

1MDB faces second default as coupon payment due tomorrow
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1MDB is facing the possibility of yet another default as the coupon payment for its US\$1.75 billion bond is due on Thursday.

This follows its [failure to pay](#) US\$50.3 million in interest on another bond, also amounting to US\$1.75 billion, last month.

Both bonds are guaranteed by Abu Dhabi-based International Petroleum Investment Company (IPIC), which is engaged in a dispute with 1MDB over billions owed to IPIC.

If 1MDB fails or refuses to pay, it will trigger another round of cross-default on its other debts, including US\$1.83 billion (RM7.4 billion) in Islamic bonds, according to *Channel News Asia*.

It added that IPIC is likely to step in if 1MDB fails to pay to avoid a cross-default on its own part.

1MDB on April 18 failed to make a US\$50.3 million interest payment and still did not make the payment after a five-day grace period.

Subsequently, IPIC on April 25, acting as guarantor, made full payment on the outstanding sum but said it will reclaim the sum from 1MDB and the Malaysian Finance Ministry.

1MDB had said that it was keeping its options open on the upcoming coupon payment, which is due on May 11.

It had also sought to [convince](#) bondholders that it was not in financial trouble but had merely withheld payment due to a dispute with IPIC.