

MP: 1MDB sets new standards for 'creative accounting'

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Petaling Jaya Utara MP Tony Pua has slammed 1MDB's claim that the company had broken even in the sale of its power assets as "outrageous".

Pua argued that 1MDB's claim that the power assets generated RM2.18 billion, which were used to offset interest costs to acquire assets, was fake.

"When I checked the financial statements of 1MDB's energy subsidiaries, there was not a single year where they declared dividends to their 1MDB parent.

"This meant that 1MDB cooked up the entire 'dividend' bulls**t," said the Oxford-trained tech entrepreneur turned lawmaker in a statement today.

Pua was responding to a statement by 1MDB yesterday which **claimed** that although the gross purchase consideration for the power assets was RM12.05 billion, 1MDB acquired RM1.63 billion in cash.

This, said 1MDB, resulted in a net purchase consideration of approximately RM10.42 billion and all the power assets were sold to China General Nuclear Corporation in 2015 to the tune of RM9.83 billion.

1MDB said this meant that they had achieved "near break even", but noted that the final figures are subjected to audit confirmation. 1MDB's **last posted** financial statement was for 2014.

Interest payments

Pua also argued that even if 1MDB's claim that it had received RM2.18 billion was true, then the company needed to also account for the RM3.5 billion in interest costs for the loans taken to acquire the power assets.

"Only a half-baked CEO would tell his shareholders that he made money from the dividends, without taking into account the massive interest bill which was substantially higher than the purported dividends!" said Pua.

The latest exchange between 1MDB and Pua was triggered by Prime Minister Najib Abdul Razak's recent [blog post](#) which claimed that the company had made right lop-sided independent power producer (IPP) deals by previous administrations.

1MDB, through its subsidiary Edra, [acquired](#) power plants in Malaysia, Egypt, Pakistan, the United Arab Emirates and Bangladesh between 2012 and 2013, reportedly for around RM12 billion.

At the time, this made Edra one of the biggest power producers in the region.

After a failed IPO attempt in 2015, Edra was [sold](#) to China General Nuclear Power Corp (CGN Group) for RM9.83 billion.

Pua said Najib's article had led to 1MDB trying vainly to defend the premier by "spewing another set of half-truths and establish new standards of creative accounting".

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