

August 29, 2008

LDK Recycles Old News, Continues Questionable Accounting

LDK Solar Co., Ltd. (NYSE: LDK \$50.85) today announced signing a contract with Hyundai Heavy Industries. LDK made a nearly identical announcement on February 22nd.

Today's press release states that LDK signed a contract to supply 440MW of solar wafers to Hyundai Heavy Industries Co., Ltd. over a seven-year period, from 2009 to 2015. To read today's release, click [here](http://www.asensio.com/LDK/LDK1.pdf).

LDK's press release from February 22nd states that LDK signed a contract to supply 450MW of wafers to Hyundai Heavy Industries, from late 2008 to 2015. To read the February 22nd release, click [here](http://www.asensio.com/LDK/LDK.pdf).

The only differences between the two releases are slight changes in the start date and the amount of wafers, expressed in mega-watts (MW). Interestingly, today's release does not make any reference to the prior announcement. Most readers would think today's release is announcing a new contract.

asensio.com previously reported on alleged accounting irregularities at LDK, after an LDK employee accused the company of making misrepresentations in its accounting of inventories. To read asensio.com's prior reports, click [here](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=160&CompanyName=LDK+Solar+C).

LDK's most recent financial statements also show entries which some investors may find questionable. LDK's inventories continue to increase reaching \$656 million, up 87% from \$350 million at year-end 2007. LDK continues to use the irregular entry of "Inventories to be processed beyond one year." Also, its accounts receivable increased 828% over the six months ended June 30, 2008, going from \$3.8 million to \$35.0 million. To view LDK's most recent financial statements, click [here](http://www.asensio.com/LDK/LDK_2Q08.pdf).

LDK investors with questions on the company's accounting will not find many answers in its quarterly releases. LDK continues not to release the standard financial statements expected of companies trading in the US. The company apparently does not feel compelled to create greater transparency for investors. LDK only issued quarterly statements in the form of a press release, and even then it did not bother to include a basic cash-flow statement.