

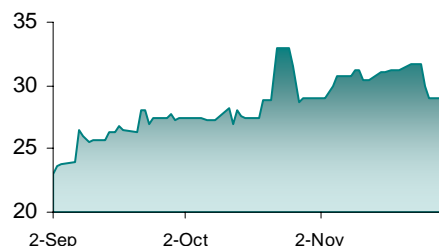
Growth possibility long-term	Business Risk long-term	Business Risk mid-term	Business Risk short-term	Share Price Status 12 months dynamic	Last Price delayed
high	medium	medium	medium	underestimated	31 USD

Comment on Company's Latest Events and Forecast

THE SHARE PRICE REMAINS UNDERESTIMATED

- The share price of the Company remained unchanged since our previous comment. However, we expect the share price to grow slightly higher in short-term already.
- We are confident in long-term share price rapid growth of this Company. However, in mid-term, the share price will not grow rapidly as the market condition is likely to be unstable during the period. Nevertheless, we expect the growth to be significant in the nearest 12 months and therefore consider current price underestimated.

Acron's Share Price (USD)



9M 2009 RESULTS UNDER IFRS

- On 2nd of December, Acron reported its 9m 2009 financial results under IFRS. The reporting period saw a significant decline in revenues caused by the slump in fertilizers prices. Acron's revenue for 9m 2009 decreased 22% y-o-y. This drop was partially offset by increased output volume achieved through higher capacity utilization and optimization of the Group's product portfolio. Cost of sales was up 10% due to current higher prices on mineral raw materials in Russia. Cost-cutting measures delivered a 6% decrease in selling, general and administrative expenses.
- The volatile exchange rate significantly affected Acron's financial performance this year. On the one hand, the strong growth of the Ruble against the US dollar reduced exchange rate losses associated with revaluation of foreign currency debts, but it also provoked higher operating foreign exchange losses.
- In the context of the 3Q weaker global prices, this caused the EBITDA margin drop to 18%. Regardless, Acron's higher sales volume ensured higher EBITDA quarter-on-quarter. Profit on sale of Sibneftegaz stock also affected net profit in the reporting period. Accrued interest on the 2008 Talitsky subsoil license loan was capitalised and transferred to the company's assets and so far has not diminished the reporting period's profit. Net profit for 9m totaled 5.79 billion Rubles representing 48% drop y-o-y.
- Positive operating cash flow enables the Acron Group to continue implementing its investment projects. For instance, during the reporting period Acron invested more than RUB 800 million in mine construction at the Oleniy Ruchey apatite-nepheline deposit in Murmansk region. Income generated from the sale of Sibneftegaz stock in 3Q 2009 and rouble stabilisation reduced the Group's total debt.
- Net debt fell to RUB 22.95 billion against RUB 24.81 billion at the beginning of 2009. Over the reporting period the Group made concerted efforts to improve its debt structure. Specifically, most of its short-term debt was refinanced with new long-term loans and the issue of four-year RUB bonds. As a result, the Group's short-term debt was reduced 36% to RUB 11.84 billion, against RUB 18.41 billion at the beginning of 2009. In general, 9m 2009 results were negative. However, we believe that the worst is over for Acron and future business activity will be better, driven by improved market conditions.

Growth possibility long-term	Business Risk long-term	Business Risk mid-term	Business Risk short-term	Share Price Status 12 months dynamic	Last Price delayed
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ACRON RANKED SECOND IN TERMS OF INFORMATION DISCLOSURE

- On November 20, 2009 the RTS Stock Exchange recognised Acron for the quality of the information disclosure in its 2008 annual report. Acron ranked second among companies with capitalisation of RUB 10-100 billion. This is the twelfth year the RTS has recognised companies' information disclosure practices.
- One hundred and twenty-five companies from Russia, Ukraine and Kazakhstan took part in this year's review. The expert panel, made up of individuals from state agencies, professional business associations and securities market participants, named 29 winners in 26 categories.

WE EXPECT ACRON TO EXPAND

- After the crisis is gone the demand on fertilizers will experience a rapid growth again. Acron does its business in the fast-growing developing markets. We believe that in long term Acron will surely benefit from this factor and therefore, consider long-term growth chances to be high.
- Both China and India's economies are doing very well at the moment, reaching recordly high GDP levels. We believe that they will drive the other economies out of crisis. This will have a positive influence on fertilizer industry as well because commodity prices will grow driven by fast recovery of most of the economies in the world.
- There is another important factor which should positively affect prices on fertilizers. It is called food inflation. The prices on food are constantly growing reaching high levels despite economical recession. We believe that enormous difference between the trends of food and fertilizer prices will not last long.
- The population in developing countries is rapidly growing. The incomes of the population in these countries grow as well. People start to consume more food and in fact they are ready to buy not only the cheapest. This will positively affect prices on food that will finally affect prices on fertilizers.
- Russia's good economical relations with China can help not only Russia's gas and oil industry but also mineral fertilizers' industry to expand. China is considered leading consumer of mineral fertilizers and positive news from this country gives a great opportunity for Acron to expand in the nearest future.
- Besides, Acron may closely cooperate with government in long-term. Acron's management has several times noticed that they want to do more business inside the country not outside. We believe that since Russia can face serious food crisis in nearest decade (according to some local analysts) , government may decide to stimulate local farmers and both demand and prices on fertilizers will increase.

QUARTERLY INCOME STATEMENT UNDER IFRS (Historical)

In million Rubles (except per share data)	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Revenue	10 666.0	13 684.0	6 298.2	9 430.4	9 429.5
Other Revenue	-	-	-	-	-
Total Revenue	10 666.0	13 684.0	6 298.2	9 430.4	9 429.5
Cost Of Goods Sold	4 638.4	4 796.4	5 046.1	5 111.5	6 036.2
Gross Profit	6 027.6	8 887.7	1 252.1	4 318.9	3 393.3
Selling General & Admin Exp.	1 462.2	2 167.7	1 251.4	2 091.2	2 528.8
R & D Exp.	-	-	-	-	-
Depreciation & Amort.	-	-	-	-	-
Other Operating Expense/(Income)	57.6	-	586.1	177.9	28.8
Other Operating Exp., Total	1 519.7	2 167.7	1 837.5	2 269.1	2 557.6
Operating Income	4 507.9	6 720.0	(585.4)	2 049.8	835.6
Interest Expense	(457.7)	(520.9)	-	(32.6)	(21.8)
Interest and Invest. Income	287.4	40.9	886.2	37.5	51.0
Net Interest Exp.	(170.3)	(480.0)	886.2	4.9	29.2
Income/(Loss) from Affiliates	39.9	141.5	66.5	73.4	(203.7)
Currency Exchange Gains (Loss)	24.8	-	(2 709.8)	(2 230.4)	1 349.8
Other Non-Operating Inc. (Exp.)	-	(30 455.1)	4 823.5	-	-
EBT Excl. Unusual Items	4 402.3	(24 073.5)	2 481.1	(102.4)	2 011.0
Impairment of Goodwill	-	-	-	-	-
Gain (Loss) On Sale Of Invest.	(6.2)	-	(169.8)	158.1	(2.6)
Gain (Loss) On Sale Of Assets	1.8	-	74.7	(232.6)	95.1
Asset Writedown	-	-	(506.5)	-	-
Other Unusual Items	-	-	-	-	-
EBT Incl. Unusual Items	4 397.9	(24 073.5)	1 879.6	(176.9)	2 103.6
Income Tax Expense	1 155.9	(5 699.9)	706.1	672.5	162.2
Minority Int. in Earnings	(275.4)	732.4	(123.7)	9.3	329.0
Earnings from Cont. Ops.	2 966.6	(17 641.2)	1 049.8	(840.1)	2 270.4
Earnings of Discontinued Ops.	-	-	-	-	-
Extraord. Item & Account. Change	-	-	-	-	-
Net Income	2 966.6	(17 641.2)	1 049.8	(840.1)	2 270.4
Pref. Dividends and Other Adj.	-	-	-	-	-
NI to Common Incl Extra Items	2 966.6	(17 641.2)	1 049.8	(840.1)	2 270.4
NI to Common Excl. Extra Items	2 966.6	(17 641.2)	1 049.8	(840.1)	2 270.4
Per Share Items					
Basic EPS	68.346	NA	24.111	(19.294)	52.144
Basic EPS Excl. Extra Items	68.346	NA	24.111	(19.294)	52.144
Weighted Avg. Basic Shares Out.	43.4	NA	43.5	43.5	43.5
Diluted EPS	68.346	NA	24.111	(19.294)	52.144
Diluted EPS Excl. Extra Items	68.346	NA	24.111	(19.294)	52.144
Weighted Avg. Diluted Shares Out.	43.4	NA	43.5	43.5	43.5
Normalized Basic EPS	63.391	NA	35.615	(1.47)	28.867
Normalized Diluted EPS	63.391	NA	35.615	(1.47)	28.867
Dividends per Share	40.0	0	0	NA	NA
Payout Ratio %	20.0%	NA	NA	NM	0.0%
Shares per Depository Receipt	0.1	0.1	0.1	0.1	0.1

Source: Capital IQ

KEY FINANCIAL RATIOS (Historical)

	2004	2005	2006	2007	2008	Last 12 months
						<small>H1 2009 + FY 2008 - H1 2008</small>
Profitability						
Return on Assets %	9.3%	28.2%	14.9%	13.1%	19.4%	7.6%
Return on Capital %	11.7%	36.0%	18.7%	16.5%	23.1%	9.1%
Return on Equity %	22.1%	47.6%	73.7%	24.8%	39.1%	11.1%
Margin Analysis						
Gross Margin %	32.5%	44.3%	39.1%	39.1%	55.3%	47.9%
EBITDA Margin %	16.6%	30.2%	NA	28.0%	41.5%	28.4%
EBIT Margin %	13.3%	28.3%	23.2%	24.8%	38.4%	24.5%
Earnings from Cont. Ops Margin %	9.9%	14.5%	35.4%	16.3%	21.7%	10.5%
Net Income Margin %	9.9%	14.5%	35.4%	16.3%	21.7%	10.5%
Asset Turnover						
Total Asset Turnover	1.1x	1.6x	1.0x	0.8x	0.8x	0.5x
Fixed Asset Turnover	1.6x	3.2x	3.3x	2.8x	2.7x	2.6x
Accounts Receivable Turnover	42.9x	64.3x	26.2x	36.4x	65.3x	23.0x
Inventory Turnover	6.1x	4.7x	3.5x	4.8x	4.2x	1.5x
Short Term Liquidity						
Current Ratio	1.3x	2.1x	1.8x	1.4x	0.6x	0.5x
Quick Ratio	0.5x	0.7x	1.0x	0.4x	0.2x	0.2x
Avg. Days Sales Out.	8.5	5.7	13.9	10.0	5.6	15.9
Avg. Days Inventory Out.	59.6	77.2	105.0	76.7	86.6	247.1
Avg. Days Payable Out.	13.3	35.1	68.5	44.5	21.4	372.0
Avg. Cash Conversion Cycle	54.8	47.8	50.4	42.2	70.8	(109.0)
Long Term Solvency						
Total Debt/Equity	37.3%	51.8%	47.0%	22.7%	135.9%	108.0%
Total Debt/Capital	24.6%	30.7%	29.9%	17.0%	54.7%	49.2%
LT Debt/Equity	8.6%	40.6%	34.8%	12.5%	46.9%	39.6%
LT Debt/Capital	5.6%	24.0%	22.1%	9.4%	18.9%	18.0%
Total Liabilities/Total Assets	47.7%	53.9%	49.0%	41.5%	64.5%	59.5%

Source: Capital IQ

ABOUT COMPANY

Joint Stock Company “Acron”, together with its subsidiaries, engages in the manufacture, distribution, and sale of chemical fertilizers and related by-products primarily in the Russian Federation and the People’s Republic of China. The company offers ammonia, mineral fertilizers, organic and inorganic synthesis products, and catalysts. It serves chemical and petrochemical industry, containers and packaging, and household chemicals. The company was incorporated in 1992 and is based in Novgorod, the Russian Federation. Joint Stock Company Acron is a subsidiary of Subero Associates, Inc.

STOCK QUOTE (USD)

Last (Delayed Quote)	31	Market Cap (mm)	1,349.8
Open	31	Shares Out. (mm)	43.5
Previous Close	31	Float %	-
Change	2	Shares Sold Short (mm)	-
Change %	6.90%	Dividend Yield %	9.40%
Day High/Day Low	-/-	Diluted EPS Excl. Extra Items	3.26
52 wk High/52 wk Low	33.00/ 9.50	P/Diluted EPS Before Extra	9.51x
Volume (mm)	0.001	Beta	1.93
Avg. Vol - 3 mo (mm)	0.005		

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EXPLANATORY NOTE:

Our forecasts and assumptions are based on company's financial and operational results, industry's statistics and trends, analysis of country of primary business and most important events, which may have influence on company's activity. However, expert's opinion plays key role in forecasts and assumptions. In our reports, You can find short-, medium- and long-term forecasts. Short-term means up to **3 months**. Mid-term means up to **12 months**. Long-term means up to **36 months**.

Meaning of abbreviation used in our reports:

US – United States

USD, \$, US dollar – United States Dollar

Ruble, RR – Russia's National Currency

GDP – Gross Domestic Product

EURO, EUR, €- The official currency of 16 of the 27 Member States of the European Union.

Tenge, KZT – Kazakhstan's National Currency

EEK, Kron – Estonia's National Currency

Litas, LTL – Lithuania's National Currency

Lats, LVL – Latvia's National Currency

GBP – Great Britain Pound Sterling

LSE – London Stock Exchange **RTS** – Russian Trading System **AIM** – Alternative Investment Market

SHARE PRICE VALUATION

Our share price estimation is based mainly on historical analysis of share price performance on stock exchange, future cash flows estimates, fair value estimates and general macroeconomical trends. When analyzing we take into account Company's competitive position, financial condition and important events that may significantly affect business activity and therefore share price of the Company. The main goal of estimation is to find out current share price status taking into account its possible dynamic for nearest 12 months. There are five possible valuation of current share price:

Much Overestimated	The share price is too high and does not reflect Company's business activity and growth possibilities. This usually means very high possibility of fast decrease of share price in mid-term.
Overestimated	The share price is high and does not reflect Company's business activity and growth possibilities. This usually means high possibility of significant decrease of share price in mid-term.
Adequate	The share price reflects business activity and Company's growth possibilities. The share price is expected to be relatively stable and no significant changes in mid-term are expected.
Underestimated	The share price is low and does not reflect Company's business activity and growth possibilities. This usually means high possibility of significant increase of share price in mid-term.
Much Underestimated	The share price is very low and does not reflect Company's business activity and growth possibilities. This usually means very high possibility of fast increase of share price in mid-term.

GROWTH POSSIBILITY ESTIMATES

We estimate Company's long-term growth possibility using Baltic Business Analysis "growth estimation model". Key factors taken into account when analyzing:

- Commodity prices and demand
- Competitive position on market
- Management's strength
- Relations with government and political factors
- Financial position of the Company
- Inflation and currency exchange rate
- Technological factors
- Business environment and social factors

Mentioned factors have different influence on each company. The role of certain factor depends on industry, country and company's business activity and therefore is different for each company. However, our "growth estimation model" allows to calculate the most possible trends of Company's long-term performance based on average results taking into individual role and meaning of each factor. There are five possible trends:

Very High	Business activity of the Company generates or is going to generate significant positive cash flows or earnings, which in long-term are expected to increase at significantly faster rates than the overall economy. The Company has very profitable reinvestment opportunities for its own retained earnings. The revenues of the Company are expected to grow significantly faster compared to its competitors. "High Growth" Company's performance is usually better compared to the whole industry and therefore the market share of such companies is expected to increase significantly.
High	Business activity of the Company generates or is going to generate positive cash flows or earnings, which are expected to increase in long-term. The Company has profitable reinvestment opportunities for its own retained earnings. The revenues of the company are expected to grow but some competitors may outperform Company's results. "Growth" Company's market share can sometimes increase, especially when the Company operates in stable or slightly growing market.
No Growth	Business activity of the Company usually generates positive cash flows of earnings, which in long-term are not expected to increase significantly. The Company has few or no reinvestment opportunities for its own retained earnings. The revenues of the company are stable but slight change in both directions is still possible because of overall industry trends and macroeconomical factors.
Decline	Business activity of the Company does not generate or is not going to generate positive cash flows or earnings. Such Company usually reports losses, which increase in long-term. The Company has absolutely no profitable reinvestment opportunities and as a result, its shareholders value is decreasing in long-term. The revenues of the Company are expected to decrease, though they may remain stable while expenses grow higher. "Decline" Company's performance is usually worse compared to the whole industry and therefore the Company loses its market share. However, in some rare cases, such Company can keep or even increase its share under condition that the market is falling.
High Decline	Business activity of the Company has not generated positive cash flows or earnings for some period. The reported losses are likely to increase fast in long-term. Its shareholders value is rapidly decreasing and there is usually no funding possible. The Revenues of the Company are expected to rapidly decrease. "High Decline" Company's performance goes far behind the industry even in terms of market decrease. As a result, such Company loses its market share. It should be noticed that such Company is close to default and there are few chances of surviving.

RISK ESTIMATES

There will always be uncertainty in every business; the level of uncertainty present is called risk. We estimate short-, mid-, and long-term Company's risk using Baltic Business Analysis "risk estimation model". The model includes:

- **Financial risk** Financial risk includes leverage, ability to generate or attract cash, interest rates, amounts payable and receivable, capital and currency risks.
- **Market risk** Commodity price and demand risk, level of competition, consumers' behavior, specific industry risks.
- **Management risk** Decision of management which can influence company's performance, incorrect estimation of company's possibilities
- **Governmental risk** Possible changes in taxes and legislation. Bureaucracy level and corruption. In some rare cases, governmental attempts to prevent expanding of Company or even the whole industry.
- **Technological risk** Outdated equipment, technological progress, price and supply of equipment, new approaches and other factors.

There are five possible risk levels:

Very High	Company's business activity is likely to be seriously affected by event or events and the result can be unpredictable. Very high risk usually indicates big problems and reflects very negative expectations.
High	Company's business activity may be affected by event or events and the results may be unpredictable. High risk usually indicates significant problems and reflects negative expectations.
Medium	Company's business activity may be affected by event or events but no serious consequences are expected. Medium risk usually indicates similar to industry's average condition of the Company.
Low	Company's business activity has low chances of been affected by event or events and no significant consequences are expected. Low risk usually indicates stability and good competitive position of the Company.
Very Low	Company's business activity is not likely to be affected by event or events with negative consequences. Very low risk usually indicates strong advantage over competitors and promising future

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