

August 14, 2008

Timminco Stock Falls 38%. More Questionable Statements from Timminco Executives.

On August 11th, Timminco Limited (TSX: TIM \$12.25) released earnings for the quarter ended June 30th. Timminco's share price then declined 38%, from \$19.97 on August 11th to \$12.25 on August 14th.

Timminco's production of 221 metric tons of solar silicon fell short of expectations due to the contamination issues revealed by asensio.com's research and denied by Timminco CEO Heinz Schimmelbusch in a May 30th article in the Globe and Mail (click [here](http://www.asensio.com/TIM/GlobeMail53008.pdf) to see the article). To read asensio.com's Timminco reports, click [here](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=161&CompanyName=Timminco+Li)

Rene Boisvert, president of Timminco's silicon division, attempted to explain the reason for the shortfall in an article in a Globe and Mail article published August 13th. The article states, "According to Mr. Boisvert, Timminco elected to hold back 70 tonnes of solar-grade silicon that had higher-than expected phosphorous levels, even though the material could have been used by some customers. 'We've been under such scrutiny I was afraid it might have gotten into the wrong hands,' he said." What Boisvert meant by "the wrong hands" is not entirely clear from his quote. To view the Globe and Mail article, click [here](http://www.asensio.com/TIM/GlobeMail81308.pdf).

Strangely, there was no mention in Timminco's earnings conference call about a fear that the contaminated product "might have gotten into the wrong hands." It was not disclosed how much contaminated solar-grade silicon was produced but not shipped, though CFO Robert Dietrich stated, "Shipment and production were close to the same number."

A report from asensio.com on July 22nd discussed other questionable statements made by Boisvert in an article from Photon International magazine. Boisvert stated that Timminco's customers were declining to return even highly contaminated parts of ingots for "extra credit offered by Timminco." This raised questions about how Timminco is accounting for returns in sales recognition.

On Timminco's conference call, CFO Robert Dietrich stated, "there were no returns in the quarter." Schimmelbusch reiterated this. Neither executive, however, shed any light on Boisvert's statement above. They did not state whether the average selling price could be revised downward because of returned material.