

ANNEXURE A

OWNERSHIP CALCULATIONS

The following examples illustrate the method of calculating ownership interests held indirectly in a Licensee through one or more intermediate juristic persons as prescribed by regulation 1(2):

Example 1: If Company **A** (the indirect owner) were to own forty percent (40%) of the share capital of Company B (the intermediate company) and Company B were to own seventy percent (**70%**) of the share capital in a Licensee, then, for purposes of this regulation, Company A would be deemed to hold twenty eight percent (28%) of the issued share capital in that licensee.

Company **A's** interest in the Licensee is calculated by multiplying Company **A's** interest in Company B by the percentage interest Company B holds in the Licensee. ($40\% \times 70\% = 28\%$). Under the regulations, Company **A** would be deemed to hold a control interest in the Licensee.

Example 2: Company A holds a forty percent (40%) interest in Company **B** and Company B holds a forty percent (40%) interest in Company C. Company C holds a seventy percent (70%) direct interest in the Licensee. Company **A's** interest in the Licensee would be eleven-point two percent (**11.2%**).

Company A's interest in the Licensee is calculated by multiplying Company A's interest in Company B by the percentage Company B holds in Company C. The resulting percentage interest is then multiplied by the percentage interest Company C holds in the licensee. ($40\% \times 40\% = 16\%$; $16\% \times 70\% = 11.2\%$).

Under the regulations Company **A** would be deemed to hold an ownership interest in the licensee but because such ownership interest falls below twenty five percent (**25%**), the indirect interest would be deemed non-controlling; provided, however, the indirect owner did not exercise control in fact over the licensee as prescribed in paragraph (g) of the definition of control interest.