CSKI Plummets on Lowered Guidance.

On September 7th, shares of China Sky One Medical, Inc. (NASDAQ: CSKI) closed at $6.67, down 31% from the prior day's close. CSKI put out a press release at the close of the previous trading day, September 3rd, in which CSKI announced significant downward revisions in its 2010 guidance. Revenue guidance was lowered from the range of $160 - $164 million to $128 - $136 million, a 20% drop, using the lower-end figures. Similarly, CSKI adjusted its net income guidance from the range of $40 - $41 million to $26 - $31 million, a 35% drop, again using the lower-end figures.

CSKI's explanation for the significant change in guidance concerned "the termination of relationships with certain private distributors." CSKI claimed that certain distributors believed that their "business information" being disclosed in CSKI’s financial statements "has led to increased scrutiny of their financial performance by government authorities within China." Thus, the distributors "chose to end their cooperation with the Company."

CSKI stated that revenue and net income would be "negatively impacted by the disruption in distribution channels."

In the same press release CSKI announced the resignation of its University-of-Phoenix-trained CFO, Mr. Stanley Hao, "due to health considerations."

asensio.com issued more than 40 reports on CSKI from April 2009 to March 2010. Among the questions raised by asensio.com concerning CSKI's disclosures were inconsistencies in descriptions of its distribution channel.

Since asensio.com's last report on CSKI, CSKI has announced that its 10-Qs and 10-K for fiscal 2009 "should no longer be relied upon due to errors," according to an 8-K filed June 18th. CSKI also confirmed that "[o]n September 4, 2009, the SEC issued a formal order of investigation relating to certain of our accounting, record-keeping and disclosure practices," according to the 10-Q filed August 9th.