

GUIDELINE FOR THE COMPLETION OF THE FORM (Balance of Payments Report – Form 4)

PLEASE PROCEED FROM THE UNCONSOLIDATED FINANCIAL STATEMENTS UPON THE COMPLETION OF THE REPORT

PROHIBITION OF NETTING

Netting (offsetting) of assets against liabilities or income against expenses is prohibited.

ACCRUAL BASIS OF ACCOUNTING

The form must be completed based on the accrual basis of accounting. Business transactions are recorded when they occur, regardless of when cash is received or paid for the transactions (Subsection 5 (2) of the Accounting Act). 2).

TRANSLATION OF FOREIGN CURRENCY INTO ESTONIAN KROONS AND EXCHANGE RATE SPREADS

All monetary amounts in the report must be presented in **thousands of kroons**. Transactions in foreign currency are translated based on the exchange rate valid on the day of the operation. The column "Unrealised gains/losses from exchange rate and price adjustments" shows the gains (+) or losses (-) from the revaluation of currency.

DEFINITIONS

Agency service – intermediation and agency fees.

Sale/acquisition of copyrights – payments for the *acquisition* or *waiver* of copyrights (patents, trademarks, franchises, etc).

Capitalisation issue – increase of the share capital on account of the company owner's equity without any instalments, by increasing the number of shares or the nominal value of the existing shares.

Finance lease – loan (lease transaction) for the acquisition of an asset provided that the lease object remains in the ownership of the leaser until the asset cost and interest have been paid.

Gains/losses from economic activity – consolidated gains (+) or losses (-) from business activity less the write-down amounts of financial assets, including uncollectible amounts, as well as unrealised gains/losses from exchange rate and price adjustments. The profit of the current financial year is recorded cumulatively.

Operative lease – lease transaction, where the lessee uses the asset during the contract term and returns it to the lessor upon expiry of the contract.

Transport and forwarding of goods (total) – income and expenses related to the transport and forwarding of goods. Companies directly engaged in transport operations indicate here only international transport services provided to/commissioned from non-resident forwarding companies. Forwarding companies indicate **all** the services related to international transport, incl the sale of the services of resident transport companies to non-residents or services related to international transport commissioned by non-residents. The claims and/or liabilities arising therefrom are covered under foreign assets and foreign liabilities.

Incl transport related to the import of goods, excl transit – income from transport operations related to import (intra-Community acquisition of goods), when the seller, i.e non-resident pays for the transport service (may be an estimation).

Incl transport and forwarding of goods and services when both the commissioner of the transport operation and the carrier are non-residents - income and expenses related to the transport and forwarding of goods when both the carrier and the commissioner are **non-residents** (e.g, forwarding on the territory of another country or between other countries).

Insurance services – life insurance premiums and property insurance

premiums, incl amounts paid for insurance contracts (policies) with the aim of transferring a part of liability for possible damages or losses to the insurance company.

Control (dominant influence) over the economic activity of an enterprise – the ability to take decisions regarding the financial and business policies of another enterprise (subsidiary).

Affiliated group – association of enterprises (consolidation group), where the parent enterprise (consolidating entity) has one or more subsidiaries (consolidated entities) and it has the majority of votes (over 50%) in each subsidiary.

Highest controlling entity – an enterprise that controls the financial and business activities of another enterprise by holding, either directly or indirectly, over 50% of the voting shares **and that is not controlled by any other enterprise**.

Fuels, lubricants, etc sold to / bought from – fuel, lubricants, etc sold to or bought from non-residents (these amounts are not included in the Estonian customs statistics).

Short-term loan – a loan with the original maturity of 1 year or less.

Non-resident – a legal entity or private individual that is registered abroad and whose country of residence is not Estonia. The branches and subsidiaries of non-resident companies that are located in Estonia are considered residents. The branches and subsidiaries of Estonian residents that are located abroad are considered non-residents. Non-residents include also the embassies of foreign countries or other foreign government bodies located in Estonia.

Direct investor – shareholder (either a legal entity or private individual) that holds 20% or more of an enterprise's share (equity) capital. Direct investors hold original shares.

Direct investment – investments between enterprises that have direct investment relations, where the direct investor is either directly or indirectly in possession of a qualifying holding (over 20%) in a subsidiary or an associate.

Long-term loan – a loan with the original maturity of over one year.

Money market instrument – a highly liquid debt obligation which is tradable in the money market, has a low interest and credit risk and maturity of less than 1 year.

Unrealised gains/losses due to exchange rate or price adjustments – gains (+) or losses (-) due to changes in the market prices, the exchange rate, or revaluation and uncollectible amounts (so-called non-transactional amounts).

International passenger service – income from servicing non-resident passengers. The received income includes the expenditure of non-residents on board a ship – in restaurants, bars, stores, etc (may be an estimate).

International passenger transport service – income from the transport of non-resident passengers (cost of the tickets of non-residents), and passenger transport operations bought from non-resident carriers.

Passenger ticketing service - amounts received from the distribution of travel tickets of non-resident carriers or amounts paid abroad for the distribution of travel tickets of Estonian carriers.

Associate – an enterprise, where another enterprise holds 20-50% of the voting shares.

Operative lease of means of transport and other equipment – covers amounts paid and received for the operative lease of means of transport (incl trailers) and other equipment.

Derivative instrument – a security related to a certain financial instrument, index, or commodity, which enables trading with financial risks in the market, i.e the right or obligation to buy, sell or swap certain financial assets in the future at a price and in the amount previously agreed upon (option, forward, SWAP, future, etc).

Marketing and advertising services and public opinion polls – commissioning of advertising, fairs, exhibition services, market and public opinion polls.

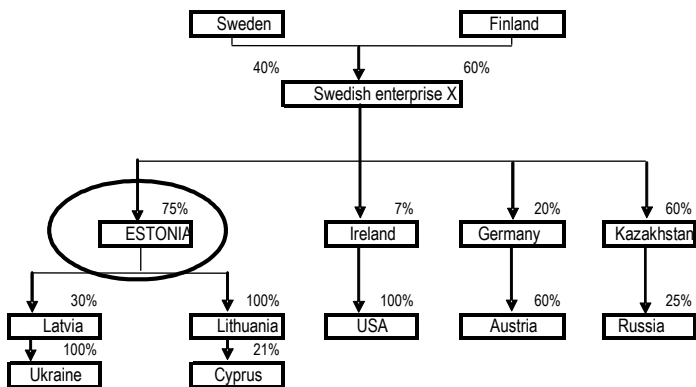
Subsidiary – an enterprise under the dominant influence of a parent enterprise as a partner or shareholder.

Bond and note – as a rule, a long-term security (maturity of over 1 year) proving the right of claim and entailing the borrower's obligation to repay the loan by due date and pay the interests to the lender.

Foreign assets/foreign liabilities – assets and liabilities, where the counterparty is non-resident.

Goods sold on board of means of transport – goods purchased from abroad with the aim of selling them on board a ship or a plane.

Example regarding direct investment relations within an affiliated group and recording of investment from the point of view of an Estonian enterprise.



Direct investment relations:

- The Estonian enterprise belongs to an affiliated group the headquarters of which are registered in Sweden. The Estonian direct investor is a joint enterprise that has two partners, in Finland and Sweden, who act as indirect direct investors.
- The business activities of the Estonian enterprise are controlled by a **Finnish** direct investor that owns the qualifying holding in the enterprise. The country of residence of the Finnish company is recorded in subdivision 2.1.6.
- A direct subsidiary of the Estonian enterprise is located in Lithuania and an associate in Latvia.
- The Estonian enterprise indirectly owns an associate in Cyprus, and as the Latvian associate has a subsidiary in Ukraine, the Estonian enterprise indirectly owns an associate in Ukraine as well.

- A direct associate of the direct investor X is located in Germany and an indirect associate in Russia.
- As the German associate owns a subsidiary in Austria, the direct investor X indirectly owns an associate in Austria as well.

Recording of investments in the reporting form:

- As the participation of the direct investor X is below 20% in the enterprise located in Ireland, the transactions of the Estonian enterprise with Irish and American companies are not regarded direct investments, thus these are reported in the subdivision for transactions with non-resident third parties.
- Capital flows with the direct investor X, indirect direct investors in Finland and Sweden, and other enterprises of the same affiliated group in Germany, Austria, Kazakhstan and Russia are recorded in the subdivision **transactions with direct investors and other enterprises abroad of your affiliated group**.
- Capital flows with associates in Latvia, Cyprus, Ukraine and with the subsidiary in Lithuania are recorded in the subdivision **transactions with subsidiaries/associates**.

CLASSIFICATION OF ECONOMIC ACTIVITIES

- A Agriculture and fishery
- C Mining and production of peat
- D 1 Manufacture of food products and beverages
- D2 Manufacture of textile and wearing apparel
- D3 Manufacture of wood and products of wood and cork
- D4 Manufacture of coke, refined petroleum products and nuclear fuel
- D5 Manufacture of chemicals and chemical products
- D6 Manufacture of basic metals
- D7 Manufacture of mechanical equipment
- D8 Manufacture of electrical machinery and apparatus
- D9 Manufacture of television and radio transmitters and apparatus for line telephony and line telegraphy
- D10 Manufacture of transport equipment
- D11 Other manufacturing industry
- E Electricity, gas, steam and hot water supply
- F Construction
- G Wholesale and retail trade
- H Hotels and restaurants
- I1 Land transport, transport via pipelines
- I2 Water transport
- I3 Air transport
- I4 Supporting and auxiliary transport activities, activities of travel agencies
- I5 Postal and courier services
- I6 Telecommunications
- J1 Credit institutions and other monetary activities
- J2 Financial management activities
- J3 Insurance
- J4 Other financial intermediation
- K1 Real estate activities
- K2 Computer and related services
- K3 Research and development activity
- K4 Business and management consultancy
- K5 Management activities of holding companies
- K6 Advertising
- L Other business activity