

Report: M'sian team in Abu Dhabi to solve 1MDB dispute amid US\$6.5b suit
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A Malaysian delegation was in Abu Dhabi to work out a resolution to the dispute between the United Arab Emirates' (UAE) International Petroleum Investment Company (IPIC) and 1MDB, reports *The Wall Street Journal* (WSJ).

This was after IPIC commenced [legal action](#) against 1MDB and the Malaysian Finance Ministry to recover US\$6.5 billion in payments and compensation.

"A delegation from Malaysia landed in Abu Dhabi this week for talks with senior officials about how to resolve a simmering dispute between the two sides," WSJ reported, quoting a source familiar with the matter.

The report said the issue also appeared to be "disappearing" as both IPIC and 1MDB are being restructured.

It said IPIC is set to be merged with another fund in UAE while 1MDB's assets have been transferred to the Finance Ministry.

IPIC, in a filing with the London Stock Exchange, said it had also set aside US\$3.5 billion for its dealings with 1MDB.

There are several areas of dispute between IPIC and 1MDB, including the former's guarantee of the Malaysian fund's bond.

IPIC in 2012 had agreed to guarantee two of 1MDB's bonds, totalling US\$3.5 billion, in exchange for collateral payment of US\$1.4 billion.

However, the collateral, along with another US\$2.1 billion in payments, never arrived at IPIC's subsidiary Aabar Investments PJS.

The payments were instead diverted to a British Virgin Island-based company bearing a similar name, Aabar BVI, which had no relation with IPIC.

Last year, 1MDB entered into a debt-for-asset swap deal with IPIC under a binding term sheet.

However, IPIC later said 1MDB failed to make over US\$1 billion in payment and interest and the Abu Dhabi-fund then moved to terminate the binding term sheet.

1MDB also refused to foot the coupon payments on its two bonds, despite having enough funds, forcing IPIC, which is the guarantor for the two bonds, to pay up.

IPIC then demanded that 1MDB and the Finance Ministry compensate it.

IPIC has since initiated international arbitration against 1MDB and the ministry, demanding US\$6.5 billion in payment and compensation.

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