



Company notes:

- Stock code: DPM (HoSE)
- Date of listing: 5 November, 2007
- Foreign ownership as of 19 December, 2016: 21.51%
- Room for foreign investors: 49%
- Outstanding shares: 391,334,260
- Dividend payout ratio (cash) of 2016: 3,000 VND/share
(Paid in the first round on 22 December 2016: 2,000 VND per share)

Shareholder structure (as of 30 November, 2016):

- PetroVietnam: 59.59%
- Deutsche Bank AG London: 3.09%
- Market Vector Vietnam ETF: 2.30%
- Norges Bank: 1.82%
- GIC: 1.78%
- Dak Lak Agricultural Materials and Food JSC: 1.15%
- Nghe An Agricultural Materials and Food JSC: 1.02%
- Others: 29.25%

I. MESSAGE TO INVESTORS

The 2016 fiscal year has just finished. This year, PVFCCo has dealt with a number of challenges, in line with predictions. The 2016 is seen as one of the most challenging years for PVFCCo in its own history when local fertilizer market witnessed harsh competition from cheap fertilizer imports and climate change.

In 2016, PVFCCo continued to show its predominant strength in its executive activities. PVFCCo didn't encounter many difficulties in maintaining its regular production and actually often met and exceeded monthly plans. We had a favourable start, with the first quarter achieving and exceeding profit targets. However, the accomplishment of the annual sales and profit goals became a challenge when Gas and Urea prices fluctuated unexpectedly in subsequent quarters, specifically:

Gas prices: from the second quarter to the end of this year, Gas prices have increased remarkably and were maintained at a higher average compared to the first quarter. Gas prices then rose steadily until the fourth quarter of the year although they were not higher than prices in

2015. The average Gas price in 2016 was 3.88 USD/MMBTU, experiencing a 16% decline compared to the same period of 2015.

Urea prices: the average price of Urea in 2016 was 6,048 VND/kg, a decrease of 17% compared to the same period of 2015. This has meant revenue of Phu My urea was low this year at 5,021 billion VND. Although the price of Urea began to rise again in the last month of the year, it still has yet make a major impact on the year-round business performance of the Corporation.

Key projects were implemented on schedule: the Corporation continued to implement detailed plans and schedules in accordance with the development strategy approved by AGM (Annual General Meeting). The Phu My NH₃-NPK Complex completed the first important stage and has entered into the stage of civil construction which will be accelerated to meet the expectations by the end of 2017.

Business performance in 2016 presented major challenges to the Management Board of the Corporation in devising plans for 2017. These plans will embrace the following key objectives and duties: effective administration and execution of production and sale activities; appropriate management and control of production, sales and management costs and savings; and compliance with the expected progress and quality of the key investment project – the NH₃ Revamp – Phu My NPK Complex.

We hope that the slowdown in the turnover and profits of the 2016/2017 business year will offer the Corporation an opportunity to review and improve the whole production system in preparation for new breakthroughs and advancements in the coming years.

II. BUSINESS PERFORMANCE OF THE THREE QUARTERS AND EXPECTATIONS FOR THE FINAL QUARTER OF 2016

1. Production output

Phu My Urea: Accumulated volume reached 635,558 tons, contributing 106% of the three quarters plan and 79% of the annual plan, an increase of 6% compared to the same period of 2015 (In 2015, Phu My Urea Plant experienced a maintenance period from 26 May to 20 June). Production is expected to reach 817,000 tons by the end of this year, translating 102% of the annual target.

UFC85/AF37: reached 7,061 tons, equivalent to 71% of this period plan and 52% of the annual plan. Production is expected to reach 10,239 tons by the end of this year.

2. Sales volume

Phu My Urea: the accumulated volume of the first three quarters of 2016 reached 644,362 tons, equivalent to 104% of the period plan and 78% of the annual plan, a rise of 5% in comparison with the same period of 2015. It is anticipated to reach 830,000 tons for the entire year, equivalent to 100% of the annual plan.

Phu My Urea price: continued the downward trend of the previous quarters. The Phu My Urea price in the third quarter of 2016 dropped by 4% compared to the second quarter of 2016 and 21% compared to the corresponding period of 2015 due to the low price of imported fertilizer, especially when a large volume of Urea from China and Indonesia penetrated into key areas.

Demand for Urea was also gradually falling due to the seasonal factors. The average price of Phu My Urea in 2016 is expected to be VND 6,048 per kg, down by 17% year on year.

Trading fertilizers: the accumulated volume of the first three quarters of 2016 reached 274,357 tons, equivalent to 125% of the period plan and 97% of the annual plan. The full-year sales volume was estimated to reach 353,000 tons, representing 125% of the annual plan, 5% lower than 2015.

The volume in the first three quarters of 2016 was down by 3% compared to the same period last year. However, this was an encouraging result in the face of market difficulties; fierce competition against abundant supplies of low-priced imports; and a reduction in local demand due to drought, flooding and saltwater intrusion in the first months of 2016.

NH3: reached 26,448 tons, equivalent to 181% of the first three quarters plan, and 132% of the annual plan, growing by 33% year on year. The full-year sales volume is anticipated to reach 32,707 tons, up 26% in comparison to last year.

UFC85: reached 2,409 tons, equivalent to 37% of the first three quarters' plan, and 25% of the annual plan. The expected sales volume for the whole year was 4,618 tons, achieving 49% of the annual plan (as the two Urea plants in the north did not operate steadily, the demand for UFC85 was lower than expected and this consumption volume is excluding the UFC85 used for Phu My Urea Plant).

Other petrochemicals: The petrochemical sales volume for the entire year of 2016 is anticipated to reach 1,919 tons, equivalent to 78% of the annual plan. PVFCCo has cut production and sales volume when the price and demand of petrochemicals remained low due to the downsize of oil and gas exploration.

Exports: the accumulated Phu My Urea exports to Thailand and Taiwan in the first three quarters reached 4,774 tons. The exported volume of Phu My Urea decreased due to lower global fertilizer prices. PVFCCo gave priority to domestic sales to increase profits.

3. Financial results

Total revenue in the first three quarters of 2016 reached 6,429 billion VND, equivalent to 81% of the revised annual plan, compared to 8,159 billion VND for the entire year, achieving 103% of the revised annual plan, down by 19% year on year.

Profit before tax for the first three quarters was 1,232 billion VND, equivalent to 89% of the annual revised plan. The total expected annual amount was 1,392 billion VND, translating 100% of the annual revised target, this was down 26% on last year.

The revenue and income results of 2016 was lower than expected mainly due to the plunging prices of fertilizers and petrochemicals. Selling price of Phu My Urea and PVFCCo's imported fertilizers are down 17% and 11% year on year respectively and price of NH3 is down 32% year on year.

Financial Highlights:

No.	Targets	First three quarters 2015	First three quarters 2016	Difference (%)
I.	PROFITABILITY RATIOS			
1	Return on assets (ROA) (Profit after tax /Total Assets)	11.61%	9.57%	-18%
2	Return on equity (ROE) (Profit after tax /Equity)	13.06%	11.57%	-11%
3	Profit before tax/revenue	19.06%	19.16%	1%
II.	LIQUIDITY RATIOS			
1	Overall liquidity ratio (Total assets/total liabilities)	8.92	8.02	-10%
2	Quick ratio (Current assets - Inventories/Current liabilities)	7.03	7.39	5%
3	Current ratio (Current assets/Current liabilities)	8.52	8.50	0%

Liquidity ratios: Current and quick ratios were 8.5 and 7.4, respectively although they were on a downward pattern year on year but PVFCCo's ability to repay debts due was always guaranteed.

Profitability ratios: ROA and ROE in the first three quarters of the current business year were 9.57% and 11.57%, down by 18% and 11% respectively. This was mainly due to its lower profits in the first three quarters of 2016 compared to 2015.

III. MARKET NEWS

1. Domestic fertilizer market:

Domestic fertilizer supplies remained abundant and stable for the first three quarters of 2016

The output volume for Urea in the third quarter of 2016 went down compared to the same period of 2015 since the stoppage time was relatively high at the Ha Bac and Ninh Binh Urea plants. However, there was a surplus domestic supply thanks partly to a stable operation of Phu My and Ca Mau Urea plants. There was also a significant stockpile from the first half of 2016 together with a surge in imported Urea recently.

For other fertilizers such as NPK, DAP and phosphate, there was also a significant stockpile in the first months of the year and domestic production was stable, so they fully met all the demand of the agriculture sector.

Stable demand for fertilizers

The consumption demand in the third quarter of 2016 increased mainly in the central highland and south-eastern regions. This happened as the weather became favorable for tending industrial perennials such as rubber and pepper trees. Then, the demand fell from September onwards. In the northern region, during the third quarter consumption was at its lowest level of the year and remained on a small scale, mainly for industrial plants in the north central region. The demand for fertilizers in Long An, Tay Ninh and the Mekong Delta was not as strong since the 2016 summer-autumn rice crops were at the harvest phase. For some rice farming areas, farmers started to sow rice seeds early and for other areas, planting of rice crops was anticipated to take place in the middle of September.

The supply level for various types of fertilizers at the end of the quarter rose dramatically due to a sharp decline in local consumption accompanied by continuing imports of Urea from Indonesia and Qatar. This made its market transactions fall on a downward movement and there were no big trade flows. Consumption in local shops remained low as crops struggled in the region. Sellers had to offer discounts to shift surplus supply to recover debts in case of unfavourable change in price.

It was estimated that the total consumption of Urea in Vietnam in 2016 reached 2 million tons, down approximately by 4.76% compared to last year while the consumption of NPK was as high as 3.94 million tons, up approximately 1% compared to 2015.

Imported Urea increased remarkably in the first ten months of 2016 in comparison with the same period in 2015.

Imports in the first ten months reached nearly 494,000 tons and the highest quantity for 1 month was in August with 76,000 tons. Imported supply mainly came from low price suppliers in Indonesia, Malaysia, China, Qatar and Saudi Arabia. The Urea supply imported from China in the first ten months of 2016 represented 33.6%, reporting a sharp decline from 52.6% in 2015. While imports from Malaysia in the same period in 2016 accounted for 16.2% from 14.2% in 2015. Indonesia was responsible for 41.2% during the first ten months of 2016, a growth from 38.1% over the same period in 2015.

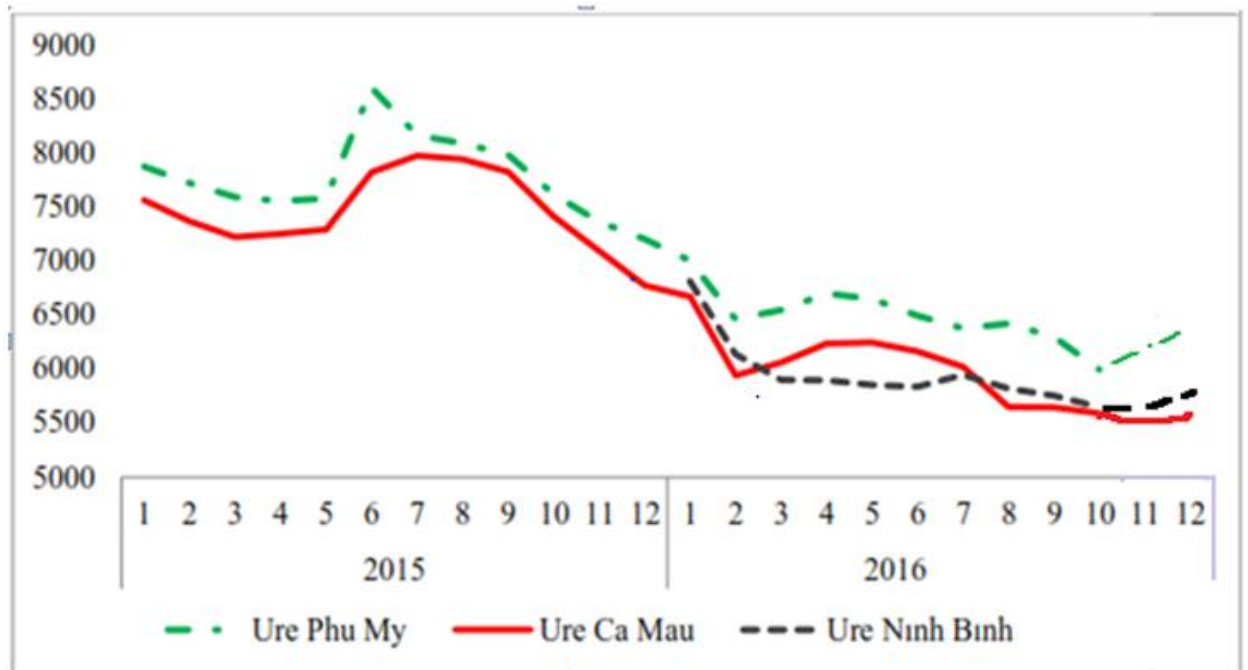
Fertilizer price is still on the fall

Urea in most key areas faced a steady decline in price in the first three quarters of 2016, especially in the third quarter when the continued increase in imported Urea affected price. In the first three quarters of 2016, Urea price fell sharply and the price of Urea from the Phu My and Ca Mau Urea Plants was down by 14-19% over the same period last year. The sales of domestically produced DAP declined as local demand remained low and imports continued to increase. The purchase price of NPK at Tran Xuan Soan market fell from the beginning of the

year. The cost of producing fertilizers like Urea, Potash, DAP and materials for NPK dropped sharply.

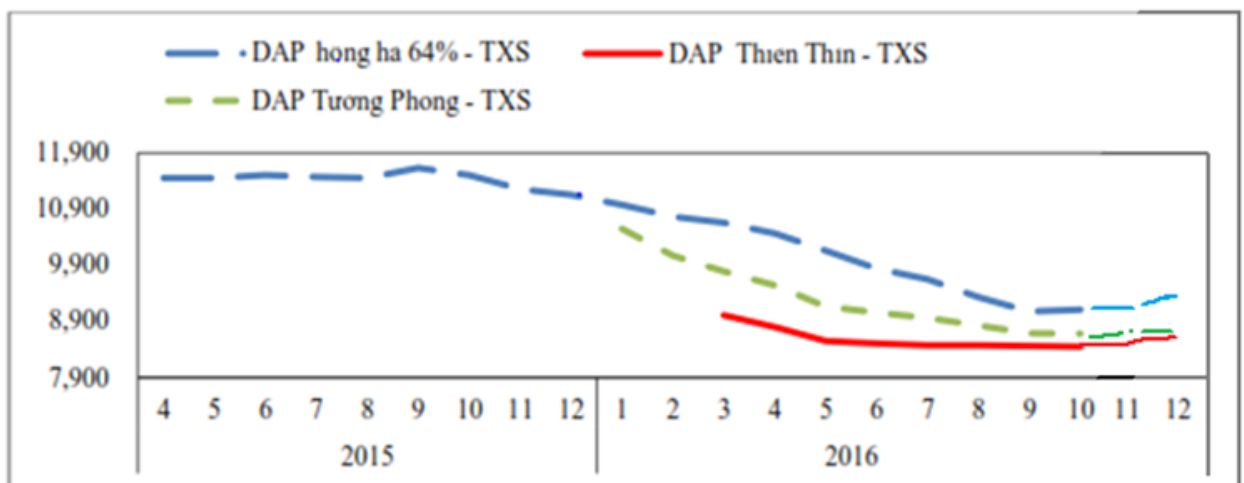
In addition, the average price of Potash powder in October was down 6.8% compared to the average in January 2016. However, the price reduction did not cause the import level to fall. To the contrary, imports continued to increase significantly with estimated quantities being 94,000 tons in October. It was estimated that the imported Potash in the last two months of 2016 and in the entire year were 70,000 tons and 900,000 tons, respectively.

Chart 2: Domestic Urea price in 2015 and 2016 (unit: VND/kg)



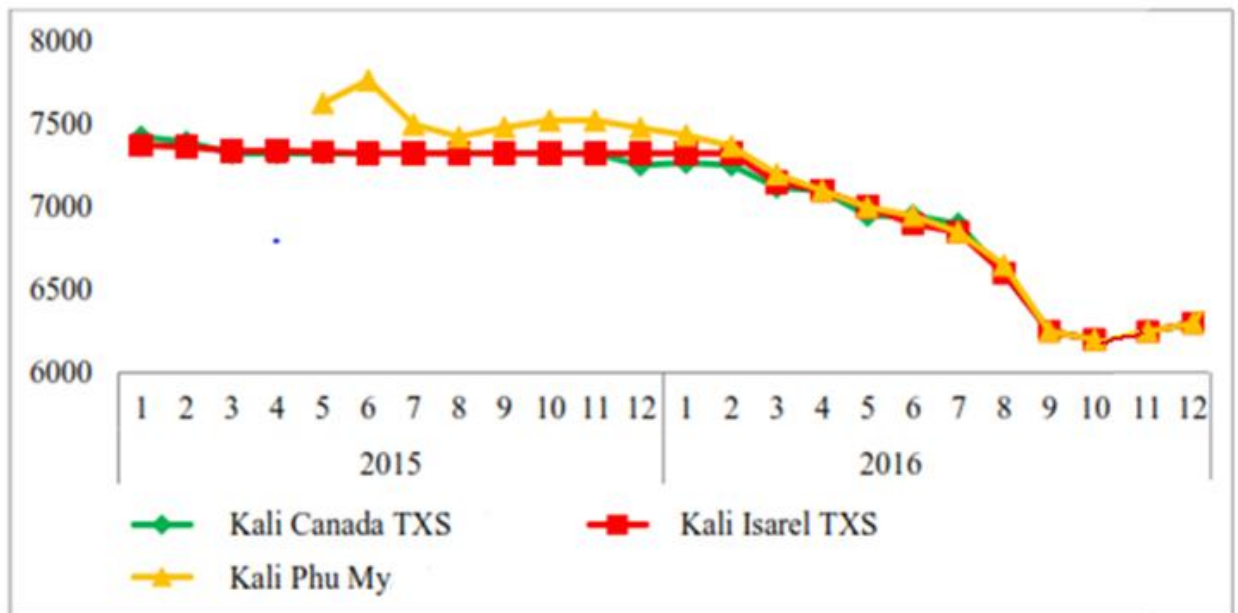
Source: AgroMonitor, PVFCCo

Chart 3: DAP price in 2015 and 2016 (unit: VND/kg)



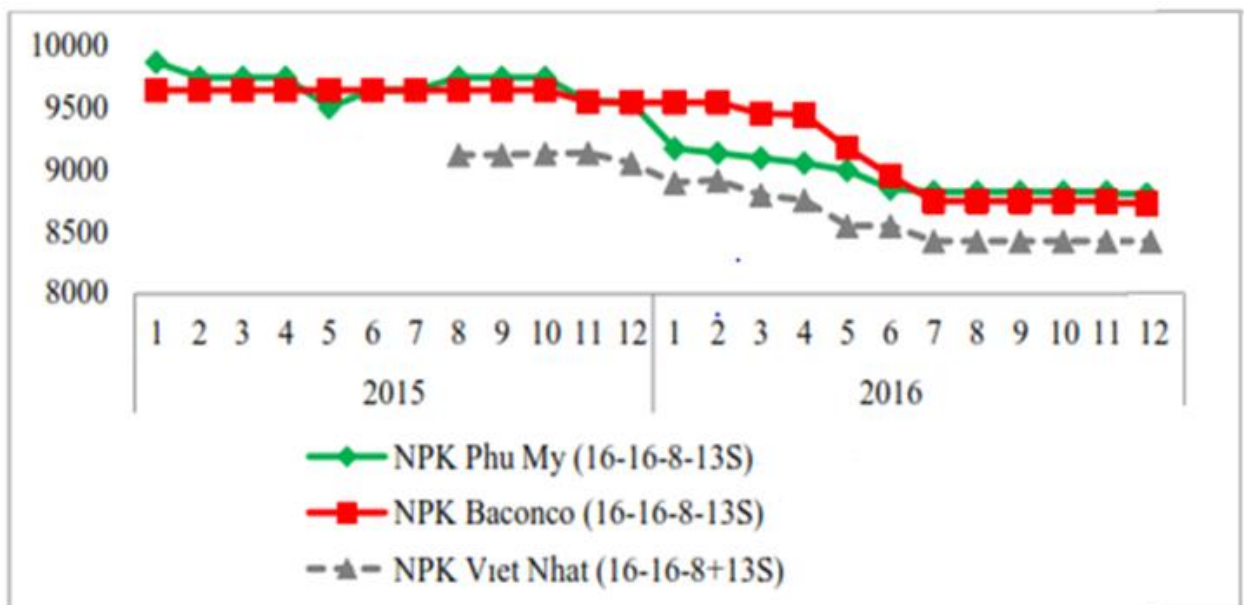
Source: AgroMonitor, PVFCCo

Chart 4: Potash price in 2015 and in 2016 (unit: VND/kg)



Source: AgroMonitor, PVFCCo

Chart 5: NPK price in 2015 and in 2016 (unit: VND/kg)



Source: AgroMonitor, PVFCCo

2. International fertilizer market

Due to abundant supplies together with a continuation of low oil prices and gradually falling demand because of seasonal factors, fertilizer prices in the international market continued to decrease by 7% in the third quarter of 2016 compared to the same period last year. In the medium to long term, it is expected that fertilizer price in the global market will go up again

when the prices of input materials such as oil, gas etc. start to recover. Furthermore, an increase in the price of agricultural products in general will lead to recovery of demand and prices for fertilizers.

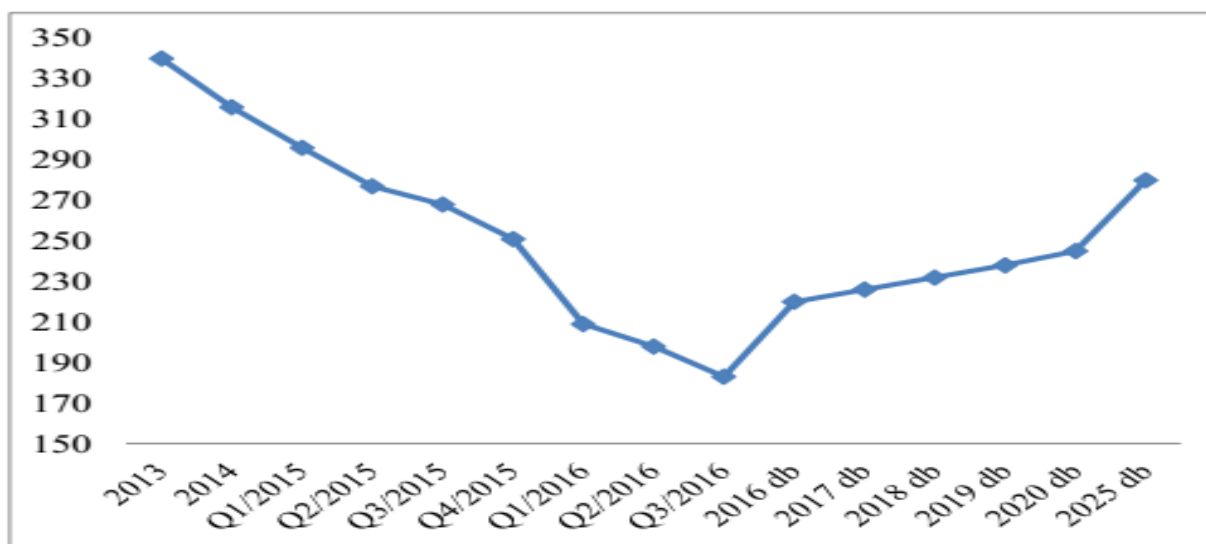
Due to supply surplus, Urea price is on a slight downward trajectory

During August-September 2016, the international Urea market began to stabilise and strengthened when demand for this commodity in Brazil increased sharply. In the third quarter 2016, the Urea price on the global market was still down by 7.6% in comparison with the second quarter of 2016.

In the short term, the control of the Chinese market over exports, a remarkable recovery in demand in Brazil and an expected increase in imports into the U.S.A will avoid continued instability in the market.

In the long term, the pressure continues from the increasing supply sources of Urea in China, Indonesia, Saudi Arabia, Egypt, India and other countries. It is predicted that total global Urea production in 2016 will be approximately 227 million tons compared to 218 million tons in 2015, which did not match the total demand for Urea from 169 million tons in 2015 to 173 million tons in 2016. Some analysts forecast that the global price of Urea in 2017 will be forced to drop as supply will grow faster than demand. However, it is anticipated that the supply sources in 2018 will be stabilized because there will be no more new plants to be inaugurated and some existing plants will be closed; therefore, the price of Urea will recover and rise again.

Chart 5: Urea price (Black Sea, Bulk, Spot, Primarily Yuzhnyy, FOB), 2013 – Quarter 3/2016 – 2025 Forecast (Unit: USD/ton FOB)



Source: AgroMonitor.

DAP forecasted to increase slightly

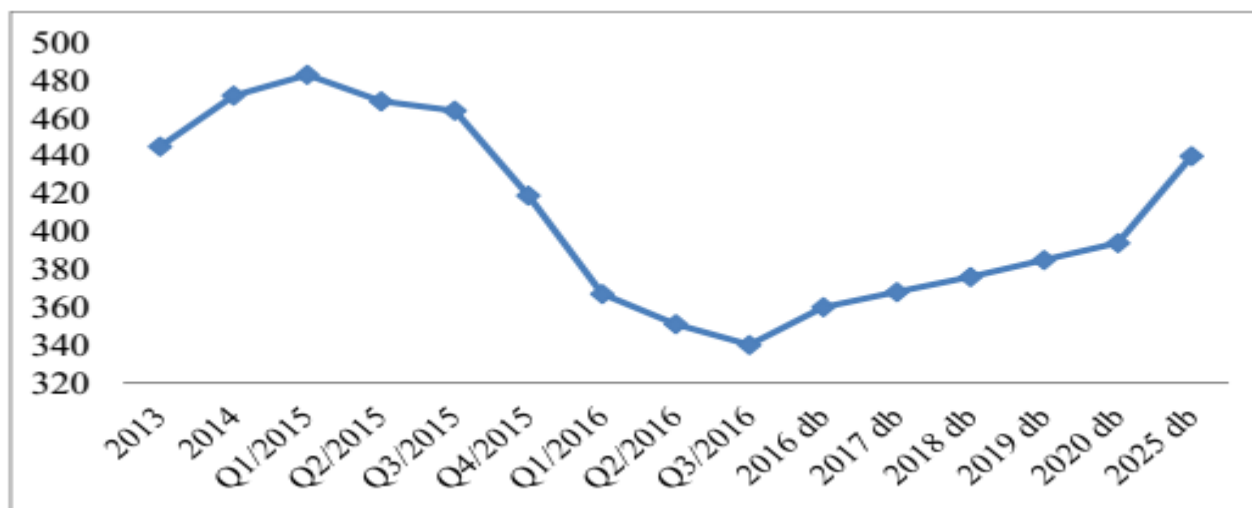
International DAP prices in the third quarter of 2016 were down by 3% compared to the second quarter of 2016. The demand for DAP in South America and India was significant due to the

commencement of imports. However, the expansion of domestic DAP production in India and the delayed implementation of the subsidy program by the Government of India will alter its demand and supply situation. In the meantime, the international DAP market is managing with the excess supply. Supplies from Morocco and Saudi Arabia are expected to increase, in December 2016 and 2017 respectively.

It is forecast the total supply of phosphate fertilizers in 2016 will reach 45.8 million tons compared to 44.3 million tons in 2015, of which DAP represents approximately 95% of the total production. The global demand for imported DAP in 2016 is expected to range from 17-18 million tons, similar to the trade flows in 2015. India, Pakistan, Latin American countries and Australia are countries which increased the import of DAP/MAP in 2016, while the import level to existing markets almost remain unchanged.

According to Credit Suisse, a DAP supply surplus will continue to put pressure on the DAP market in the long run due to new supplies from OCP (Morocco) and Maaden (Saudi Arabia). Recently, this company has reduced previously forecasted spot prices of DAP in Tampa, Florida to 340 USD/ton in 2017, down by 40 USD/ton, and to 350 USD/ton in 2018, down by 30 USD/ton. In addition, the cheap chemicals like Sulphur and Ammonia used in making phosphate rocks into DAP are placing more pressure on the market.

Chart 6: DAP price (Bulk, Spot, US Gulf, FOB), 2013 – Quarter 3/2016 –2025 Forecast (unit: USD/ton FOB)



Source: Agromonitor.

Potash price decreases

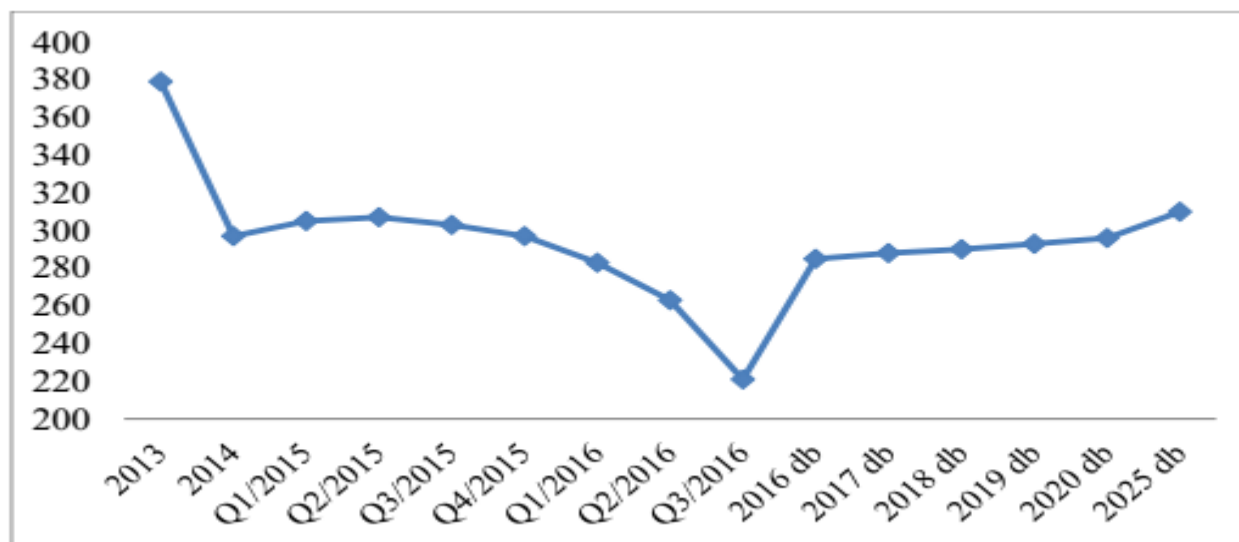
In the third quarter of 2016, the market price for Potash continued to decrease by 16% compared to the second quarter of 2016 after a decline of 7% in that period. The market for Potash witnessed mediocre levels of buying and selling and production output has decreased when some quarries were closed due to a supply surplus in the market.

The demand for Potash was low partly because buyers were waiting for finalization of contracts between big clients and JSC Belarusian Potash Company. Some contracts were entered into with Indian buyers at 227 USD/ton CFR at the end of June 2016 and with Chinese buyers (the biggest Potash consumer) at 219 USD/ton FOB in July 2016, a decrease of 96 USD/ton over the

corresponding period last year. Other contracts are expected to be signed in the near future when demand rises again.

However, the market will face a surplus as production capacity continues to be improved and new supply sources come from new “Greenfield” projects in Canada, Russia and Belarus.

Chart 8: Potassium Chloride price (Spot, Vancouver, FOB), 2013 – Quarter 3/2016 –2025 Forecast (unit: USD/ton FOB)



Source: Agromonitor.

3. Business results for PVFCCo’s chemicals

Vietnam’s economic outlook in the first three quarters of 2016 had some positive signs but its growth remained low compared to the corresponding period last year because the slow economic growth around the world continued to have a negative impact on Vietnam. Trade growth stayed low, the price of crude oil and agricultural produce fell sharply and natural disasters occurred due to the impacts of climate change. In these circumstances, PVFCCo continued to make every effort and achieved encouraging results in the production and trade of chemicals, especially:

Boosting consumption of NH₃

To the end of September 2016, PVFCCo has sold 26,448 tons of NH₃, achieving 181% of the first three quarters plan and 132% of the annual plan. It is expected that the consumed volume of NH₃ for the whole year can reach more than 32,000 tons, equivalent to 160% of the annual plan.

In 2017, Phu My Urea Plant will stop production for approximately one month for maintenance and NH₃ Workshop will start to provide inputs to commission Phu My NPK Plant so PVFCCo plans to produce about 10,000 tons of NH₃ in 2017.

Stable NH₃ market, domestic supplies rise

In the context of a remarkable increase in overall supply of NH₃, the global economic outlook remains guarded, the NH₃ market has faced challenges from an imbalance in demand and supply and prices have continued to drop from mid 2016. Fertecon's bulletins showed that the average FOB price in Southeast Asian markets started to decline from 340 USD/ton down to approximately 200 USD/ton from the beginning of June 2016. The short-term NH₃ price will recover slowly because of the supply surplus situation.

In the domestic market, the supply of NH₃ in the northern area was significantly affected due to the suspended operation of the Ninh Binh Urea Plant which will continue throughout 2016. Therefore, the supply of NH₃ in the northern area comes from the Ha Bac Urea plant. However, the cost price of NH₃ manufactured from coals was higher than that of NH₃ from natural gas, which affected the NH₃ production of the Ha Bac Urea Plant and its contribution to the market. Therefore, Vietnam needs to import partly NH₃ from regional countries such as Indonesia and Malaysia to satisfy NH₃ demands of the Dinh Vu Di-ammonium Phosphate (DAP) Fertiliser Plant and the Thai Binh Ammonium Nitrate Plant.

In the southern area, the NH₃ supply to the market mainly came from Phu My and Ca Mau Urea plants. This supply was relatively stable and met about 56% of the demand in this area in 2016 and the remaining demand was satisfied by imports. Although the cost of NH₃ produced from natural gas is more favourable than that of NH₃ from coal, plants will produce enough NH₃ in accordance with the signed contracts due to unfavourable conditions in the price of NH₃ Southeast Asia in the second half of this year.

Stable supply of UFC85 to clients

The UFC85 workshop was put into operation officially at the beginning of May 2016, later than expected but the quality of the product is guaranteed. This helped PVFCCo maintain a stable supply of UFC85 to the fertilizer production of the Ca Mau and the Ha Bac Urea plants. The provision of UFC85 to the Ca Mau Urea Plant in the third quarter was suspended for 20 days due to the maintenance of the plant but PVFCCo attempted to sell 2,409 tons of UFC85 in the first three quarters of 2016 and it is expected that the sales volume of this item in the entire year will reach 4,617 tons.

In 2017, PVFCCo plans to provide 9,000 tons of UFC85 to clients, gradually confirming the foothold of PVFCCo's chemicals in the domestic market.

Complete the commissioning of the Glade CO₂ Plant and start commercial production

With the design production capacity of 47,500 tons of liquid carbon dioxide annually, the construction and installation of the Glade CO₂ Plant was completed and it started its commissioning phase at the end of May 2016. After more than five months of calibration and commissioning, the Glade CO₂ Plant completed its testing and reached a full capacity within 72 hours (from 4-6 November 2016). Inspection was then completed and the plant has been officially put into operation as of 7 November 2016.

Since the commissioning commencement, PVFCCo has provided more than 8,700 tons of Glade CO₂ by the end of September 2016. With a stable supply of Glade CO₂ in recent months, it is expected that the consumed volume of Glade CO₂ for the entire year will reach over 20,000 tons, contributing approximately 4.3 billion VND to the 2016 revenue of PVFCCo.

PVFCCo, PetroVietnam Southern Building Development and Management JSC (SBD Company) and F.A JSC invested 8 million USD to establish the Commercial CO₂ Plant with the contribution percentage being 5%, 40%, 55%, respectively. The construction of the plant started in May 2015.

Boosting consumption of petrochemicals and proactively seeking new clients

Due to the plunging price of oil since the end of 2014, right at the beginning of 2016 the Government authorized PVN to exploit one million tons of oil more in 2016 than scheduled. As a supplier of petrochemicals for crude oil exploration and exploitation, PVFCCo has seized this opportunity by taking the lead in producing petrochemicals and participating in the bidding processes to offer petrochemical samples to other businesses in the same sector such as Cuu Long JOC, Lam Son JOC, Premier Oil. Thanks to that effort, PVFCCo supplied nearly 500 tons of petrochemicals to clients from June to September 2016, and increased the consumed volume to 1,919 tons in 2016.

As for 2017, PVFCCo sets the target to maintain a stable supply of approximately 2,400 tons of petrochemicals to existing clients, and also to continue to seek and approach prospective clients including Vietsovpetro and PV Gas to sell petrochemicals for them.

IV. NEWS

1. Investor Relations

The leaders of Phu My Urea Plant received investors from Meritz Asset Management (Korea), DBA-Rhino Vietnam and Arventus (Switzerland).

On 4 and 24 November, Phu My Urea Plant's Deputy Director Mr. Nguyen Dinh Hung together with representatives of the Safety Division and Investor Relations Team of the Corporation directly received the senior leaders from DBA-Rhino Vietnam, a shareholder of the Corporation, Aventus Retail Property Fund (Switzerland) and more than 20 investors from Meritz Asset Management (Korea), also shareholders of the Corporation. The purpose of the visit was to learn about the technological and production process of Phu My Urea Plant and its continuing projects. The Plant leaders and IR Team introduced the plant's production technology, prospects of new investment projects and provided updated information on PVFCCo's operation. Also, covered in the visit was general information on production and consumption of fertilizers in Vietnam and a tour around the plant to learn about its activities.

PVFCCo honoured to be recognized “Top 5 Listed Companies with the best IR activities in 2016” and “Top 5 Listed Companies with the best IR activities ranked by financial Institutions in 2016”

At the announcement ceremony of awards, PVFCCo together with the other four listed companies including Vietnam Dairy Products Joint Stock Company (Vinamilk), FPT Group, Khang Dien House Trading and Investment JSC (KDH) and Nam Long Group were honoured to be recognized as the “Top 5 Listed Companies with the best IR activities ranked by financial Institutions in 2016”. Moreover, PVFCCo together with four other listed companies including Vinamilk, FPT, Khang Dien and An Phat Plastic and Green Environment Joint Stock Company were also honoured as the “Top 5 Listed Companies with the best IR activities in 2016” selected by financial institutions and investor communities.

2016 is the sixth straight year of IR surveys and the fourth straight year in which PVFCCo has been selected in the top 5 listed companies with the best IR activities. This helps assess the true value of the company, improve its liquidity of shares on the market and guarantee benefits of shareholders and investors.

PVFCCo advanced first round dividend in 2016

On 14 November, 2016, the Board of Directors of PVFCCo issued a resolution on paying an advanced dividend for the first round of 2016 at 2,000 VND per share (equivalent to 20% of the face value of the share). The dividend was drawn from the profits after tax of the first three quarters of 2016 of the Corporation. Vietnam Securities Depository Centre - Ho chi Minh Stock Exchange will finalize the list of shareholders and pay an interim dividend in accordance with current regulations. The payment date is 22 December, 2016. At the Annual General Meeting of Shareholders in April 2016, the shareholders agreed with the payment of 30% par value dividend in cash.

2. Business news

Phu My fertilizers were voted to be among the National Brands in 2016.

On November 7, 2016, Phu My fertilizers of PVFCCo were voted to be among the National Brands of 2016, following the recognition of Phu My Urea as among the National Brands in 2014. This year, the three key products of PVFCCo: Phu My Urea; Phu My NPK; and Phu My Potash have been awarded with the title “National Brands” and have taken leading positions in the agricultural materials supply market.

PVFCCo awarded with “Enterprise for workers” and a Certificate of Merit by the Prime Minister

On 31 October, 2016, PVFCCo was presented with the “Enterprise for workers” award and the Certificate of Merit by the Prime Minister because of achievements in ensuring the safety of workers. This activity has been organized by Vietnam Trade Unions in coordination with the Ministry of Labour – Invalids and Social Affairs and Vietnam Chamber of Commerce and Industry as of 2016. The award is will raise social awareness of the most valuable resource, workers. It will encourage businesses to consider the safety of their workers, which will, in turn, promote economic development.

PVFCCo entered into a collaboration agreement with VinEco

On 20 August, 2016, PVFCCo entered into a Cooperation Agreement with VinEco Agricultural Investment, Development and Productions LLC (VinEco) to intensify research, application and development activities in the agricultural sector. Specifically, PVFCCo and VinEco will cooperate closely to: conduct research and experiments; to provide fertilizers; to develop farming techniques; and integrate nutrient management models to be applied for VinEco's hi-tech agricultural production system. Another option is to promote the application of VietGAP, GlobalGAP, organic farming methods at VinEco's farms.

PVFCCo signed the Memorandum of Understanding (MoU) on pre-feasibility research on the Ammonia Plant project

On August 19, 2016, PVFCCo, UBE Industries Ltd (UBE) and the Sojitz Corporation (Sojitz) entered into an MoU to identify the possibility to establish an Ammonia (NH₃) plant and process by-products from natural gas sources in the south-eastern region.

PVFCCo, together with UBE and Sojitz, will conduct a pre-feasibility study on Ammonia (NH₃) production project in the south-eastern region, with the planned capacity of 1,500 – 2,000 tons/day and the possibility of processing by-products from NH₃, CO₂, etc. The pre-feasibility research will be implemented within 6 months from the signing date of the MoU. The NH₃ production plant using natural gas in the south-eastern region will first meet increasing NH₃ demand for production of non-Urea products such as DAP and AS fertilizers, rubber and oil-bearing products.

Phu My Urea Plant received the Certificate of Operational Excellence from Haldor Topsoe

On 3 August, 2016, Phu My Urea Plant under PVFCCo received "the Certificate of Operational Excellence" from Haldor Topsoe A/S Company (Denmark) as the copyrighter of ammonia production technology. As reported by the tracking system in the Phu My Urea plant, the NH₃ workshop of the plant operated continually for 279 days from 21 September, 2015 to 27 June, 2016, breaking the record of 188 consecutive days operation made earlier on 28 March, 2013.

Task force of Namhae Chemical Corporation and Hyundai Corporation visited and worked with PVFCCo

On 6 July, 2016, a task force of the Namhae Chemical Corporation and the Hyundai Corporation (South Korea) led by Mr. Myung-Hoon Park, Namhae's Vice General Manager and Mr. Chae-Joon Noh, Hyundai's representative visited and worked with PVFCCo. At the meeting, the three parties briefed one another on the fertilizer market situation in the first half of 2016 and prospects for the rest of the year. In addition, all the parties agreed to continue to promote cooperation, specifically PVFCCo's continued import of NPK from Namhae Chemical Corporation. They also discussed the possibility of cooperation in supply of fertilizers and other chemicals in the future.

3. News of the fertilizer and chemical markets

The global Ammonia (NH₃) trade flows encounter challenges of excess supply

According to the International Fertilizer Industry Association (IFA), global NH₃ supply reached approximately 239.4 million tons in 2015. It is expected that NH₃ supply in 2016 will increase by 3.5% compared to last year and reach 247.7 million tons. The total global demand for Ammonia in 2016 was only 182.2 million tons compared to 179.3 million tons in 2015, increasing by approximately 1.6%. NH₃ used for fertilizer production accounted for approximately 77% of the 2016 total. The global NH₃ market has faced and will face heaps of challenges when new plants are and will be put into operation in the USA, Russia and various Asian countries this year and next year. A few projects in the USA alone have the capacity of 3 million tons per year and others in Iran have the capacity of 1.3 million tons per year. In Indonesia, the Palembang Plant operated by Pusri2B Company with a planned capacity of 660,000 tons/year will lead to a surplus of NH₃ in this country which is equivalent to 125,000 tons/year.

The NH₃ price will be placed under pressure, especially when the global economic outlook appears relatively negative and the global market is unable to cope with the challenge of a demand and supply imbalance for NH₃ trade.

Source: Fetercon

The import tax of fertilizers will be reduced to zero according to Vietnam-Eurasia Economic Union Free Trade Agreement (VN-EAEU FTA)

As of 5 October, 2016, import taxes on DAP, Urea and SA into Vietnam from VEAEUFTA member countries including Vietnam, Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan will be removed. The import tax on NPK will also drop sharply when VN-EAEU FTA takes effect. Specifically, the import tax on NPK within the member countries of EAEU from 2016 to 2025 will reduce to 4.9%, 4.4%, 3.8%, 3.3%, 2.7%, 2.2%, 1.6%, 1.1%, 0.5% and 0%, respectively.

Export tax of 5% imposed on Phu My Urea as of September 2016

Consistent with Decree No. 122/2016/NĐ-CP signed on 1 September, 2016 and taking effect the same day, “for fertilizer products with the value of natural resources and minerals plus energy costs accounting for 51 % of the goods”, an export tax rate of 5% will be applied. Since the value of natural resources and minerals plus energy costs of Phu My Urea represents more than 51% of the cost price, then the tax rate of 5% will be imposed on this commodity.

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