

IPIC seeks US\$50m from Finance Ministry after paying off 1MDB's interest
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Abu Dhabi's International Petroleum Investment Company (IPIC) has finally paid off 1MDB's overdue US\$50 million interest and is now reclaiming the sum from Malaysia's Finance Ministry.

"Following this 1MDB default, IPIC will make a written demand in respect of its indemnity for repayment of the interest payment (being an amount of U.S.\$50,312,500.00) from Minister of Finance Inc, Malaysia (MOF) and 1MDB pursuant to the terms of the Binding Term Sheet," IPIC said today.

In the announcement to the London Stock Exchange, IPIC said it paid the interest in full today on behalf of 1MDB Energy (Langkat) Limited and 1MDB, which was supposed to have been paid on April 18.

This is for its US\$1.75 billion bond issued by 1MDB and guaranteed by IPIC.

"IPIC has made such payment out of existing liquidity and pursuant to its obligations under the guarantee of the Notes," it said.

The company is the guarantor of two of 1MDB's bonds totalling US\$3.5 billion.

IPIC, in an announcement to the London Stock Exchange on April 18, had announced that its rescue plan for 1MDB in the form of a binding term sheet was terminated after 1MDB failed to pay it over US\$1 billion.

Role as guarantor for two bonds stands

However, in a separate announcement on April 25, IPIC clarified that its role as a guarantor for the two bonds, which is separate from the binding term sheet, still stands and it will only make the interest payment if 1MDB defaults.

1MDB subsequently failed to make the interest payment after a five-day grace period, prompting IPIC to finally step in.

However, IPIC made clear that it would recoup the money from 1MDB and the Malaysian government.

IPIC and 1MDB are embroiled in a row after at least US\$3.5 billion that 1MDB was supposed to pay to IPIC's subsidiary Aabar Investments PJS went missing.

The sum includes a collateral payment 1MDB was supposed to pay in exchange for IPIC's guarantee of its two bonds, as well as payment for the termination of options for Aabar to subscribe to 1MDB's power assets.

The money was instead diverted to a British Virgin Islands company bearing a similar name to Aabar Investments PJS, but having no relation to IPIC.

The matter, as well as other 1MDB's transactions, are under investigation in the United Arab Emirates, Switzerland, Luxembourg, United States and Singapore.

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