

**Report: 1MDB seeks to resolve dispute with IPIC during grace period**  
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Facing the risk of bond default, 1MDB attempts to resolve US\$50 million payment issue over five-day grace period, according to a Bloomberg report

1MDB president and executive director Arul Kanda said he expects an interest payment to be made and an "amicable resolution" to the matter.

"It is important to maintain a sense of perspective here.

"We are in direct contact with IPIC (International Petroleum Investment Company) and we are seeking to work through these differences to come to a resolution," he was quoted as saying.

Yesterday, the Abu Dhabi-based IPIC said the rescue plan for 1MDB, in the form of a binding term sheet it entered into with the company and Malaysia's Ministry of Finance (MOF) last year, has been terminated.

In an announcement to the London Stock Exchange, IPIC said it and its subsidiary Aabar Investment PJS are no longer obligated as 1MDB and Malaysia's MOF have failed to cough up over US\$1 billion as promised.

However, despite IPIC terminating the deal, Arul Kanda appears to still be hopeful that the Abu Dhabi firm would keep up its end of the bargain.

"If IPIC doesn't pay in terms of the binding term sheet, we will then have to assess our position because clearly it is originally our debt obligation.

"It is always open to us to settle that issue should we decide at the right time to do so.

"While there is concern around investor sentiment, I think the quantum and our ability to pay is not in question," he said.

Under the original rescue agreement entered into on May 28, 2015, IPIC on June 4 that year provided US\$1 billion to 1MDB to repay a US\$975 million loan owed to a consortium of banks led by Deutsche Bank which had demanded early repayment.

IPIC also assumed the obligation to pay all interest due from 1MDB's US\$3.5 billion bonds.

It would eventually also assume responsibility for the repayment of the entire US\$3.5 billion sum as well as forgive certain 1MDB debt owed to IPIC.

These would have been in exchange for 1MDB assets of similar value by June 30, 2016.

1MDB had previously said the binding term sheet, touted as a rescue plan, would see the trouble Malaysian fund's debt reduced by RM16 billion.

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