



Client / Matter

The matter involved the subsidiary of an ASX-listed company. The ASX listed company was an international engineering operation. The subsidiary owned two special purpose vehicles established to conduct operations in Chile and Uruguay, South America.

Appointment

We were appointed as Voluntary Administrators to the subsidiary.

Issue

The holding company had recently been the subject of a takeover and board change. The subsidiary and its wholly owned special purpose vehicle entities were parties to fixed price contracts that were loss making.

Solution/Outcome

The assignment involved two Taylor Woodings' partners with assisting lawyers, travelling to Chile and Uruguay to attempt to reach an arrangement with creditors. We also assisted in the settlement of a dispute with the companies' major customer in relation to a nitrate plant being constructed in the northern part of Chile, which involved negotiations in the United States of America.

Other key outcomes included:

- reviewing the financial position of contracts
- obtaining legal advice on jurisdictional issues relating to the contracts and insolvency issues
- holding meetings with major offshore creditors
- splitting the creditors into classes, with larger value creditors accepting a debt for equity proposal and small value creditors being paid between 30c and 100c in the dollar
- negotiating individual deeds of settlement with all the offshore creditors (over 100 in number) and mirrored the same with a Deed of Company Arrangement voted on in Santiago, Chile and documented in both Spanish and English
- negotiating recoveries in South America and Canada
- reaching a settlement with the head contractor of the nitrate plant
- returning the subsidiary to the control of the directors

The holding company resolved all issues associated with the fixed price contracts and continues to trade successfully in South America.