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Timminco Continues "Stunning Fall from Grace."

On March 17th Timminco Limited (TSE: TIM C$2.09) announced earnings for fiscal year 2008. The announcement was the continuation of "a stunning fall from grace for what was once the hottest story on the Canadian markets," according to the National Post. Timminco's stock has fallen 94% since its high of $35.69 in June 2008, after rising from 30 cents per share in January 2007. When asensio.com first reported on Timminco's disclosure issues on March 31, 2008, the stock traded at $24.40.

Timminco's claims to future profitability have always been based on its projections of being able to purify silicon at a very low cost. In March 2008, Timminco management claimed the company would achieve an average purification cost of $10 to $12 per kilogram of solar silicon in 2008. This led some analysts to predict as late as May 2008 that the company would earn a profit of $65 million in 2008, and $340 million in 2009. The company sustained losses of $22.6 million for 2008.

Insiders including CEO Heinz Schimmelbusch and Canada's Sprott Asset Management were able to profit from the rise in Timminco's stock resulting from the company's claims of discovering a "revolutionary" process of silicon purification.

Schimmelbusch unloaded the stock he held through a series of transactions involving a private equity fund and AMG, a European conglomerate where he is also the CEO. Eric Sprott, the head of Sprott Asset Management, was able to promote his investment "genius" last spring based on the success of his Timminco investment, and he took his firm public in May 2008. Sprott's funds have sustained substantial losses since the IPO; the Sprott Energy Fund, which lists Timminco as a top ten holding, was down 64.5% last year.

Timminco's future looks increasingly uncertain. The company also issued a statement on March 17th saying that it would be reducing production and delaying expansion plans, due to a reduction in customer demand.