

## Independent LDK Audit Finds 'No Material Errors'

Shares are up 20 percent Monday after the company announcement about its independent audit. Some analysts remain skeptical.

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LDK Solar (NYSE: LDK) shares closed nearly 20 percent up Monday after the company announced an independent investigation found "no material errors" in its silicon inventories.

The company said two of its directors, Louis Hsieh and Bing Xiang, oversaw the investigation by Simpson Thacher & Bartlett and "a Big Four" independent accounting and consulting firm. LDK didn't name the firm, but said it was separate from the company's external auditors.

The company had been under fire after a former financial controller, Charley Situ, made the allegations and the U.S. Securities and Exchange Commission began an inquiry (see [LDK Says Inventory Discrepancy Allegations Have 'No Merit', New Details Surface As LDK Shares Continue to Plunge](#), [LDK Says SEC is Inquiring into Inventory Discrepancy Allegations](#)). LDK had previously announced an internal audit found no discrepancies, but investors have been waiting for the results of the independent audit.

After losing more than half its value, the stock has rebounded, closing at \$68.18 per share Monday, off 11 percent from a peak of \$76.75 per share in September.

The rebound began when the company announced it signed a deal with Q-Cells earlier this month (see [LDK Shares Jump 30% on Q-Cells Deal](#)).

Jesse Pichel, a vice president and senior research analyst at Piper Jaffray, said he is still concerned about the company's fundamentals.

With the cost of scrap polysilicon rising as suppliers enter the solar business themselves, Pichel said he can't advise anyone to buy the stock.

"Poly prices continue to go up and it's not explainable why LDK margins are higher than Yingli, for instance, which uses the same machine," he said. "LDK has margins almost twice that of Yingli and it just doesn't make any sense. You're telling me LDK gets a better deal than Yingli?"

In a research note released Monday, Asensio.com, a short-seller investor advocate, called the audit findings "incomplete."

According to the note, [Asensio.com](#) agreed to provide material information to the investigation, but LDK commented on the results before investigation advisers could review the information (see research notes [here](#) and [here](#).)

"I find it surprising that Simpson Thatcher would conduct their affairs in a matter that makes it blatantly obvious that LDK's management controlled the timing of their claimed independent report's release date," said Manuel Asensio, founder of [Asensio.com](#), in an e-mail to Greentech Media.