

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**WRITTEN QUESTION**

Mr Bailey

to Minister for Asian Relations, Trade and Industry

Modular Medical Products Share Buyback Plan

Written Question 141 of the seventh Assembly asked:

Why didn't the Modular Medical Products Share Buyback Plan, announced by the former Minister proceed and what actions were taken to try and recover these funds.

The answer provided was:

The directors of Modular Medical Products had committed all of their personal assets to support the company and were not able to meet the terms of the share buy-back plan. The Government negotiated a settlement with the directors of Modular Medical Products as a variation to the original buy-back agreement.

Question:

- (1) Did the first buy-back agreement state amounts and timelines for the arrangement to proceed.
- (2) What were the variations made to that agreement in respect of (a) amounts, (b) timelines and (c) other conditions (please specify).
- (3) When was it first known that the directors of Modular Medical Products would not be able to meet the terms of the buy-back..
- (4) When did the renegotiation's commence and when was the agreement on the terms of settlement reached.
- (5) Did the terms of the settlement strengthen or weaken the security of the Territory Taxpayers' \$600,000 investment in this venture.
- (6) How much of the \$600,000 invested in Modular Medical Products was repaid.
- (7) What are the details of the amount paid and date(s) of payment.

ANSWER

When answering please return 2 copies to The Clerk of the Legislative Assembly

See attachment.

RESPONSE TO WRITTEN QUESTION NO 28

1. Yes. The first buy-back agreement dated 8.11.91 stated that the Government's holding of 2,500 \$1.00 'A' Class Voting Shares be repurchased by the directors in equal parcels for the total of \$20,000.00 on 1.1.94. The Government's holding of 692,500 \$1.00 'B' Class Preference Shares be repurchased at the rate of \$5,000.00 per quarter commencing 1.12.91 until 1.7.94, then at the rate of \$25,000.00 per quarter until fully repurchased.
2. The final settlement negotiated with the directors negated, in all respects, the original agreement.
3. 30 June 1992.
4. Negotiations commenced in July 1992 and final agreement, subject to legalities, reached in December 1995.
5. As reported in the department's 1995/96 Annual Report, the terms of settlement crystallised the loss to Government in relation to Modular Medical Products Pty Ltd of \$669,996.00 (including interest foregone).
6. \$25,004.00.
7. \$5,000.00 on 1.12.91, being the initial repayment due under the first buy-back agreement, and the final negotiated settlement amount of \$20,004.00 on 27.6.96.