "Europromtechsystems" PrJSC	LLC "polymash", PrJSC "kryvyi Rih machinery factory"

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Source: designed by the author based on [10]

Import companies occupy a significant share of the machine-building equipment market in Ukraine. In particular, Ukraine imports high-tech machinery and equipment from the European Union, the United States, China, Turkey, Korea, Japan and other countries. Imported products include a wide range of high-tech equipment, such as metal processing machines, metal cutting machines, machine tools, machines for the production of electronic and electrical products, as well as machines for agriculture and forestry.

Relatively high customs tariffs on imported products and complicated customs clearance procedures make it difficult to compete in the machinery market in Ukraine. In recent years, the Ukrainian authorities have taken measures to reduce customs tariffs and simplify customs clearance, which will facilitate imports and increase competition in the Ukrainian machinery market.

The production of machine-building equipment in Ukraine has significant export potential and plays an important role in the country's foreign economic activity. According to the State Statistics Service of Ukraine [10], in 2020, the value of exports of machinery, equipment and vehicles amounted to \$19.2 billion, which is 41.8% of Ukraine's total exports.

The largest markets for Ukrainian engineering equipment are Belarus, Kazakhstan, and the European Union. According to the State Customs Service of Ukraine, in 2020, Ukraine exported machinery and mechanical equipment to Belarus for \$1.2 billion, to Kazakhstan for \$1.1 billion, and to the European Union for \$3.6 billion.

Exports of machine-building equipment from Ukraine consist of various types of products, such as metal processing machines, metalworking equipment, equipment for the production of construction materials, machines for the sawmill industry, agricultural equipment, and others. The export products of Ukrainian machinery manufacturers are known for their quality and competitiveness in the global market, which allows them to maintain their positions and develop the industry.

Conclusion to chapter 2

Thus, the Ukrainian machine-building industry has the potential to further develop and increase exports, but it requires attention to customs policy and the introduction of new technologies to maintain competitiveness in the global market.

The Ukrainian market for machine-building equipment is an important sector of the economy that meets the needs of the manufacturing sector with high-quality and reliable equipment. Ukraine imports machinery from the European Union, the United States, China, Turkey, Korea, Japan and other countries.

The production of machinery in Ukraine has significant export potential and plays an important role in the country's foreign economic activity. In 2020, Ukraine's exports of machine-building equipment amounted to \$19.2 billion, accounting for 41.8% of total exports.

The largest markets for Ukrainian machinery are Belarus, Kazakhstan, and the European Union.

Ukraine faces high customs tariffs on imported goods and complicated customs clearance procedures, which makes it difficult to compete in the machine building equipment market. However, the Ukrainian government is taking steps to reduce customs tariffs and simplify customs clearance, which will facilitate imports and increase competition in the Ukrainian machinery market.

CHAPTER 3. IMPLEMENTATION OF IMPORT OPERATION

3.1 Organizational support for the import of LLC “Ulterra Ukraine” machinery equipment

Companies have import operations for various reasons, such as obtaining necessary raw materials, components, or finished goods for production, expanding their product range, supplying goods to foreign markets, or meeting customer demand. There are several reasons to improve the efficiency of import operations:

Cost reduction: Continuous efficiency improvements help reduce import costs, such as transportation costs, duties and fees, operating costs, etc. This allows companies to remain competitive in the market and provide affordable prices to consumers.

Improved quality: Increasing the efficiency of import operations allows companies to ensure the stability of supply and quality of imported goods. This is especially important if the company uses imported materials to manufacture its products. High quality imported materials help to ensure high quality of finished products and satisfy the needs of consumers.

Access to new technologies and innovations: Import operations give companies the opportunity to access new technologies, know-how and innovations from other countries. Improving the efficiency of import operations helps to ensure that this knowledge and technology is shared quickly and efficiently, which helps to improve production processes and the company's competitiveness.

Expansion of the global market: Increasing the efficiency of import operations allows companies to expand their presence in foreign markets. This opens up new opportunities to increase sales and expand business. By improving efficiency, companies can effectively manage supply, logistics, and other aspects of import operations, which contributes to successful penetration of new markets.

Import operations involve certain risks that may arise. Ulterra Ukraine most often faces the following issues:

Financial risks: Currency fluctuations can affect the value of imported goods, which can lead to losses for the company. Poor financial management, non-payments, delays in payments, or insufficient financial stability of suppliers can also pose financial risks to the company.

Logistics risks: They are related to the transportation and delivery of imported goods. These may include delays in delivery, loss or damage to goods during transportation, problems with customs control, insufficient cooperation with logistics partners, etc.

Political risks: Changes in the political environment, political instability, or the introduction of new trade restrictions may adversely affect the company's import operations. For example, changes in legislation on duties, sanctions, trade wars, etc.

Quality of information: Inaccurate or incomplete information about suppliers, their reputation, quality of goods or compliance with standards may lead to the purchase of unacceptable goods or batches of poor quality.

Competitive risks: Unfair competition from other companies that may offer similar products at lower prices or with better delivery terms may adversely affect the company's import operations and competitiveness.

Customs control risks: When conducting import operations, it is necessary to comply with customs rules and restrictions. Failure to comply with customs requirements, errors in declaring goods or misclassification of goods may result in delays, confiscation of goods or fines.

These risks must be considered and appropriate measures taken to minimize them. Companies can use risk management strategies, enter into contracts with reliable suppliers, engage qualified logistics partners, and have a detailed analysis of the market and political environment to reduce the likelihood of risks.

Ulterra Ukraine has developed the following foreign trade plan:

Market Analysis: A detailed analysis of the foreign market, including potential target markets, the competitive situation, demand for your products or services, trade barriers, legislation, cultural aspects and other factors that may affect your business.

Selecting markets: Based on the market analysis, identify potential target markets where your company may have a competitive advantage and a strong demand for products or services. The risks and opportunities associated with each market are also taken into account.

Develop a strategy: Define a strategy for entering the target markets. It considers such aspects as pricing, sales channels, marketing activities, advertising, distribution, customer support, and other factors that affect the success of your foreign trade activities.

Financial planning: Develop a financial plan, including sales forecasts, marketing, logistics, duties, and other costs associated with foreign trade activities. Investment needs and sources of funding are identified.

Organizational structure and resources: Identify the human resources required to conduct foreign trade activities. The possibility of hiring international trade specialists, language experts, logistics managers, etc. is considered. Necessary internal processes and systems for effective foreign trade activities are organized.

Partnership and supply chain: Contacts have been established with potential partners or suppliers in target markets. Possibilities of cooperation with local partners, distributors or agents are considered to improve logistics and expand market presence.

Marketing activities: Develop marketing strategies and activities to promote your brand and products in target markets. Local peculiarities, cultural differences and consumer customs are taken into account.

Monitoring and evaluation: A system is in place to monitor and evaluate the results of your foreign trade activities.

Ulterra Ukraine uses the following parameters to determine the effectiveness of planning:

Achievement of goals: Planning is considered effective if it contributes to the achievement of the goals and outcomes. This means that the plan must be realistic and its implementation must lead to the desired results.

Meeting deadlines: Effective planning involves completing planned actions within the specified timeframe. This includes completing tasks within the set timeframe and organizing resources accordingly.

Budgetary efficiency: Planning is considered effective if it allows you to achieve your goals at the lowest cost and within budget. Controlling costs and optimizing resources are important aspects of evaluating planning effectiveness.

Decision-making: Effective planning helps to ensure that information is properly collected and analyzed to make informed decisions. This means that the plan should be a basic tool for making strategic and operational decisions.

Flexibility and adaptability: Effective planning takes into account the variability and unpredictability of the external environment. This means that the plan should be flexible and easily adaptable to changes in the business environment.

For Ulterra Ukraine, import operations have the following benefits:

Expanding the range of products: Importing allows companies to expand their range of products and services that they can offer to their customers. This makes it possible to meet the diverse needs of the market and expand their customer base.

Access to new technologies and expertise: Importing products can allow companies to gain access to the latest technology, high-quality components, or expertise in specific fields. This can improve the quality of production or service delivery, provide a competitive advantage, and foster innovation.

Reduced production costs: In some cases, importing goods or materials may be more cost-effective because production costs may be lower in other countries. This allows companies to reduce their production costs and maintain competitive prices in the market.

Expansion of sales geography: Imports allow companies to expand their sales geography by opening up access to new markets and consumers. This can boost sales and increase the company's revenue.

Cooperation with global suppliers: Import operations allow companies to collaborate with global suppliers, which opens up access to a variety of high-quality goods and services. This allows companies to choose the best deals on the market and provides a backup in case of need for alternative suppliers.

Cultural exchange and learning: Importing allows companies to get in touch with different cultures and collaborate with people from different countries. This promotes cultural exchange, broadens the company's horizons, and allows it to learn from the best practices of other countries.

Even though the company thinks through import operations to the smallest detail, they can still have many difficulties, for example:

Customs procedures and regulatory requirements: Each country has its own customs procedures and regulatory requirements that must be met in order to import goods. This may include paying customs duties, obtaining necessary permits, and meeting quality and safety standards. Ignorance of or improper compliance with these requirements can lead to delays at customs and can have financial consequences.

Logistical difficulties: Transportation of goods across borders can face logistical challenges such as delays, loss or damage to cargo. Inadequate infrastructure, difficult routes, or problems with transportation services can complicate import operations.

Currency risks: When importing goods from other countries, payments must be made in foreign currency. Changes in exchange rates can affect the cost of import operations and lead to losses. Currency risk management is an important aspect of import management.

Political and economic risks: The stability of the political and economic situation in the exporting country may affect import operations. Political conflicts, changes in legislation or economic changes may result in delays, restrictions or even suspension of import operations.

Cultural and communication challenges: Differences in culture, language, and business practices can complicate communication and understanding between the importer and exporter. Misperceptions of cultural norms and lack of knowledge of local customs can affect supplier relationships and the quality of cooperation.

These difficulties should be addressed when planning and implementing import operations. It is important to have a detailed understanding of the rules and procedures, work with reliable partners, and carefully analyze risks to successfully carry out import operations.

In the field of machine-building equipment, imports to Ukraine are usually carried out by sea, air or rail.

The most popular way to import equipment to Ukraine is by sea. It is advantageous due to the ability to transport large volumes of cargo and more competitive tariffs. Ukraine has access to seaports on the Black and Azov Seas, such as Odesa, Mykolaiv, Kherson, Illichivsk, and others, which facilitates import operations.

As Ukraine is the most popular exporter of machinery products, specific data may change over time. However, European countries such as Germany, Italy, Poland, the Czech Republic, as well as China and Turkey, are important suppliers of

machinery to Ukraine. These countries are known for their advanced technologies and high quality products in the field of mechanical engineering.

It is important to note that the list of popular exporters and transportation methods may vary depending on the specifics and relevance of the industry. In order to obtain up-to-date information on the most popular exporters and methods of transportation of machine-building equipment to Ukraine, it is recommended to conduct a detailed marketing and logistics analysis.

In the field of oil production equipment to Ukraine, the most popular exporters and methods of transportation are as follows:

Exporters: Some of the most popular exporting countries for oilfield equipment to Ukraine are the United States, China, Germany, Canada, Russia, and Italy. These countries are known for their advanced technology and production of oilfield equipment.

Methods of transportation: Since oil production equipment can be large and heavy, the most common method of transportation is by sea. It is usually used to deliver large drilling rigs, oil product platforms, and other heavy equipment. The ports of Odesa, Mykolaiv, and Illichivsk on the Black Sea and ports on the Sea of Azov are important entry points for oil production equipment.

Other methods of transportation: For smaller and lighter pieces of oil production equipment, air, rail, or road transportation can be used. This can be effective for the rapid delivery of small equipment, spare parts, and other components.

Since the beginning of the full-scale invasion, the shares of imports and exports have changed significantly. All logistics routes had to be changed, and it became extremely difficult to conduct foreign trade.

China remained the unchanged leader in terms of imports, with 15% (or 6.5 billion) instead of 15.1%. Poland took the second place with 9.9% (almost \$4.4

billion). In 2021, Poland ranked fourth with a share of 6.8% (\$4.4 billion). In 2022, Germany consolidated and consistently took the 3rd place, with an almost unchanged 8.3% share, which amounts to \$3.6 billion.

From the 7th position in 2021, Turkey moved up to the 4th position with a 5.2% share (or \$2.3 billion). The United States rounds out the top five, replacing Russia's ally Belarus with a 4.2% share (\$1.8 billion). Belarus itself moved to 9th place with a 3.2% share.

It is worth noting that after the start of the full-scale invasion, Ukraine finally significantly reduced imports to the aggressor country, although a complete cessation of cooperation with Russia would be a success. This year, Russia was ranked sixth in the ranking of changing leaders, moving from the 2nd place. Its share in total imports fell almost threefold: from 9.1% to 3.6% (\$1.5 billion).

Overall, total imports in 2022 amounted to just over \$44 billion, compared to \$73.2 billion in 2021. Imports from Italy, Slovakia, and the Netherlands remained unchanged. We are witnessing an increase in trade partnerships with Poland, Turkey, the United States, the Czech Republic, and India.

In general, in 2022, the most imported goods were from the category of oil and oil products - their share is 15.6%, which is slightly more than \$6.8 billion. The second place was taken by the category of cars and other motor vehicles - 5.8% (USD 2.5 billion), replacing the category of petroleum gases in 2021. In contrast, the share of the petroleum gases category is 4.1% (\$1.8 billion).

The fourth place is occupied by the category of goods "other", which rose from 107th place in 2021: 3.7% (\$1.6 billion). This can be explained by the direct impact of the full-scale invasion, as the category of other goods includes diplomatic cargo, international express shipments, consolidated cargo, and humanitarian aid.

The category of medicines remained relatively unchanged at USD 1.2 billion with a share of 2.9%.

If we take the example of Ulterra Ukraine, we import by air to Poland, to the nearest airport with Ukraine, and then by truck to the warehouse.

Since Ulterra Ukraine already imports engineering equipment from America, I considered imports from the UAE as a prospect. It is a very competitive country, with a market that is very similar to the US in terms of engineering equipment.

Importing machinery from the UAE (United Arab Emirates) can have several advantages:

Geographical location and logistics: The UAE is located in the Persian Gulf region, which provides convenient access to seaports. This can reduce transportation costs and delivery time for engineering equipment to Ukraine. In addition, the UAE has a well-developed logistics infrastructure that facilitates efficient international transportation.

Competitive prices: The UAE is an important global center for the trade and production of engineering equipment. This can create competition in the market and contribute to more affordable prices for importers. In addition, the UAE is known for its extensive supplier networks, which can provide greater choice and flexibility when sourcing equipment.

High quality and technological level: The UAE has invested heavily in the development of the technology sector and innovation. They attract talented professionals from all over the world, which contributes to the development and production of high-quality and advanced engineering equipment. When you import from the UAE, you can have access to cutting-edge technology that can improve the efficiency and productivity of your business.

Diversity of manufacturers and products: The UAE has an expanded market for engineering equipment, including a wide range of manufacturers and suppliers. This allows you to have a greater choice of products to suit your specific needs and budget.

Table 3.1

Gantt chart. Schedule of Import project implementation (2023)

Goal	Start	End	13.06	20.06	21.06	28.06	2.07	3.07	6.07	7.07	13.07	14.07	24.07	25.07	31.07	1.08	27.7	
Stage 1 planning and preparation	13.6	20.6																
Stage 2 of paperwork	21.6	2.7																
Customs clearance	28.6	2.7																
Stage 3 transportation and delivery	3.7	24.7																

Table 3.1 continued

Choosing a transportation method	3.7	6.7																
Organization of logistics	7.7	13.7																
Tracking	14.7	24.7																
Stage 4 customs clearance and receipt of goods	25.7	31.7																
Stage 5 retrospective analysis	1.8	4.8																

Source: developed by the author

Based on the Gantt chart, we can see all the stages of the import operation and the dates of their implementation.

The import plan consists of 5 stages: from planning to analysis of the operation. The content of these stages is shown in Table.3.1

3.2 Forecast assessment of the effectiveness of import of LLC “Ulterra Ukraine” machinery equipment from the UAE

To make a forecast of the investment attractiveness of importing machinery from the UAE, you can follow these steps:

- Market analysis.
- Economic context
- Tax and customs rates
- Investment incentives
- Competitiveness and quality
- Suppliers and business partners
- Risks

The UAE (United Arab Emirates) machinery market is a large and dynamic sector. The UAE has a strong industrial base and is one of the world's largest economies. Here are some important aspects of the UAE machinery market:

Market size: The UAE machinery equipment market is of considerable size. The country possesses a wide range of machinery manufacturers and suppliers that offer various types and categories of equipment, including machinery for construction, textile, medical equipment, electronics, and more.

Trends and growth: The UAE machinery market is marked by constant development and progress. The country is actively investing in new technologies, research and development, which contributes to the growth of the machinery sector.

Demand for machinery in Ukraine is also showing positive trends. Ukraine is an industrialized country with a strong production base. Imports of machinery from the UAE are becoming increasingly popular among Ukrainian companies as the UAE offers high-quality equipment at competitive prices.

Forecasts for the growth of demand for machinery in Ukraine depend on several factors, such as the development of various industrial sectors, modernization of production, technological progress, and government support. In general, the forecasts indicate an increase in demand for machinery in Ukraine, in particular from the UAE, in order to increase the productivity and competitiveness of Ukrainian enterprises.

Table 3.2

Shortlist of potential partners in the UAE

Company	Location	Contact person
Dubai Industrial City (DIC)	Dubai, the UAE	Phone: +971 4 391 0062 Fax: +971 4 429 0200
Abu Dhabi National Company for Building Materials (BILDCO)	Abu Dhabi, the UAE	Phone : +971 2 6455500 Fax :+971 2 6455544
Al Shirawi Equipment Company	Dubai, the UAE	Dubai Industrial City : +97142769738 +97142770578 Al Quoz : +9714 347 2606 +9714 347 2157
JAFZA (Jebel Ali Free Zone Authority)	Dubai, the UAE	800-JAFZA (52392) or +97144453270 when dialing from outside the UAE

Source: developed by the author

After a detailed analysis of these companies, it was decided to opt for JAFZA (Jebel Ali Free Zone Authority). This choice can be justified by the fact that this company has the best reputation among its competitors, more experience and very favorable offers for partners. In addition, this company monitors its impact on nature and tries to minimize it by all means. The company also maintains a healthy working atmosphere.

Having taken into account all these aspects, this company was chosen to import engineering equipment to Ukraine.

Table 3.3

Terms of the contract for the import of goods to Ukraine from the UAE

Code UCGFEA	8207191000
Name of good	Replacement tools for hand tools, whether powered or not, or for machine tools (e.g., for pressing, punching, notching, threading, drilling, boring, piercing, milling, turning, or screwing), including metal drawing or extrusion tools, and tools for drilling rock or soil: - tools for drilling rock or soil: - Others, including parts: - - - with a working part of natural or artificial diamond
Origin country	The UAE
Quantity	15
Price for one good	9500
Incoterm	CPT
NBU exchange rate	1dollar/36,92 hrn
Import duty rate	3%

VAT	20%
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Source: developed by the author based on [16]

The advantage of Incoterms 2020 is that the importer and exporter can settle all delivery issues by already well-founded rules that do not allow for changes to the foreign trade contract, but can significantly reduce and modify it. They only fix the distribution of obligations and financial costs between the parties to the sale transaction, such as payment of taxes and duties, insurance, and the transfer of risks in case of consumption and possible damage to the goods.

Table 3.4

Initial conditions for calculating the efficiency of the operation for LLC

Ulterra Ukraine"Import of goods to Ukraine from the UAE "

	Indicator	Plan
1	Sale price in Ukraine, hryvnias/per unit	350740
2	Cost of delivery to the border, USD	4200
3	The cost of delivery in Ukraine, hryvnias.	12000
4	Additional overhead costs of the importer (based on the contract price under CPT conditions), %	47
5	Expenses of "ULTERRA UKRAINE" LLC related to the sale of imported products (based on the contract price under CPT conditions), %	22
Calculation of the import price of the contract		
	Invoice value, USD	9500
	Customs value, hryvnias	350740
Customs payments:		

	Duty	10522,2
	Excise tax	-
	VAT	70148
	The total amount of customs payments	80670,2
	Import contract price	598543,2
Calculation of the effectiveness of the implementation of the import contracts		
	Income from the sale of imported products, hryvnias	4662556,8
	Net profit from imports, hryvnias	1200752
	Efficiency of the import operation, %	2
	Profitability of income, %	25,7
	Return on costs, %	70,4

Source: developed by the author

This import operation is very profitable for the company, as the value is more than one. Also, after the goods are sold in Ukraine, the company will make a fairly large profit.

Therefore, it is reasonable to conduct such an import operation.

Conclusion to chapter 3

The market size of the machinery sector in the UAE is significant, as the country has a strong industrial base and is known for its advanced infrastructure and manufacturing capabilities. The UAE has been investing heavily in various sectors, including construction, manufacturing, and oil and gas, which drives the demand for machinery and equipment.

Economic context: The UAE has a stable and growing economy, supported by factors such as favorable government policies, strategic location, and a business-friendly environment. The country offers attractive investment opportunities and

has a well-developed infrastructure, making it an ideal market for importing machinery.

Tax and customs rates: The UAE has a favorable tax regime, with no corporate or income taxes imposed on most businesses. Additionally, the country has a free trade policy, allowing for duty-free importation of machinery and equipment in many cases. However, it is important to consider specific customs duties and regulations related to the importation of machinery, which may vary depending on the type of equipment and its classification.

Investment incentives: The UAE offers various incentives to attract foreign investment, including tax exemptions, grants, and subsidies. These incentives aim to promote economic growth, innovation, and the development of specific industries. Importing machinery to the UAE can benefit from these incentives and support the overall investment attractiveness of the market.

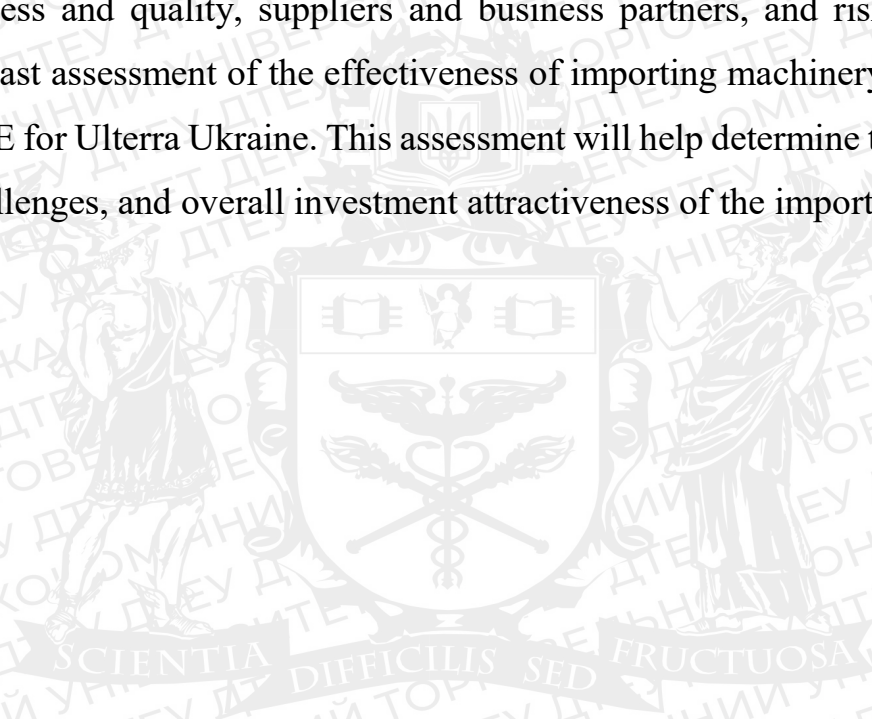
Competitiveness and quality: The UAE machinery market is highly competitive, with both local and international manufacturers and suppliers operating in the country. The market offers a wide range of machinery and equipment, including advanced technologies and high-quality products. Importing machinery from the UAE can provide access to cutting-edge technology and reliable suppliers.

Suppliers and business partners: The UAE has a well-established network of suppliers and business partners in the machinery sector. Local companies have experience in importing, distributing, and servicing machinery, which can facilitate the importation process and provide after-sales support. Establishing partnerships with reliable suppliers and business partners is essential for a successful import operation.

Risks: Like any business venture, importing machinery from the UAE carries certain risks. These may include political and economic uncertainties, changes in regulations, logistics challenges, and fluctuations in currency exchange rates. It is

important to assess and mitigate these risks through proper risk management strategies, such as conducting thorough due diligence, diversifying suppliers, and implementing contingency plans.

By conducting a comprehensive market analysis and considering factors such as the economic context, tax and customs rates, investment incentives, competitiveness and quality, suppliers and business partners, and risks, you can make a forecast assessment of the effectiveness of importing machinery equipment from the UAE for Ulterra Ukraine. This assessment will help determine the potential benefits, challenges, and overall investment attractiveness of the import operation.



CONCLUSIONS AND PROPOSALS

Ulterra Ukraine LLC:

- Ulterra Ukraine is a recognized leader in the wellhead industry in Ukraine and abroad, known for its high-quality products and innovative solutions.
- The company has successfully cooperated with key customers and has a good reputation in the market.
- Despite a decrease in revenue from sales of oil equipment in 2020, the company managed to increase its net profit, demonstrating resilience in a challenging market environment.
- Ulterra Ukraine's wellheads are widely used in projects of major companies in the oil and gas sector.
- The company's success can be attributed to its commitment to producing high-quality products, providing customized solutions, and actively collaborating with customers.

Ukrainian Machine-Building Industry:

The Ukrainian machine-building industry has significant export potential and plays a crucial role in the country's foreign economic activity.

Ukraine exports machine-building equipment to various countries, with the largest markets being Belarus, Kazakhstan, and the European Union.

High customs tariffs and complex customs clearance procedures present challenges for the industry's competitiveness.

The Ukrainian government's efforts to reduce customs tariffs and simplify customs clearance procedures are positive steps that can enhance imports and increase competition in the machinery market.

Attention to customs policy and the introduction of new technologies are essential to maintain competitiveness in the global market.

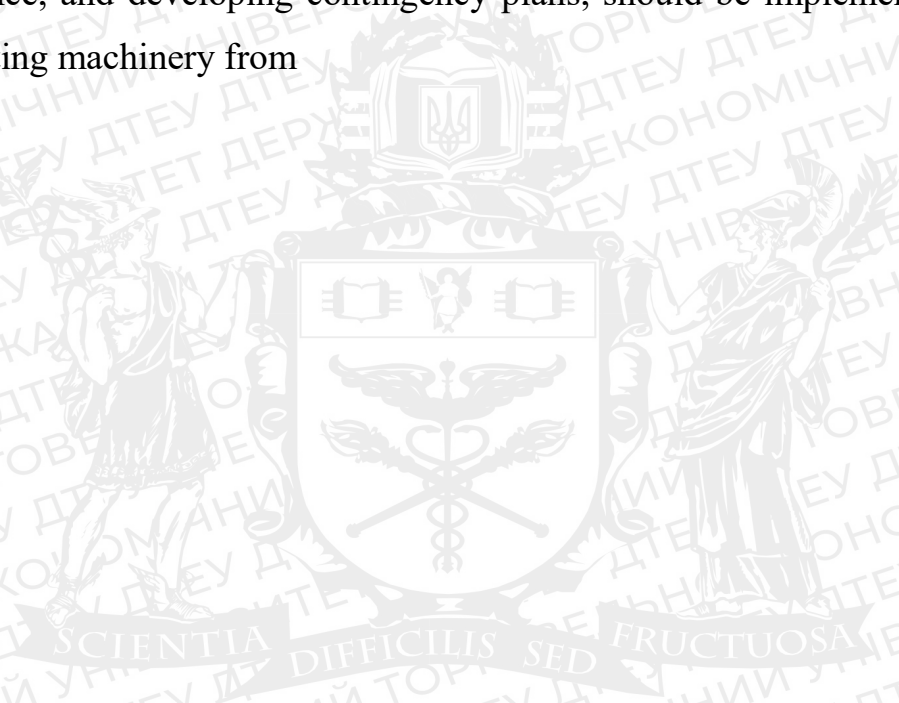
Importing Machinery from the UAE:

- The UAE offers a favorable economic context, with a stable and growing economy, attractive investment opportunities, and a business-friendly environment.
- The country's tax regime and free trade policies support duty-free importation of machinery and equipment in many cases.
- The UAE machinery market is highly competitive, providing access to advanced technologies and high-quality products.
- Establishing partnerships with reliable suppliers and business partners in the UAE is crucial for successful import operations.
- Risks such as political and economic uncertainties, regulatory changes, logistics challenges, and currency fluctuations should be carefully managed through risk mitigation strategies.

Based on these conclusions, the following recommendations can be made:

1. Ulterra Ukraine should continue its focus on producing high-quality products and offering customized solutions to maintain its leading position in the wellhead industry.
2. The company should explore opportunities to expand its customer base and collaborate with other major players in the oil and gas sector.
3. Ulterra Ukraine should stay updated on changes in customs policies and take advantage of initiatives aimed at reducing customs tariffs and simplifying customs clearance procedures.
4. The Ukrainian government should continue its efforts to create a more favorable business environment for the machine-building industry, including further reduction of customs tariffs and streamlining of customs procedures.

5. Ulterra Ukraine should consider the potential benefits of importing machinery and equipment from the UAE, including access to advanced technology and reliable suppliers. A thorough market analysis and risk assessment should be conducted before making any investment decisions.
6. Risk management strategies, such as diversifying suppliers, conducting due diligence, and developing contingency plans, should be implemented when importing machinery from



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Appendices

Appendix A

INTER-COMPANY AGREEMENT FOR SALE AND PURCHASE OF PRODUCTS № 21-001

Kyiv, Ukraine / Fort Worth, Texas

This Inter-company Agreement for Sale and Purchase of Products ("**Agreement**") is entered into as of this **5th day of August 2021** ("**Effective Date**") by and between:

(i) **Ulterra Ukraine LLC**, a company registered under the laws of Ukraine, with its registered official address at: 55 Bohdana Khmelnytskoho street, Kyiv, 01054, Ukraine represented by **Vladyslav Zavada**, its Director (hereinafter referred to as "**Buyer**") on the one hand

and
(ii) **ULTERRA DRILLING TECHNOLOGIES, L.P.**, a company registered under the laws of the state of Texas, USA, with its registered official address at: 201 Main Street, Suite 1660, Fort Worth, Texas 76102 USA, (hereinafter referred to as "**Seller**"), represented by **Maria Mejia**, its Senior Vice President and Chief Financial Officer, on the other hand

Buyer and Seller are hereinafter sometimes referred to individually as "**Party**" and collectively as "**Parties**".

WHEREAS Seller is specialized in the procurement and delivery of certain oilfield-related products, including but not limited to drill bits, and Buyer may from time to time purchase such products from Seller.

NOW THEREFORE, in consideration of the mutual covenants hereinafter recited and other good and valuable consideration (the receipt and sufficiency of which is mutually acknowledged), Buyer and Seller do hereby agree as follows:

ARTICLE 1 - PROVISION OF PRODUCTS TO BUYER; PURCHASE ORDERS; PRICING

1.1. Subject to the terms and conditions hereof, Buyer may from time to time buy from Seller, and Seller may sell to Buyer, the oilfield-related equipment, materials and supplies determined in a purchase order accepted by Seller ("**Product(s)**"), at the price which shall be denominated and paid in United States Dollar as set forth therein. Accordingly, each time Buyer elects to purchase Products, it shall submit a purchase order ("**Order(s)**"). Nothing in this Agreement shall obligate Buyer to purchase any oilfield-related equipment, materials or supplies for which no Order has been placed by Buyer. Nothing in this Agreement shall obligate Seller to sell any oilfield-related equipment, materials or supplies for which no Order has been accepted by Seller.

1.2. Each Order shall be governed by the provisions hereof, i.e. the Products shall be provided by Seller

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ДОГОВІР МІЖ КОМПАНІЯМИ ПРО ПРОДАЖ ТА ПРИДБАННЯ ПРОДУКЦІЇ № 21-001

Київ, Україна / Форт-Уерт, штат Техас

Цей Договір між компаніями про продаж та придбання продукції ("**Договір**") укладено сьогодні, **5-го серпня 2021 р** ("**Дата набуття чинності**"), безпосередньо та між:

(i) **ТОВ "УЛТЕРРА ЮКРЕЙН"**, юридична особа, зареєстрована відповідно до законодавства України, офіційна адреса: вул. Богдана Хмельницького, будинок 55, Київ, 01054, Україна, в особі Завади Владислава Валерійовича, Директора (далі – "**Покупець**") з одного боку і

(ii) **УЛТЕРРА ДРІЛІНГ ТЕКНОЛОДЖІС ЕЛ.ПІ.**, компанія зареєстрована відповідно до законодавства штату Техас, США, офіційна адреса: вул. Майн, буд. 201, номер 1660, місто Форт-Уерт, штат Техас, 76102, США, (далі – "**Продавець**"), в особі Марії Мехії, її Старшого віце-президента та Головного Фінансового Директора, з іншого боку

Покупець і Продавець надалі періодично згадуватимуться окремо як "**Сторона**", а разом – як "**Сторони**".

ОСКІЛКИ Продавець спеціалізується на постачанні певних нафтопромислових продуктів, включаючи, але не обмежуючись, бурові долота, а Покупець може час від часу купувати такі продукти у Продавця.

ОТЖЕ, ТАКИМ ЧИНОМ, на підставі викладених взаємних домовленостей та інших належних і корисних підстав (означення з якими та повнота яких взаємно узгоджені), Покупець і Продавець цим погоджуються про таке:

СТАТТЯ 1 – ЗАБЕЗПЕЧЕННЯ ПРОДУКТАМИ ПОКУПЦЯ; ЗАМОВЛЕННЯ; ЦІНИ

1.1. Відповідно до умов і положень цього документа Покупець може час від часу купувати у Продавця, а Продавець може продавати Покупцю нафтопромислове обладнання, матеріали та запаси, визначені в замовленні, прийнятому Продавцем ("**Продукт(и)**"), за ціною, яка буде встановлена та сплачена в доларах Сполучених Штатів, як обумовлено нижче в цьому документі. Відповідно, щоразу, коли Покупець обирає Продукти для придбання, він має подавати замовлення ("**Замовлення**"). Ніщо в цьому Договорі не зобов'язує Покупця купувати будь-яке нафтопромислове обладнання, матеріали та запаси, на яке не було розміщено Замовлення. Ніщо в цьому Договорі не зобов'язує Продавця продавати будь-яке нафтопромислове обладнання, матеріали та запаси, на яке Продавець не одержав Замовлення.

1.2. Кожне Замовлення має підпорядковуватися положенням цього документа, наприклад,

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Appendix A continued

under the terms and conditions contained, and as applicable referred to, herein. The terms and conditions contained or referred to in this Agreement shall apply, regardless of whether said terms and conditions are referenced in the Order.

1.3. In case of conflict or inconsistency between any Order and the Agreement, the Agreement shall prevail, unless otherwise agreed by the Parties. The prices set forth in an Order may vary in accordance with the terms of the concerned Order, as agreed by the Parties.

1.4. The Products (quantity, quality, price, currency etc.) and its Sender shall be specified by the Parties in the Orders. Each Order shall be submitted and confirmed electronically, issuance of shipment invoice by the Seller and its acceptance by the Buyer shall be a proper confirmation that the relevant Order is agreed by the Parties and shall constitute the integral part of the Agreement.

1.5. Approximate value of the Agreement is 500,000 (five hundred thousand USD) United States Dollars. The total value of the Agreement shall be calculated based on all shipment invoices.

ARTICLE 2 - TERM; TERMINATION

2.1 The Agreement shall come into force on the Effective Date, and shall remain in full force and effect for a period of three (3) years thereafter, unless earlier terminated pursuant to Article 2.2, or extended as set forth in the subsequent sentence. At the end of the initial term, the Agreement will be automatically renewed for successive one-year periods, unless either Party serves during the then-current one-year period a notice to the other Party ninety (90) days prior to the anniversary date of the Effective Date. Any renewal term shall be subject to the provisions of Article 2.2.

2.2 The Agreement may be terminated as follows:

(a) Either Party may terminate the Agreement effective immediately upon written notice to the other Party, if the other Party is in breach of its obligations hereunder, and fails to remedy said breach within a period of thirty (30) days after having received written notice thereof.

(b) Either Party may terminate the Agreement at its convenience by serving a ninety-day prior written notice to the other Party.

2.3 Orders may be terminated for convenience by Buyer subject to the payment of a mutually agreed upon early termination fee, which Seller will take its best efforts to mitigate.

ARTICLE 3 - WARRANTIES

3.1. Seller warrants that (i) the Products shall, for a period of twelve (12) months from the date of shipment page 2

Продукти повинні надаватися Продавцем на умовах, які викладені тут або на які є посилання. Умови і положення, які передбачені в цьому Договорі або на які є посилання, мають застосовуватися незалежно від того, чи названі умови і положення згадуються в Замовленні.

1.3 У разі суперечки або протиріччя між Замовленням та Договором переважну силу матиме Договір, якщо інше не буде узгоджено Сторонами. Ціни, встановлені в Замовленні, можуть варіювати відповідно до умов певного Замовлення, як узгоджено Сторонами.

1.4. Продукти (кількість, якість, ціна, валюта тощо) та їх Відправник мають визначатися сторонами в Замовленні. Кожне Замовлення слід подавати та підтверджувати в електронний спосіб, видача Продавцем інвойса на відвантаження та його приймання Покупцем має бути належним підтвердженням того, що відповідне Замовлення погоджене Сторонами, та цей інвойс має бути невід'ємною частиною Договору.

1.5. Орієнтовна вартість цього Договору становить 500,000 (п'ятсот тисяч) доларів Сполучених Штатів Америки. Загальна вартість Договору має бути обчислена на підставі інвойсів на відвантаження.

СТАТТЯ 2 – ТЕРМІН ДІЇ; РОЗІРВАННЯ

2.1 Цей Договір набуває чинності в Дату набуття чинності та матиме повну силу і буде чинною упродовж періоду тривалістю три (3) роки після цієї дати, якщо Договір не буде розірвано раніше відповідно до Статті 2.2 або подовжено, як встановлено у нижчевикладеному положенні. Наприкінці початкового терміну дії Договору буде автоматично поновлено на наступні періоди тривалістю один рік, якщо якась із Сторін не подасть протягом такого поточного однорічного періоду повідомлення іншій Стороні за дев'яносто днів до річної Дати набуття чинності. Будь-який термін поновлення має відповідати положенням Статті 2.2.

2.2 Договір може бути розірвано відповідно до такого:

(a) Будь-яка Сторона може негайно розірвати Договір після надання письмового повідомлення іншій Стороні, якщо інша Сторона порушує свої зобов'язання за цим Договором та не усуває названого порушення впродовж періоду тривалістю тридцять (30) днів після одержання письмового повідомлення про це.

(b) Будь-яка Сторона може розірвати Договір, якщо це їй зручно, шляхом надання письмового повідомлення іншій Стороні за дев'яносто днів до цього.

2.3 Замовлення можуть бути припинені Покупцем з власної ініціативи відповідно до сплати взаємно погодженої комісії за дострокове припинення, щодо зменшення якої Продавець докладе всіх зусиль.

СТАТТЯ 3 – ГАРАНТІЇ

3.1 Продавець гарантує, що (i) Продукти будуть, на період тривалістю дванадцять (12) місяців з сторінка 2

of the Products to Buyer, conform to the applicable specifications, and shall be free from defects in workmanship, materials and manufacture, and new (unless otherwise agreed by Buyer), and (ii) Seller shall have good and marketable title to all Products delivered to Buyer, free from and clear of any liens or encumbrances. The acceptance of the Products shall be performed by the Buyer upon delivery in Ukraine.

3.2. If any Products delivered pursuant to this Agreement are found not to be as warranted, Buyer shall inform Seller in respect thereof, and Seller shall, at Seller's option and as Buyer's sole and exclusive remedy, repair or replace the same, or issue a credit for the same.

3.3. The foregoing warranty in Article 3.1(i) shall not apply to defects resulting from (i) the specifications or design of the Products when provided by Buyer, (ii) Products which have been abused, altered or misused, (iii) tooling or instructions supplied by Buyer, or (iv) Products which have been kept outside their recommended environmental conditions (such as temperature). EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, SELLER MAKES NO WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY WITH RESPECT TO THE PRODUCTS, AND ALL SUCH OTHER WARRANTIES ARE HEREBY SPECIFICALLY DISCLAIMED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY.

ARTICLE 4 - TRANSFER OF TITLE; DELIVERY

4.1 Notwithstanding anything herein or in any Order to the contrary, title to the Products shall be transferred in accordance with the terms and conditions of Incoterms 2010 and shall be specified in the relevant invoices. The Seller shall be responsible for the customs clearance in the USA and the Buyer shall be responsible for the customs clearance in the country of delivery. The point of delivery and registration shall be specified in the relevant invoices.

ARTICLE 5 - OBLIGATIONS OF SELLER

5.1 Seller undertakes to ensure that all obligations set forth in this Article 5 shall, in respect of each shipment delivered to Buyer, be complied with.

5.2. Seller agrees to conform to the written instructions provided by Buyer in accordance with a mutually agreed upon procedure, which determines the delivery address, the consignee address, the preferred delivery day, the required consolidation level/frequency for all shipments processed by Seller, the contact details of the customs clearance agent in the country of destination and such other practical information as is reasonably necessary for a good quality service in accordance with Buyer's requirements.

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дати поставки Продуктів Покупцю, відповідати застосовним специфікаціям, не матимуть дефектів матеріалів і виготовлення та будуть новими (якщо інше не погоджено Покупцем), та (ii) Продавець матиме право власності й право повного розпорядження щодо всіх Продуктів, які доставляються Покупцю, без будь-яких застав або обтяжень. Приймання Продуктів здійснюватиме Покупець після доставки в Україну.

3.2 Якщо будь-які Продукти, доставлені відповідно до цього Договору, не мають гарантії, Покупець повинен повідомити про це Продавця, а Продавець повинен, на розсуд Продавця, відремонтувати або замінити їх чи видати для цього кредит, і це буде єдиною та виключною компенсацією Покупця.

3.3 Вищезазначена гарантія в Статті 3.1(i) не застосовується до дефектів, які виникли внаслідок (i) специфікацій або конструкції Продуктів, якщо це обумовлено Покупцем, (ii) Продуктів, які неналежним чином використовувалися, були змінені або неправильно застосовувалися, (iii) інструментарію або інструкцій, які постачалися Покупцем, або (iv) Продуктів, які зберігалися не в рекомендованих умовах середовища (наприклад, за неналежних температурних умов). ЯКЩО ЧІТКО НЕ ВСТАНОВЛЕНО В ЦЬОМУ ДОГОВОРІ ТА ЯКЩО НЕ ДОЗВОЛЕНО ЗАСТОСОВНИМ ЗАКОНОМ, ПРОДАВЕЦЬ НЕ НАДАЄ ЖОДНИХ ГАРАНТІЙ, ПРЯМИХ, НЕПРЯМИХ АБО ПЕРЕДБАЧЕНИХ ЗАКОНОМ, СТОСОВНО ПРОДУКТІВ, ТА ВСІ ТАКІ ІНШІ ГАРАНТІЇ ЦИМ КОНКРЕТНО НЕ ВИЗНАЮТЬСЯ, ВКЛЮЧАЮЧИ, БЕЗ ОБМЕЖЕНЬ, ГАРАНТІЇ ПРИДАТНОСТІ ТОВАРУ ДЛЯ ОКРЕМОЇ МЕТИ ЧИ ПРОДАЖУ.

СТАТТЯ 4 – ПЕРЕДАЧА ПРАВА ВЛАСНОСТІ; ДОСТАВКА

4.1 Незважаючи на будь-що протилежне в цьому документі або в будь-якому Замовленні, право власності на Продукти має бути передане відповідно до умов Інкотермс 2010, які зазначаються у відповідних інвойсах. Продавець несе відповідальність за митне оформлення в США, а Покупець несе відповідальність за митне оформлення в країні доставки. Місце доставки та реєстрації визначаються у відповідних рахунках-фактурах.

СТАТТЯ 5 – ОБОВ'ЯЗКИ ПРОДАВЦЯ

5.1 Продавець зобов'язується гарантувати дотримання обов'язків, установлених у цій Статті 5, стосовно кожної партії, доставленої Покупцю.

5.2 Продавець погоджується дотримуватися письмових інструкцій, передбачених Покупцем згідно із взаємно узгодженою процедурою, яка визначає адресу доставки, адресу одержувача вантажу, бажану дату доставки, необхідний рівень/частоту комплектування для всіх партій, оброблених Продавцем, контактну інформацію про агента митного контролю в країні призначення та таку іншу практичну інформацію, яка належним чином необхідна для гарантійної якості послуг відповідно до вимог Покупця.

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Appendix A continued

5.3. All required documentation will be timely provided to Buyer.

5.4. All trade and export control regulations will be strictly complied with.

5.5. The Products will be correctly labeled/marked in accordance with applicable laws and regulations such as, where applicable, IATA regulations.

5.6. All Products delivered shall be packed in a manner which is in accordance with applicable regulations, and adequate to ensure safe arrival of the Products at the country of destination, by using cushioning material if required, to prevent damage during transportation.

ARTICLE 6 - PAYMENT AND TAXES

6.1. Invoices shall be raised by Seller to Buyer's address and mailed on the date of shipment of the Products to Buyer's address specified in the Order, and shall state the Order number. Payment shall be made by Buyer within thirty (30) days from the date of invoice, unless Buyer disputes the correctness of the invoice submitted, in which case the Parties shall use their best efforts to settle their dispute at the earliest. Seller may charge interest in case of late (undisputed) payment, such interest rate being equal to LIBOR plus 2%, provided that LIBOR plus said percentage remains lower than, or equal to, the maximum interest rate permissible at law.

6.2. The Seller and Buyer shall pay all applicable taxes (corporate/income tax/withholding tax/value added tax and other similar taxes including applicable penalties levied or imposed on either party and related to or assessed upon Seller and Buyer in relation to this Agreement. The prices under this Agreement shall be full and final payment due by Buyer to Seller and Seller shall have no further right of claims against the Buyer for any other taxes/fines/levies or penalties.

ARTICLE 7 - LIABILITIES AND INDEMNITIES

7.1 The risk of loss of, or damage to, the Products shall pass to Buyer at the time and place of delivery, in the country of destination port of entry (prior to customs clearance).

7.2. SELLER SHALL DEFEND, INDEMNIFY AND HOLD BUYER HARMLESS AGAINST CLAIMS ARISING OUT OF ANY ACTUAL OR ALLEGED INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER INTELLECTUAL PROPERTY OR PROPRIETARY RIGHT, OR ANY LITIGATION BASED THEREON, WITH RESPECT TO THE PRODUCTS, TO THE EXTENT OF THE INDEMNITY GRANTED BY THE MANUFACTURER (OR

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5.3 Вся належна документація буде вчасно надана Покупцю.

5.4 Всі торгові та експортні правила контролю будуть суворо дотримані.

5.5 Продукти матимуть правильне позначення/маркування відповідно до застосованих законів та правил, таких як, коли це застосовується, правил IATA (Міжнародної асоціації повітряного транспорту).

5.6 Усі доставлені Продукти повинні бути запаковані в такий спосіб, який відповідає застосованим правилам та може гарантувати безпечне прибуття Продуктів до країни призначення, шляхом використання амортизаційного матеріалу, якщо в цьому буде потреба, з метою попередження пошкодження в ході транспортування.

СТАТТЯ 6 – ОПЛАТА І ПОДАТКИ

6.1 Інвойси повинні бути надані Продавцем на адресу Покупця та доставлені в дату відправлення Продуктів на адресу Покупця, зазначену в Замовленні, та повинні містити номер Замовлення. Оплата має бути здійснена Покупцем протягом тридцяти (30) днів з дати інвойса, якщо Покупець не оскаржує правильність поданого інвойса, в такому випадку Сторони повинні докласти найкращих зусиль для якнайшвидшого врегулювання суперечки. Продавець може нарахувати відсотки в разі пізньої (неоскарженої) оплати, ставка таких відсотків має дорівнювати ЛІБОР (LIBOR, Лондонська міжбанківська ставка) плюс 2% за умови, що значення ЛІБОР плюс названий відсоток буде нижчим або дорівнюватиме максимальній відсотковій ставці, дозволеній законом.

6.2 Продавець і Покупець мають сплатити всі застосовні податки (корпоративний податок/податок на прибуток/прибутковий податок/податок на додану вартість та інші подібні податки, включаючи застосовні стягнення, які збираються або накладаються на якусь сторону та стосуються або встановлюються щодо Продавця та Покупця у зв'язку з цим Договором. Ціни за цим Договором мають бути повним та остаточним платежем, який Покупець має здійснити на користь Продавця, і Продавець не має більше права вимагати з Покупця сплати інших податків/стягнень/зборів або штрафних санкцій.

СТАТТЯ 7 – ЗАБОРГОВАНІСТІ ТА ВІДШКОДУВАННЯ

7.1 Ризик втрати або пошкодження Продуктів переходить до Покупця у час та місці доставки, в країні призначення, порту ввезення (до митного оформлення).

7.2 ПРОДАВЕЦЬ МАЄ ЗАХИЩАТИ, ЗВІЛЬНИТИ І УБЕЗПЕЧИТИ ПОКУПЦЯ ВІД ПОЗОВІВ, ЯКІ ВИНИКАЮТЬ НА ПІДСТАВІ БУДЬ-ЯКОГО ДІЙСНОГО АБО УЯВНОГО ПОРУШЕННЯ БУДЬ-ЯКОГО ПАТЕНТУ, АВТОРСЬКОГО ПРАВА, ТОРГОВОЇ МАРКИ АБО ІНШОЇ ІНТЕЛЕКТУАЛЬНОЇ ВЛАСНОСТІ АБО ПРАВА ВЛАСНОСТІ ЧИ БУДЬ-ЯКОГО СУДОВОГО ПРОЦЕСУ НА ПІДСТАВІ ЦЬОГО, ЩО

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SUPPLIER) OF THE PRODUCTS TO SELLER

7.3. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES SUSTAINED BY THE OTHER IN CONNECTION WITH THE PERFORMANCE OF THE AGREEMENT, OR ANY ORDER, INCLUDING WITHOUT LIMITATION BUSINESS INTERRUPTIONS, LOSS OF PROFITS, LOSS OF REVENUES, LOSS OF USE OF ASSETS AND LOSS OF CONTRACTS

7.4. IT IS THE EXPRESS INTENT OF THE PARTIES THE INDEMNITIES AND LIABILITY EXCLUSIONS CONTAINED IN THIS ARTICLE 7 SHALL, UNLESS EXPRESSLY STATED OTHERWISE, APPLY REGARDLESS OF WHETHER (I) THE CLAIMED LIABILITY IS BASED ON BREACH OF CONTRACT, WARRANTY OR DUTY, NEGLIGENCE OF ANY PERSON (GROSS, SOLE, CONCURRENT, ACTIVE OR PASSIVE), PRE-EXISTING CONDITIONS, FAILURE OF ESSENTIAL PURPOSE OR ANY OTHER LEGAL OR EQUITABLE THEORY, OR ANY OTHER CAUSE, AND/OR (II) A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF THE CORRESPONDING LIABILITY

ARTICLE 8 - COMPLIANCE WITH LAWS

Each Party shall comply with, and adhere to, all applicable laws and regulations which apply to it in connection with this Agreement, or an Order pursuant to the Agreement.

ARTICLE 9 - GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the state of Texas, USA, excluding any conflict of laws principle that would refer to the laws of another jurisdiction. All disputes arising in connection with the Contract shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by a sole arbitrator appointed in accordance with said Rules. The place of arbitration shall be Fort Worth, Texas USA. The arbitrator shall determine the matters in dispute in accordance with the laws of the state of Texas, USA, and the English language shall be used throughout the arbitral proceedings.

ARTICLE 10 - GENERAL LEGAL PROVISIONS

10.1 The Agreement, or an Order pursuant to the Agreement, shall not be construed as creating a joint-venture, partnership or the like. Each Party shall remain an independent entity, and act as an independent contractor.

10.2 Neither Seller, nor Buyer, shall be liable for delay or non-performance of its obligations hereunder (or part thereof) if the cause of delay or non-performance is an event which is unforeseeable, beyond the control of the Party affected, and cannot be remedied by the exercise of reasonable diligence, including without limitation acts of God, acts of civil or military authority, governmental orders, war, fire, explosion, labor unrest (except if limited to the Party

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СТОСУЄТЬСЯ ПРОДУКТІВ, КРИМ ВИПАДКІВ, КОЛИ ГАРАНТІЯ НАДАЄТЬСЯ ВИРОБНИКОМ (АБО ПОСТАЧАЛЬНИКОМ) ПРОДУКТІВ ПРОДАВЦЮ.

7.3 жодна сторона не несе відповідальність перед іншою за будь-які штрафи, непрямі або побічні збитки, яких зазнала інша сторона у зв'язку з виконанням цього Договору або будь-якого замовлення, включаючи, без обмеження, затримки в бізнесі, втрату прибутків, зменшення доходу, втрату можливості використання активів і укладення контрактів.

7.4 Сторони висловлюють намір, що виключення стосовно заборгованості та матеріальної відповідальності, викладені в цій статті 7, застосовуватимуться, якщо чітко не буде встановлено інше, незалежно від того, чи (i) заявлена матеріальна відповідальність ґрунтується на порушенні контракту, гарантії або зобов'язання, недбайливості будь-якої особи (значному, одноосібному, одночасному, активному чи пасивному), попереджого умов, невиконанні основної мети чи будь-якого іншого правового або рівноправного принципу чи в іншому випадку, та/або незалежно від того, (ii) що сторона поінформована про можливість відповідної матеріальної відповідальності.

СТАТТЯ 8 – ДОТРИМАННЯ ЗАКОНІВ

Кожна сторона повинна дотримуватися і діяти відповідно до всіх застосовних законів і постанов, які застосовуються у зв'язку з цим Договором або замовленням відповідно до цього Договору.

СТАТТЯ 9 – ЗАСТОСОВНЕ ПРАВО

Цей Договір має регулюватися та тлумачитися відповідно до законів штату Техас, США, за винятком будь-яких суперечок законодавчих принципів, які можуть стосуватися законів іншої юрисдикції. Усі спори, які виникають у зв'язку з Договором, мають бути остаточно врегульовані відповідно до Правил арбітражу Міжнародної торговельної палати одним суддею, призначеним згідно із названими Правилами. Місцем арбітражу має бути Форт-Уерт, Техас, США. Суддя має визначити предмет спору відповідно до законів штату Техас, США, і в усіх судових процесах має використовуватися англійська мова.

СТАТТЯ 10 – ЗАГАЛЬНІ ПРАВОВІ ПОЛОЖЕННЯ

10.1 Договір або замовлення за цим Договором не тлумачаться як такі, що створюють спільне підприємство, товариство тощо. Кожна сторона залишається незалежною юридичною особою та діє як незалежний підрядник.

10.2 Ні Продавець, ні Покупець не несуть відповідальність за затримку або невиконання своїх зобов'язань за цим документом (або його частиною), якщо причиною затримки або невиконання є непередбачувана подія, яка настала поза межами контролю Сторони і не може бути усунута шляхом докладання належного зусилля, включаючи, але не обмежуючись цим, стихійні лиха, акти громадської або військової

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affected) or epidemic ("**Force Majeure**"). The Party affected shall be relieved from its obligations (or part thereof) as long as the Force Majeure lasts and hinders the performance of said obligations (or part thereof), it being understood that Force Majeure shall not excuse any obligation of Buyer to pay for invoices due in accordance with the provisions hereof. The Party affected shall promptly notify the other Party and make reasonable efforts to mitigate the effects of Force Majeure with reasonable dispatch.

10.3 Notices shall be sent by registered post or fax, or delivered in person, to the address communicated separately by each Party to that effect. Said notices shall be deemed received (i) upon delivery if hand delivered, (ii) upon delivery if sent by registered post, and (iii) upon recipient's confirmation of receipt if faxed.

10.4 The Agreement embodies the entire agreement between the Parties with respect to the subject matter hereof, and prevails over any previous oral or written understandings, commitments or agreements pertaining to the subject matter hereof. The Agreement shall not be modified in any manner, except by a written instrument duly signed by each Party.

10.5 Any provision herein which in any way contravenes applicable laws or regulations shall be deemed severable to the extent of such contravention, and the legality, validity or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. The Parties shall promptly negotiate to restore this Agreement as near as possible to its original intent and economic effect.

10.6 The provisions of the Agreement which by their nature are intended to survive the termination or expiry of the Agreement (including without limitation warranty and indemnity/liability provisions) shall remain in full force and effect after said termination or expiry.

10.7 The headings contained in the Agreement are for convenience of reference only, and do not constitute a part of the Agreement.

10.8 The terms and conditions contained in this Agreement may not be discharged in whole or in part by waiver, renunciation, or failure of enforcement, unless specifically agreed to in writing by the Party to which said terms and conditions benefit.

10.9 This Agreement is made in the English and Ukrainian languages. In case of any discrepancies between the English and Ukrainian version of the Agreement, the English version shall prevail.

влади, урядові накази, війну, пожежу, вибух, акти непокори трудящих (якщо це не встановлено Постраждалою Стороною) або епідемії ("**Форс-мажор**"). Постраждала Сторона звільняється від своїх зобов'язань (або їх частини), поки Форс-мажор триває і перешкоджає виконанню названих зобов'язань (або їх частини), зрозуміло, що Форс-мажор не виправдовує зобов'язання Покупця оплатити інвойс відповідно до положень цього документа. Постраждала Сторона має належним чином повідомити іншу Сторону та докласти належних зусиль для зменшення впливів Форс-мажору з розумним швидким виконанням.

10.3 Повідомлення слід надсилати рекомендованою поштою або факсом чи передавати особисто на адресу, повідомлену окремо кожною стороною з цієї метою. Згадані повідомлення вважаються одержаними (i) після доставки в руки, (ii) після доставки рекомендованою поштою та (iii) після підтвердження одержувача про отримання повідомлення, переданого факсом.

10.4 Договір являє собою повну домовленість між Сторонами стосовно зазначеного в ньому предмета та має переважну силу щодо будь-яких попередніх усних або письмових домовленостей, заяв або угод стосовно предмета цього Договору. Цей Договір не може бути в будь-який спосіб змінений, окрім як шляхом укладення письмового документа, належним чином підписаного кожною Стороною.

10.5 Будь-яке положення цього документа, яке будь-яким чином суперечить застосовним законам або постановам, не впливає на законність, чинність або позовну силу решти положень цього Договору та жодним чином не впливає або не послаблює їх. Сторони повинні належним чином обговорити максимально можливе відновлення цього Договору до його початкового наміру та економічного ефекту.

10.6 Положення Договору, які за своїм характером містили вказівки щодо розірвання або завершення чинності Договору (включаючи, але не обмежуючись цим, гарантію та положення про відшкодування/зобов'язання), залишатимуться чинними та матимуть повну силу після згаданого розірвання або завершення чинності.

10.7 Заголовки, які містяться в Договорі, наведені виключно з метою посилання та не становлять частину цього Договору.

10.8 Умови та положення, які містяться в цьому Договорі, не можуть бути скасовані повністю або частково шляхом відмови чи незастосування, якщо це спеціально не погоджено в письмовій формі Стороною, яку стосуються ці умови та положення.

10.9 Цей Договір укладений українською та англійською мовами. У випадку виникнення розбіжності між українським та англійським текстами, англійський текст матиме переважну силу.

ARTICLE 11 – DETAILS OF THE PARTIES

Ultrerra Ukraine LLC

Address: 55 Bohdana Khmelnytskoho street, Kyiv, 01054, Ukraine
Identification number: 44286709
Name of the bank: OTP BANK JSC
Address: Ukraine, Kyiv, 01033, Zhilianska St., 43
Swift: OTPVUAUK
Account number USD:
UA963005280000026009000012347

Ultrerra Drilling Technologies, L.P.

Legal address:
201 Main Street, Suite 1660, Fort Worth, Texas 76102 USA.

Address for correspondence:
201 Main Street, Suite 1660, Fort Worth, Texas 76102 USA.

Bank details:
Account number: 4135302438
Account type: Checking
ACH routing number: 121000248
Wire routing number: 121000248
SWIFT/BIC code: WFBIUS6S
Bank name and address: Wells Fargo Bank, 420 Montgomery Street, San Francisco, CA 94104

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in duplicate originals by their duly authorized representatives.

**For ULTERRA UKRAINE LLC
(Buyer)**

Name: Vladyslav Zavada
Title: Director

(Signature)

**For ULTERRA DRILLING TECHNOLOGIES, L.P.
(Seller)**

Name: Maria Mejia
Title: Senior Vice President and Chief Financial Officer

(Signature)

СТАТТЯ 11 – РЕКВІЗИТИ СТОРІН

ТОВ "УЛТЕРРА ЮКРЕЙН"

Адреса: вул. Богдана Хмельницького, будинок 55, Київ, 01054, Україна
Ідентифікаційний код: 44286709
Назва банку: АТ "ОТП Банк"
Адреса: Україна, місто Київ, 01033, вул. Жилинянська, 43
Свіфт: ОТПВУАУК
Номер рахунку USD:
UA963005280000026009000012347

УЛТЕРРА ДРІЛЛІНГ ТЕКНОЛОДЖІС ЕЛ.ПІ.

Юридична адреса:
вул. Майн, буд. 201, номер 1660, місто Форт-Уерт, штат Техас, 76102, США

Адреса для листування:
вул. Майн, буд. 201, місто Форт-Уерт, штат Техас, 76102, США

Банкієські реквізити:
Номер рахунку: 4135302438
Тип рахунку: поточний
ACH номер: 121000248
Wire номер: 121000248
SWIFT/BIC код: WFBIUS6S
Назва та адреса банку: Wells Fargo Bank, 420 Montgomery Street, San Francisco, CA 94104

НА ЗАСВІДЧЕННЯ ЧОГО Сторони доручили своїм належним чином уповноваженим представникам оформити цей Договір у двох оригінальних примірниках.

**ТОВ "УЛТЕРРА ЮКРЕЙН"
(Покупець)**

(Підпис)
Ім'я: Владислав Завада
Посада: Директор

**УЛТЕРРА ДРІЛЛІНГ ТЕКНОЛОДЖІС ЕЛ.ПІ.
(Продавець)**

(Підпис)
Ім'я: Марія Мехія
Посада: Старший віце-президент та Головний Фінансовий Директор

Appendix B

УКРАЇНА (форма МД-2)		ДЕКЛАРАЦІЯ		А МИТНИЙ ОРГАН ВІДПРАВЛЕННЯ ЕКСПОРТУ ПРИЗНАЧЕННЯ	
3	8	2 Відправник/Експортер № US/0000000000 ULTERRA DRILLING TECHNOLOGIES, L.P. 6700 CORPORATION PKWY FORT WORTH TX 76126 US Див. доп. 00070000/0000000		IM 31 ДМ 3 Форма 4 Вид, стілець 1 1 5 Всього т-ів 6 Всього мись 7 Довідковий номер 1 Вн. № 4210	
		8 Одержувач № UA/0044286709 ТОВ "УЛТЕРРА ЮКРЕЙН" 27 вул.Харчовиків, Полтава,36014, Україна UA10044286709		9 Особа, відповідальна за фінансове врегулювання № UA/0044286709 ТОВ "УЛТЕРРА ЮКРЕЙН" Див. доп. UA10044286709	
		14 Декларант/Представник № UA/0035360205 ТОВ "КФ" Лаврік" АВ 491410 від 19.06.2015 UA10035360205		15 Країна відправлення/експорту США 16 Країна походження	
		11 Торг. країна країна вироб.		12 Відомості про вартість 625239.92	
		17 Код країни призначення		18 Код країни призначення a US b a b	
		19 Конт.		20 Умови поставки	
		21 Ідентифікація і країна реєстрації активного транспортного засобу на кордоні		22 Валюта та загальна сума за рахунком USD 23728.00	
		23 Курс валюти		24 Характер угоди 26.35030000 091 000	
		25 Вид транспорту на кордоні		26 Вид транспорту в межах країни	
		27 Місце навантаження/розвантаження		28 Фінансові та банківські відомості	
3	8	31 Митний орган вилучення/звільнення		30 Місце знаходження товарів	
31 Вантажні місця та опис товарів		32 Товар		33 Код товару	
1.Змінний інструмент до бурового обладнання, призначений для буріння скельних порід або ґрунтів, робоча частина долота містить синтетичні алмази, які не можуть бути використані як сировина для ювелірних цінностей: -бурове долото 17.5" (444.5 мм) PDC SPL619 U03685 с/н 57430-1шт. Використовується у нафтогазовій промисловості. Див. доп.		1		82071910 00 0	
44 Додаткова інформація: Посвідчення Сертифікати дозволів		45 Код країни походження		35 Вага бруто(кг)	
m0271 18184 23.09.21 0325 18184 23.09.21 m0740 235-23112552 27.09.21 0862 18184 23.09.21 4103 3R 24.04.23 d4207 02/08-21 Див. доп.		34 Код країни походження a US b		36 Преференція 292 198000198	
47 Нарахування платежів		37 ПРОЦЕДУРА		38 Вага нетто(кг)	
Вид Основа нарахування Ставка Сума СП		40 Загальне декларування/Попередній документ Див. доп.		39 Кофта 3100 ZZ00 225	
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50 Принципал №		43 Код МВВ		44 Код ДІ	
51 Передбачуваний митний орган (і країна) транзиту		45 Коригування 625239.92		46 Статистична вартість 625.23992	
52 Гарантія не дійсна для		48 Відстрочена платежів		49 Резервати спладу	
53 Мітний орган (і країна) призначення		54 Місце і дата: 36026, м.Полтава, вул.Монастирська, 16-6, кв. 6 Пашенко О.В. +380994951519 3290913133 edecf_kf-lavrik@ukr.net		55 Підпис:	
54 Місце і дата: 36026, м.Полтава, вул.Монастирська, 16-6, кв. 6 Пашенко О.В. +380994951519 3290913133 edecf_kf-lavrik@ukr.net		56 Підпис:		57 Підпис:	
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126 Підпис:		199 Підпис:		200 Підпис:	

Appendix B continued

УКРАЇНА (форма МД-6)

Доповнення №	1
до ВМД №	23UA806020005214U3

До графі 2:
 US
 Ulterra Drilling Technologies L.P.
 201 Main Street, Suite 1660 Fort Worth, Texas 76102 USA

До графі 9:
 Україна, 01054, м.Київ, вул.Хмельницького Богдана,буд.55

Товар № 1 до графі 31:
 Див. "електронний інвойс"
 4. 310523

Товар № 1 до графі 40:

1101 / UA806020/2021/003303	07.10.2021 / 1
1101 / UA806020/2022/002011	17.03.2022 / 1
1101 / UA806020/2022/007741	28.07.2022 / 1
1101 / UA806020/2022/009430	30.08.2022 / 1
1101 / UA806020/2022/012258	28.10.2022 / 1
1101 / 22UA806020013669U3	29.11.2022 / 1
1101 / 22UA806020014853U2	26.12.2022 / 1
1101 / 23UA806020000833U9	25.01.2023 / 1
1101 / 23UA806020003917U4	28.03.2023 / 1
1101 / 23UA806020002236U0	23.02.2023 / 1

Товар № 1 до графі 44:

m4313 21-001-1	05.08.21	05.08.24
9000 Акт огляду №1	25.04.23	
m9000 Опис	05.10.21	
m9604 585/ЗЕД/7.23-28-02	24.04.23	

ВІДМІТКИ МИТНОГО ОРГАНУ ВІДПРАВЛЕННЯ/ПРИЗНАЧЕННЯ

Печатка:

Місце / дата:

36026, м.Полтава, вул.Монастирська, 16-б, кв. 6

Підпис: і прізвище декларанта/представника.

Пашенко О.В.
 +380994951519 3290913133
 edec1_kf-lavrik@ukr.net

Appendix C

APPENDIX #5R From dd 24/04/2023 Додаток №5R від 24/04/2023
INTER-COMPANY AGREEMENT FOR LEASE OF EQUIPMENT № 21-001-1/ДОГОВІР МІЖ КОМПАНІЯМИ ПРО ОРЕНДУ ОБЛАДНАННЯ № 21-001-1

Арендодавець / The Lessor
 Ultrerra Drilling Technologies L.P.
 201 Main Street, Suite 1660 Fort Worth, Texas 76102, USA

Арендатор / The Lessee
 ULTERRA UKRAINE LLC
 55 Bohdana Khmelnytskoho street, Kyiv, 01054, Ukraine

№ Pos / Item	Назва / Description	Lease term / Термін оренди	Unit of measure	Q-ty	Price, USD	Price, USD
1	Бурове долото 17.5"(444.5) PDC U616S с/н 24930 (6y) /Dill bit 17.5"(444.5) PDC U616S SN# 24930 (used)	тill 31th of may 2023 до 31 травня 2023 року	pcs	1	8 061,00	8 061,00
2	Бурове долото 17.5"(444.5) PDC UDS19 с/н 36587 (6y) /Dill bit 17.5"(444.5) PDC UDS19 SN# 36587 (used)		pcs	1	6 640,50	6 640,50
ИТОГО / TOTAL:						14 701,50

*Вартість для таможенного оформления/ Value for custom purpose only

Умови поставки DAP Poltava/ Shippmet terms DAP Poltava

For ULTERRA UKRAINE LLC
 (The Lessee)

(Signature)
 Name: Vladislav Zavada
 Title: Director



ТОВ "УЛТЕРРА ЮКРЕЙН"
 (Арендатор)

(Підпис)
 Ім'я: Владислав Завада
 Посада: Директор



For ULTERRA DRILLING TECHNOLOGIES, L.P.
 (The Lessor)

(Signature)
 Name: Joey Mos
 Title: Director, Manager APAC

УЛТЕРРА ДРИЛЛІНГ ТЕКНОЛОДЖІС ЕЛП
 (Арендодавець)

(Підпис)
 Ім'я: Джої Мос
 Посада: Директор регіону APAC

SCIENTIA DIFFICILIS SED FRUCTUOSA

Appendix D

APPENDIX #15E From dd 24/04/2023 Додаток №15Е від 24/04/2023						
INTER-COMPANY AGREEMENT FOR LEASE OF EQUIPMENT № 21-001-1/ДОГОВІР МІЖ КОМПАНІЯМИ ПРО ОРЕНДУ ОБЛАДНАННЯ № 21-001-1						
Арендодавець / The Lessor				Арендатор / The Lessee		
Ulterra Drilling Technologies L.P. 201 Main Street, Suite 1660 Fort Worth, Texas 76102, USA				ULTERRA UKRAINE LLC Khmelnytskoho street, Kyiv, 01054, Ukraine		
				55 Bohdana		
№ Pos / Item	Назва/Description	Lease term / Термін оренди	Unit of measure	Q-ty	Price, USD	Price, USD
1	drill bit 8.500° U716M U02645 (Repaired) s/n 53325 бурове долого 8.500° U716M U02645 (відремонтоване) с/н 53325	till 31th of may 2023/ до 31 травня 2023 року	pcs	1	6 644,22	6 644,22
2	drill bit 12.250° (12 /4) U616S (Repaired) s/n 57031 бурове долого 12.250° (12 /4) U616S U03608 (відремонтоване)с/н 57031		pcs	1	9 407,64	9 407,64
3	drill bit 8.500° SPL616 U03969 (Repaired) s/n 57901 бурове долого 8.500° SPL616 U03969 (відремонтоване) с/н 57901		pcs	1	9 864,97	9 864,97
ИТОГО / TOTAL:						25 916,83
*Вартість для митного оформлення/ Value for custom purpose only				Умови поставки СРТ Київ Україна / СРТ Kyiv Ukraine		
For ULTERRA UKRAINE LLC (The Lessee)				ТОВ "УЛТЕРРА УКРЕЙН" (Арендатор)		
(Signature) Name: Vladislav Zavada Title: Director				(Підпис) Ім'я: Владислав Завала Посада: Директор		
For ULTERRA DRILLING TECHNOLOGIES, L.P. (The Lessor)				УЛТЕРРА ДРІЛІНГ ТЕКНОЛОДЖІС ЕЛ.ПІ. (Арендодавець)		
(Signature) Name: Joey Moss Title: Director, Manager APAC				(Підпис) Ім'я: Джої Мосс Посада: Директор регіону APAC		

SCIENTIA DIFFICILIS SED FRUCTUOSA

**STATEMENT OF FINANCIAL POSITION, UAH thousand for 2020-
2021**

	December 31, 2021	December 31, 2020	January 1, 2020	Absolute deviation	
Assets				January 1, 2020 – December 31, 2020	December 31, 2020 – December 31, 2021
Non-current assets					
Oil and gas assets	5887	8766	5844	2922	(2879)
Exploration and evaluation assets	8,2	7,3	6,5	0,8	0,9
Other property, plant and equipment	7444	9008	7853	1155	(1564)
Intangible assets	324	348	293	55	(24)
Investments in joint ventures and associates	11,6	11,9	9,4	2,5	(0,3)
Other financial assets	1,9	2,1	2,2	(0,1)	(0,2)

Appendix E continued

Other non-current assets	3440	3894	38,4	3855,6	(454)
Long-term prepayment of income tax	3268	-	-	-	3268
Deferred tax asset	5527	6373	5738	995	(846)
Total of non-current assets	25911,7	28410,3	19784,5	8625,8	(3098,6)
Current assets					
Inventories	3591	5140	7208	(2068)	(1549)
Accounts receivable	6227	7219	7151	68	(992)
Prepayments made	185	192	158	34	(7)
Other current assets	1926	1565	1946	(381)	361
Restricted cash and cash equivalents	8,2	100	101	(1)	(91,8)
Cash and cash equivalents	8210	203	174	29	8007

Appendix E continued

Non-current assets held for sale	15,2	15,2	15,2	-	-
Total current assets	12147,2	14419	16738	(2319)	(2272)
Total assets	38109,7	42814,1	36507,3	6306,8	(4704,4)
Shareholder's equity					
Share capital	1010	1010	1010	-	-
Revaluation	1835	2053	1679	374	(218)
Accumulated loss	9507	1536	1116	420	7971
Total equity	12352	4599	3805	794	7753
Lease commitments	81,6	86	-	86	(4,4)
Defined benefit obligation	1763	1833	1495	338	(70)
Asset retirement and decommissioning obligations and other provisions	1090	1046	776	270	44
Total of non-current liabilities	2934,6	2965	2271	694	(30,4)

Appendix E continued

Current liabilities					
Trade and other current payables	1026	1079	997	82	(53)
Prepayments and other liabilities	2444	1155	1032	123	1289
Rent, other taxes and similar payments	880	1007	101	906	(127)
Income tax payable	-	1252	1782	(530)	(1252)
Defined benefit obligation	257	234	187	47	23
Asset retirement and decommissioning obligations and other provisions	6063	1996	1743	253	4067
Total current liabilities	10670	6723	6751	(28)	3947
Total liabilities	13604,6	9688	9022	666	3916,6
Total assets and liabilities	51714,3	52502,1	45529,3	6972,8	(787,8)

**STATEMENT OF COMPREHENSIVE INCOME OF ULTERRA
UKRAINE 2019-2020, PROFIT OR LOSS, UAH thousand**

	2020	2019	Absolute deviation
Income from ordinary activities	35534	28210	7324
Cost of sales	1809	1595	214
Impairment of oil and gas properties, exploration and evaluation assets, other property, plant and equipment	788	761	72
Gross profit	16652	11495	5157
Selling and distribution expenses	(1690)	(1583)	(107)
Administrative expenses	(1661)	(1704)	43
Other operating expenses	(5115)	(10031)	4922

Appendix F continued

Net expense for expected credit losses on financial assets	(3316)	(3303)	13
Other operating income	1174	444,9	729,1
Share of profit of associated and joint ventures	-	11,3	(11,3)
Profit/loss before interest and taxation	6044	(4684)	10728
Financial income	79	24	55
Financial expense	(550)	(294)	(256)
Income tax expense/income	(1303)	880	(2183)
Profit/loss for the year	4270	(4074)	8317
Change in measurement of asset retirement obligations	7,3	(202)	209,3
Effect of income tax	(1,3)	36,4	(37,7)

Appendix F continued

Increase in fair value of oil and gas properties, exploration and evaluation assets, other property, plant and equipment	-	7882	(7882)
Income tax effect	-	(1418)	-
Decrease in fair value of oil and gas assets and other property, plant and equipment	(2603)	(3040)	437
Income tax effect	468	547	(79)
Remeasurement of pension obligations	156	(244)	400
Effect of income tax	(28,1)	43,9	(72)
Total other comprehensive loss/income	(2000)	3604	(5604)
Effect of income tax	2268	(453)	2721