

## **1MDB says it continues to meet its debt obligations**

**MalaysiaKini.com**

**July 5<sup>th</sup>, 2016**

1Malaysia Development Bhd (1MDB) has again proven critics wrong when, on June 29, 2016, it paid the RM1.579 million interest coupon on the RM2.4 billion Bandar Malaysia sukuk due in 2024.

1MDB, when contacted by *Bernama*, confirmed the payment.

This is the second interest payment made by 1MDB since its dispute with the Abu Dhabi-based International Petroleum Investment Company (IPIC).

The first payment was in May, when 1MDB made a scheduled coupon payment amounting to RM143.75 million on its RM5 billion 5.75 per cent Islamic Medium-Term Notes (IMTNs) due 2039.

The two payments strongly indicated that the company had ample liquidity to make interest payments and service its current debt obligations despite all the noises created.

They also underscored the company's commitment to debt obligations.

"1MDB reiterates that, notwithstanding the dispute with IPIC, it will continue to honour current debt obligations," 1MDB president Arul Kanda Kandasamy said.

Arul Kanda said 1MDB remained focused on resolving the dispute with IPIC and was committed to a continued process of dialogue and working towards a solution that was in the best interest of all stakeholders.

### **'Arbitration a way forward'**

A senior lawyer contacted by *Bernama* viewed arbitration as a way forward to seek a solution acceptable to both parties and an option often found in contracts.

"As such, seeking arbitration is not unusual and the process is governed by the rules of arbitration," the lawyer said.

In the case of the 1MDB-IPIC dispute, the latter had filed a request for arbitration with the London Court of International Arbitration (LCIA) and 1MDB had till July 11, 2016 to reply whether it was agreeable to the arbitration process.

The company has said it would file a robust response on or before the deadline.

However, some quarters have chosen to wrongly suggest that 1MDB and its shareholders would face a payment obligation on July 11, 2016.

The senior lawyer said that the July 11, 2016, date was nothing more but for 1MDB to file its reply to IPIC's request for arbitration.

"It is the start to the arbitration, which is a consensual process for disputing parties to resolve matters confidentially, without damaging long-term relations," he said.

"If yes, both sides will then seek the appointment of arbitrators mutually acceptable to them. Only then will case management begin, with both sides filing their respective statements of claim and defence as well as rebuttals," said the lawyer.

He pointed out that while there were similarities to the court process, the LCIA is actually not a court of law.

"There is no connection between the LCIA and any state court," LCIA says clearly in its FAQ posted on its [website](#).

Below are some selected points in the FAQ on the LCIA:

**Is the LCIA a government body, or a government-funded body?**

The LCIA is not linked to, or associated with, the government of any jurisdiction. It is a private, not-for-profit company, limited by guarantee and is entirely neutral and independent of any other organisation.

**Can I obtain information about pending or completed arbitrations from the LCIA?**

Confidentiality is still generally regarded as one of the primary underpinnings of arbitration. Nobody who is not a proper party to an arbitration, or a legal representative of a party, may obtain information about pending or completed arbitrations from the LCIA.

Our response to any such request will be that we cannot comment, irrespective of whether we have any knowledge of the matter about which we are being asked.

### **Does the LCIA publish its awards?**

For the same reasons of confidentiality, to which the answer to the above question refers, and by virtue of Article 30 of the LCIA Rules, the LCIA does not publish its awards, nor parts of awards, even in redacted form.

### **How long does the average LCIA arbitration last?**

There is no such thing as an 'average' arbitration. Sums in issue, and technical and legal complexity, may vary greatly between one case and another, as may the volume of evidence, oral and written, that may be required to determine the dispute.

However, currently, around half of all cases referred to the LCIA that run their course from Request for Arbitration to Final Award are typically concluded in 12 months or less, and more than three quarters in 18 months or less.

- *Bernama*