

Kvaerner to write down \$48m due to accounting error

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The Norwegian oil rigbuilder puts the blame on a procedural error by the accounting team at its oil and gas unit

OSLO — Kvaerner, the Norwegian oil rigbuilder that almost went bust, said it will have to write down 230 million kroner (S\$47.6 million) at its oil and gas unit tied to an accounting error in the years from 1998 to 2000.

The items were recorded in the balance sheet and were not moved properly to the profit and loss statement as projects were completed, Kvaerner said in a statement to the Oslo Exchange.

Kvaerner's auditor at the time was Arthur Andersen.

"This is an accounting procedural error by the unit's accounting team," said Kvaerner spokesman Paul Emberley.

It was "important to flag this" before the subscription period for the 1.5 billion kroner rights offer today, he added.

The share sale is part of multi-millionaire Kjell Inge Roekke and rival Aker Maritime's rescue plan that won backing from creditors and shareholders last month.

The bail-out also includes a two billion kroner private placement and a debt restructuring.

Andersen is already under pressure because of its role as the auditor of Enron.

The United States-based energy trader had to restate earnings, which triggered a 99 per cent drop in its share price and led to the biggest bankruptcy in history.

KPMG International is the present auditor of Kvaerner, which also builds ships.

Kvaerner said it previously set aside money at the oil and gas unit, 200 million kroner of which is still available.

"The company expects such costs to have a minor negative effect on its 2001 annual result," the company said yesterday.

Kvaerner hired Mr Finn Berg Jacobsen, former head of Andersen in Norway, this autumn as interim chief financial officer.

For five months in 1999, the present head of the auditor's Norwegian unit, Mr Erik Mamelund, was acting chief financial officer at Kvaerner.

In late trade yesterday, the shares were up 12 krone to 8.31 kroner.

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