

BUSINESS PLAN

ESTABLISH BIOFERTILIZER COMPANY IN VIETNAM



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FULFILLMENT OF THE REQUIREMENTS FOR THE GRADUATE
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EXECUTIVE SUMMARY

This Biofertilizer Company is a family business that manufactured non-chemical fertilizer which can be called “Biofertilizer” (Biological fertilizer), also exported to many countries such as Vietnam, Ghana, Nigeria, Venezuela, Peru and Indonesia. The future plan of company is to have higher potential in foreigners market by doing foreign direct investment (FDI). Our company aim to start with Vietnam for the first country since Vietnamese market has a high feasibility to success from this strategy. Since Vietnam has significant successful in agriculture industry which is one of the big key in developed sector in Vietnam’s economy. Based on the number of agricultural products in the country shown that Vietnam need to use a huge amount of fertilizer to harvest plant and according to world bank report shows that domestic fertilizer in Vietnam does not serve whole demand of the country means there is a gap between demand over supply which give the opportunity to going into the fertilizer industry in Vietnam.

For this business plan aim to use FDI strategy for market entry since Vietnamese government guarantees fair treatment for investors in Vietnam that have a support for the registration and licensing that shorten time, initial investment and the location for manufacturing, warehouse and office also available for foreign company and low cost for establish the company in Vietnam and closeness to the market. And this plan will be success from doing FDI strategies, operation strategies, marketing strategies and financial strategies together which would serve the perspective of execute this business plan.

The main company will fully fund this project without any loan from external source. According to projected financial statement has shown the net profit margin

more than 50% (58% for the first year, 61.4% for the second year, and 64.3% for the third year).



VISION/MISSION STATEMENT AND GOALS

A. Vision Statement

To be the best fertilizer supplier for the agricultural industry in South East Asia with strong emphasis on environmentally friendly and product quality

B. Mission

Supply environmentally friendly biofertilizer product for the agricultural industry with reasonable price and reliable quality

C. Slogan

Advanced Biotechnology products for agriculture and environment

D. Objectives

To create value of biofertilizer in Vietnam market by have purchased of biofertilizer more than 5% in Vietnam

To gain brand-awareness and customer loyalty from Vietnamese consumers by capture 20% of market share

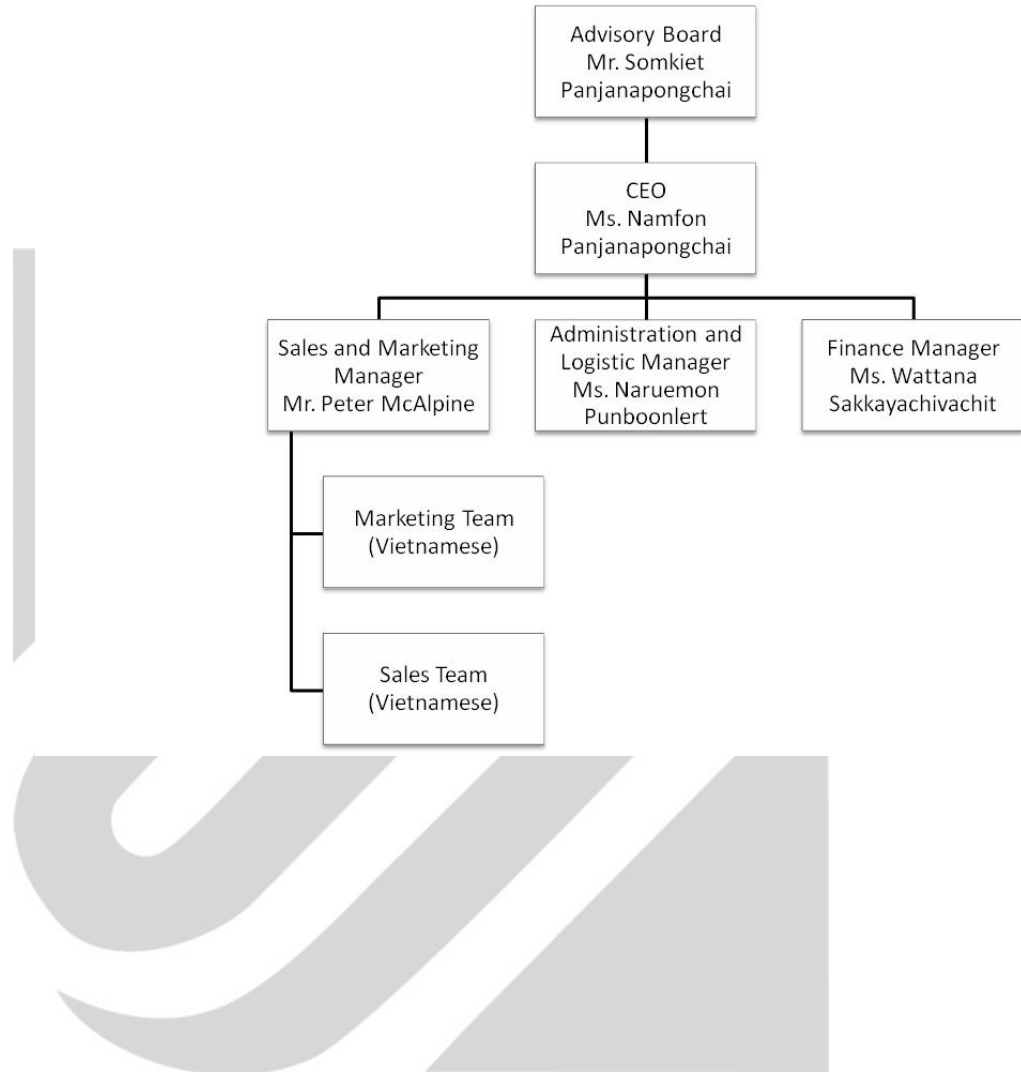
To reach more than 20% profit margin within 3 years

COMPANY SUMMARY

A. Company Background

Fertilizer business start-up is a family biofertilizer manufacturer since 1986 by Mr. Somkiet Panjanapongchai under the name “Artemis & Angel”. The company was well-known by probiotics for marine production especially in shrimp during 1986 to 1999. After several years, from Thailand’s economic issues of exporting seafood, Somkiet has changed the strategy direction of the company from marine to agriculture industry, however the company’s competitive advantage is knowledge and know-how in biotechnology and microbes products therefore, it was a good change for the company. Later, Company have entered Thailand and Vietnam’s fertilizer market as a first-mover with biofertilizer the fertilizer industries which at that time was no one selling biofertilizer. Company had a great success in Vietnam’s fertilizer market and later mainly doing exporting strategies to many countries by selling to agent or distributor. From year 2013 from operation his daughter realize of product quality and innovative to maintain company core competencies with this reason Namfon started to established research and development department (R&D) to create cutting-edge product in agricultural industries with her Biotechnology and Environmental-Sciences background and later not only develop the product and process, she also expanded one single product line to multi-product line with bio-pesticides, waste water treatment product and medicinal mushroom. Moreover, since Namfon have her entrepreneurial skill she started to entry the new market in other countries such as Indonesia. For future plan, the company exports biofertilizer to many regions and most focusing in South East Asia such as Vietnam, Myanmar, Indonesia, Malaysia, and Philippines and also set up the company in each country.

B. Ownership structure



C. Management and Organization

Name	Position	Background	Job description
Namfon Panjanapongchai	CEO	<p>Second honor biotechnology in bachelor from Kasetsart University, Thailand. First Honor in Biotechnology for Master degree in Kasetsart University, Thailand. Joint Master degree in PARE (Population, Activities, Resources and environments) from Hokkaido University, Japan. Two years as researcher in CIRAD in natural rubber in nanotechnology. 10 years experiences in family business from production to international market. First honor in Master in business administration (MBA) from Stamford International University.</p>	<p>CEO: Responsible for all of a company's business in Vietnam. Must understanding of company's needs abroad as well as the cultural, political and operational challenges of Vietnam markets and available opportunities. Effectively lead and develop team, responsibly manage and develop an effective operational strategy, build external relationships and ensures growth. HR manager: Maintain organization staff by establishing a recruiting, testing, and interviewing on candidate selection. Prepare employees by orientation. Ensures employee benefit, ensures legal compliance, schedule and assign employees by follow up on work results</p>
Somkiet Panjanapongchai	Advisory board	<p>Bachelor from Veterinary medicines from Kasetsart University. More than 30 years as entrepreneur and CEO in probiotics fields. 30 years in seafood probiotics and waste water treatment in Labinter Co., Ltd and Samco Co., Ltd. Later established Artemis and Angel co., ltd in Thailand (Biofertilizer and waste water treatment). Somkiet is specialized in startup company and strategic planning internationally.</p>	<p>Responsible for tracking, analyzing and providing advice on the full range of operational and policy issues. Responsibilities in strategic planning, operational analysis and monitoring, internal coordination and staff supervision</p>

Naruemon Punboonlert	Administration manager	Bachelor from cost management in industry, University of Thai Chamber Commerce. She has been working with Artemis & Angel Co., Ltd for more than 15 years that expert in Finance & Account, administration, international registration, and logistics.	Responsibility for the activities subordinate staff in the coordination and management of various administrative activities for an organization. Supports operations by supervising staff; planning, organizing, and implement administrative systems.
Dr. Wattana Sakkayachivachit	Financial & accounting manager	First honor in Accounting from Ramkhumhang University, Thailand. Master in business Administration (MBA) from Bangkok University, Thailand. PhD in Finance (South East Asia) from Rajamangala University of Technology Rattanakosin, Thailand. 20 years in agriculture fields and international relations with Vietnamese customers.	Direct all aspects of accounting operations, overseeing all transactions related to general lodger, receivables, payables, payroll and financial reporting. Analyzing company's financial results with respect to profits, trends, costs and compliance with budget. Assisting senior management in financial planning and results management. Managing cash flow, managing tax planning, coordinating, preparing and reviewing monthly, quarterly and annual reports.
Peter McAlpine	Sales and marketing manager	Bachelor degree in Marketing from University of Reading, UK. Expert in international sales and marketing in agricultural field more than 20 years and have been working with Artemis & Angel Co., Ltd in international sales more than 8 years.	Develop plans and strategies for developing business and achieving the company's sales goals. Manage the sales teams, operations and resources to deliver profitable growth, manage the use of budgets, hire and develop sales staff. Manage multiple channels of sales strategies.

D. Internal Analysis

Strengths

The strongest strengths of biofertilizer in this industry are the know-how that has biotechnology and microbiology based which is difficult for imitate, have easy access to resources for raw material to manufactured biofertilizer and other supplies. It also feasible for economic of scale which low cost with high profit margin. Location is a competitive advantage that is closeness to fertilizer market since agriculture industries is large in South East Asia. Since company has a long relationship with Vietnam customer thus company is greatly understand Vietnamese's culture and behaviors. Moreover, it will not be difficult for the management abd working with Vietnamese employees.

Weaknesses

Main weakness for this company is lack of human resources that do not have their own sales and marketing department since it is a family business that also brought to lack of proper management oriented because of hierarchy system which younger generation have a difficult time to contribute idea into practice. Moreover, company is lack of strategy planning in short-term that only focusing in long-term period.

Opportunities

A great opportunity for this industry is Vietnam's economy is growing continually since the politics is quite stable under communist system. Therefore, growth of GDP and agricultural sector increasing incrementally, and especially domestic fertilizer cannot serve the whole demand of the country means there is a gap between demands over supply, Vietnamese's Government support of importing fertilizer that also support foreign direct investment which easy to register business in Vietnam. There is also the increasing of arable land in Vietnam for commercial agriculture. Currently, Vietnam became number one and two in exporting commercial crops i.e. rice, coffee and rubber

Threats

For threats in this industry is have high possibilities for higher competitor in the future since health awareness trends which focused on organic products only. Also FOREX: (foreign exchange) is highly versatile that caused lower profit margin. And Vietnamese farmers are lack of knowledge or most of them are uneducated means it would be difficult for the beginning of entry market since it is hard for them to understand the quality and how premium of product and especially have to change consumer behaviors from spread pellet of fertilizer to spray instead.



MARKET ASSESSMENT

A. Examining the general market

Politics

The Socialist Republic of Vietnam is a single-party state. Its current state constitution, which replaced the 1975 constitution in April 1992, asserts the central role of the communist party of Vietnam in all organs of government, politics and society. In 2011, Vietnam held the 11th Congress of Vietnam Communist Party, in which happened the election of the party central committee for the new term.

In terms of politically domestic policy, the government kept a political stability, and showed some positive signs. For example, the freedom of the press seemed to be extended. In addition, the government was also more aware of its limitations and of the policy mistakes, concretely, at the 4th Conference of the Party Central Committee.

Economic

Foreign Affairs

At present, Vietnam has established diplomatic relations with 168 countries, and it has economic and trading relations with about 165 countries. Vietnam joined the United Nations in 1977.

Investment Guarantees

The Government of Vietnam guarantees fair treatment for investors. Capital and other legal assets of investors will not be expropriated or confiscated by law or administrative measures and businesses with foreign-invested capital will not be nationalized. Foreign investors are allowed to remit abroad investment capital and profits, loan principal and interest, and other legal proceeds and assets. Expatriates working for businesses with foreign-invested capital or for a business cooperation contract are permitted to remit their income abroad.

Key Indicators	2007	2008	2009	2010	2011	2012
GDP growth (%)	8.5	6.2	5.3	6.78	5.8	6.0
CPI (%)	12.6	23	6.52	11.75	18.0	12-14
Trade deficit (USD)	12.5	17.8	12.2	12.4	12.1	13.3
Exports (USD)	48.4	62.5	56.6	71.6	80.2	86.5
Imports (USD)	60.8	80.3	68.8	84.0	92.4	99.8
FDI commitments (USD)	21.3	66.5	21.5	18.6	15.0	18.0
FDI disbursement (USD)	8.0	11.5	10.0	11.0	12.0	12.5
Credit growth (%)	54	21	37.7	27.6	15	18
SBV Base rate	8.2	8.5	8.0	9.0	9.0	9.0
Deposit rate (%)	7.0-8.0	7.0-8.5	9.5-10.5	10.0- 11.0	14	12.0
Lending rate (%)	10.0-12.0	10-12.5	10.5-12	13.0-13.5	18-20	14-16
USD/VND (bank rate)	16,016	17,468	18,600	19,500	21,500	22,500

Table 1 The selected macro indicators of the economy from 2007 to 2012

Source: VietBankSc (2014)

Economic Risks

Global Finance Crisis is the hottest issues that people discuss most in this few years. The global financial crisis that started from the United States raises a very broad impact to Vietnam.

Economic in Agriculture sector

Currently, Vietnam agricultural sector has an enormous progress which country has emerged as one of the world's leading exporters of agro-food commodities and is among the top five for aquatic products, rice, coffee, tea, cashews, black pepper, rubber, and cassava (The World Bank, 2016). GDP from agricultural in year 2016 is expected to continue growing from 471,971 VND Billion to 755,000 VND Billion which this sector is the 3rd rank from overall GDP after Services and manufacturing (Trading Economics, 2016).

However, this sector is experiencing the low quality of crops and products, therefore, from policy recommendation can help for better manage agricultural related risk as well as create and maintain a favorable enabling environment for agribusiness. In a more flexible, market-driven, and knowledge-based agriculture system, reducing direct state involvement

will make the modernization of the Vietnamese agro-food system smoother (The World Bank, 2016). With this reason transforming Vietnam's agriculture sector will stimulate higher growth and also improve sector competitiveness, primarily via advances in productivity, efficiency, and value addition that better meet the needs and preferences of consumers (The Socialist republic of Vietnam and FAO of the United Nations. 2013).

Socio-culture

Education

Vietnam's population enjoys a relatively high standard of education. In fact, Confucian ethics has strongly influenced upon Vietnamese's viewpoint of social values, and education has always been considered as one of the best values that a person should desire to achieve.

Human Resource

The national average population in 2011 estimated 87.84 million, up by 1.04% compared to 2010, including male population 43.47 million, (49.5%), and female population 44.37 million, (50.5%). Urban population is 26.88 million, (30.6%); rural population is 60.96 million (69.4 %).

Agricultural employment

From Table 2 have noticed that the agricultural employment and rural incomes have changed which the share of agriculture in employment is declining which showed income per household that in primary agriculture's income share fell from 34.76 percent in 2002 to 23.80 percent in 2014. Therefore, the role of agriculture is thus taking on a different and changing in different parts of the country (The World Bank, 2015).

Percent household	Agriculture	Labour	Enterprise	Other
2008	34.76	28.15	12.63	24.36
2010	23.36	31.26	13.67	31.66
2012	23.00	32.92	3.85	40.11
2014	23.80	44.35	12.28	19.54

Table 2 Proportion of income earned from different economic activities in 2008 to 2014

Source: The World Bank (2015)

A reduction of farm-work due to an increase in non-farm work due to an increase in non-farm-work, even have the same payment as agriculture. Most rural households still obtain the large share of their income from agriculture via their own farm or sometimes during seasonal work for others. Many household in Red river Delta retain land and continue to farm as a safety net but not for commercial purposes and not cultivate during winter season (The World Bank, 2015). Therefore, Vietnam is continue to raise farmer incomes and rural living standards, reduce the incidence and severity of rural poverty, and ensure household and national food and nutrition security (The Socialist republic of Vietnam and FAO of the United Nations. 2013).

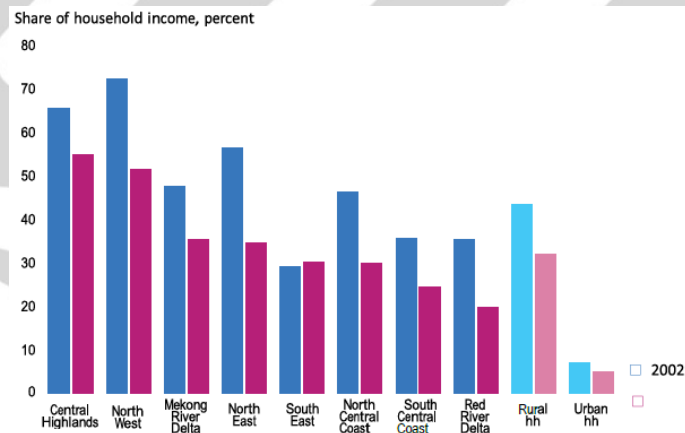


Figure 2 Agriculture's contribution to rural household income by region from 2002 to 2012 **Source:** VietBankSc (2014)

Technology

In terms of technology, Vietnam is a rapidly developing country. The year 2011 was the beginning of the strategic plan of economic and social development, period 2011-2020, in which infrastructural building is considered as one of main targets. With this plan, the country has been building many expressways and will let the local transport network be eventually upgraded to meet the requirements of rural industrialization and modernization, and connect itself with the national system. In addition, the above plan also includes a project which will work to narrow its scientific and technological gap with the world in some key fields by 2020. To launch this project, the Government will give top priority to enhancing the competence of scientists and related managers while encouraging the organization of training courses partnered with foreign competent partners.

According to the project, the Government will focus on scientific and technological renovation to sharpen the competitive edge of local products and assisting businesses to purchase patents in some prioritized areas: biotechnology, information technology, new materials technology; Nanotechnology, manufacturing technology and automation.

Telecommunications

Vietnam's telecommunications industry has fast growing in recent years that demand remaining strong that will serve telecoms and technology services cheaper and more accessible which the government have pledged to cut telecoms charges and internet access fees to match levels prevailing elsewhere in the region (Reid, 2010).

Internet Access

Internet users in Vietnam have increased from 17.3 percent to 52 percent (penetration), year 2006 to 2016, respectively, which now is 1.4 percent of world internet users shows in Table 3.

Year	Internet Users	Penetration (%)	Total Population
2016*	49,063,762	52.0	94,444,200
2015*	47,499,416	50.8	93,447,601
2014	44,649,715	48.3	92,423,338
2013	40,115,272	43.9	91,378,752
2012	35,673,508	39.5	90,335,547
2011	31,325,191	35.1	89,321,903
2010	27,081,658	30.7	88,357,775
2009	23,217,715	26.6	87,449,021
2008	20,712,171	23.9	86,589,342
2007	17,802,094	20.8	85,770,717
2006	14,662,869	17.3	84,979,667
2005	10,727,507	12.7	84,203,817
2004	6,376,811	7.6	83,439,812
2003	3,125,651	3.8	82,683,039

Table 3 Vietnam's internet penetrations

Source: Internet Live Stats, 2016

Environment

Based on the number of agricultural products in Vietnam shown that have huge demand on fertilizer for agricultural. And according to World Bank report, found that domestic fertilizer producer cannot serve the whole demand of the country means there is a

gap between demands that over supply which give the opportunity to going into the fertilizer industry in Vietnam. This country had imported total fertilizer up to 2.5 million tons annually. Moreover, the arable land continually increases year by year. A hectare needs a specific quantity of fertilizers, depending on crops and soils. The larger arable land is the more fertilizers are demanded. The statistic shows the growth of arable land from 1995 is 57.7%, Arable land in Vietnam increases every year by absolute amount (around 200,000ha/year) but stays nearly the same by hectare per person (0.07). In comparison with other countries, arable land per person of Vietnam is a bit low but the quantity of fertilizer used per hectare is medium (Thang, 2014).

Biocontrol and Biofertilizer are widely used by agriculture industries in many countries since these products are beneficial to the environment, farmers, increasing productivity, and especially sustainable. Opposite to traditional fertilizers and pesticides that include chemical as major ingredients in the products which causes toxicity in soil and harmful to environment. Moreover, chemical fertilizers are more expensive than natural fertilizers and not sustainable for agriculture (Rao, 2015). With this reason “Vietnam governments approved to restructuring agriculture sector by improve the natural resources management, reduce the sector’s adverse environmental impacts, contribute to get environmental benefits and improve capacities to manage weather-related and other natural hazards in the concept of green growth strategy” (The Socialist republic of Vietnam and FAO of the United Nations. 2013).

Legal

The current basis of law

Vietnam lacks an independent judiciary because the CPV selects judges and vets them for political reliability which country’s judiciary is under the control of the CPV and the party sufficient power to influence the outcome of cases involving perceived threats to the state or the party’s dominant position.

Current legislation

Vietnam legal's system is evolving fast since it is dynamic and transparent, as a result has been significantly improved. Despite these significant improvements, Vietnamese legislation is still weak resulting in the legal system unstable and inadequate which main reason is the function of the National Assembly that does not consist of professional and specialized legislators (Table 4.) (UK Trade and Investment, 2009).

Year	FDI Development
1992	Constitution recognized for the first time the development of a market economy
1996	A new law on foreign investment was passed
2000	A bilateral trade agreement was signed between Vietnam and the United States
2005	A new civil code and commercial law was passed
2005	A new law on investment and law on enterprises which establishes a common regime and unified company law for domestic and foreign investment in Vietnam.

Table 4 Vietnam's foreign direct investment development from year 1992 to 2005

Source: UK Trade and Investment (2009)

Product specification (Reid, 2010)

The following summarize the setting standards agencies for imports into Vietnam:

- Ministry of Health (MOH): Responsible for the safety and hygiene of processed foods
- Vietnam Food Administration (VFA): Responsible for coordinating and updating food laws; the development of food standards and management; enforcement, monitoring and supervision of food safety laws; capacity building of analytical services; food safety communication and education.
- Ministry of Agriculture and Rural Development (MARD): responsible for the safety and hygiene of agricultural, forest and fishery/marine products including imported animals, animal products, plants, plant products, aquatic products, and ingredients and additives used in production and processing in the agricultural and fishery sectors

- Ministry of Science and Technology (MOST): Responsible for setting national standards for food safety and hygiene, provides technical standard regulations to other agencies to enable them to establish

Advertising and promotion

In terms of the status of the press it is completely controlled by the CPV and strict limits on advertising content apply (International Country Risk Guide, 2010). Vietnam is an RSF "Enemy of the Internet" and one of the Committee to Protect Journalists' "10 worst countries to be a blogger" (BBC Asia Business Report, 2010).

Price levels

According to the Economist Intelligence Unit (2010) new powers to impose price controls on foreign-invested and private companies operating in Vietnam, Implementation process is not clear.

Contracts and agreements, Ownership conditions with regards to local subsidiaries

The legal landscape in the country has been improving since it became a member of the WTO. It is easy to register property in the country compared to elsewhere in the region (The World Bank, 2010). Foreign banks may now open 100%-owned subsidiaries, branches, or representative offices and provide almost all of the services provided by Vietnamese banks.

Bribery and corruption

According to Jeanette and Hennessy (2004) a 1996 survey by the Political and Economic Risk consultancy in Hong Kong found that China, Vietnam and Indonesia were the most corrupt states in their survey. According to Vietnam Provincial Competitiveness Index (PCI) in 2014 reported a significant jump in the prevalence of bribe-paying across the board which 66 percent (9,859 Vietnamese firms) from survey said they usually pay extra informal charges to facilitate business activities. Moreover, Vietnam ranked 119th out of 175 countries in the Transparency International Corruption Perceptions. Though government and party

have announced their intentions to deal with these problems but the implementation process has been slow (Dien, 2015).

Protection of Intellectual Property

Vietnam has high rates of piracy which could deter investment in R&D-intensive areas. The International Intellectual Property Association (IIPA) has put Vietnam on its watch list for allowing intellectual property rights violations.

Business Registration

All business enterprises in Vietnam must have Business Registration Certificate (BRC) or Investment Certificate (IC) since it is vital to do any business in Vietnam and works as the license to do any trade of all inputs. For fertilizer's license is specific to fertilizer business only and will carry with it privilege of supply, importing, and exporting fertilizer (see in appendix).

B. Porter's five forces

Bargaining power of supplier

For Bargaining power of supplier in this industry in general is consider low because raw material for producing biofertilizer is from natural resources and for commercial scale most of raw material are considered as waste or by-product from food industries or other related industries which have a difficult time from inadequate waste water treatment and disposal problems because of high concentration of COD, ammonia, sulfate and chlorine contents in the waste water. Thus, those wastes from MSG are rich of nutrient, low-cost and might be applicable to use as substrate to producing fertilizer in an economical scale which can be the sustainable development of the MSG industry and environmental-friendly (Gao *et al.*, 2015). Therefore, this is win-win situation between supplier and manufacturer since they need to dispose those wastes and reduce their wastewater treatment cost.

Bargaining power of buyer

For Bargaining power of buyer in this industry in general is consider moderate-high since there are many kind of fertilizers and more than 600 competitors in this market means that there are a various products of fertilizer in the market for consumers to choose which have a high power to decide which product to buy. Though according to Vietnam's fertilizer industry noticed that almost every year Vietnam have shortage in fertilizer because of raw material is limited (coal, apatite, sulfur and petroleum base) (The World Bank, 2010). Thus, Vietnam has to imported fertilizers from many countries, therefore, even high competition but is not oversupply.

Threat of new entry

Threat of new entrants in this industry is consider high since it is easy to registered business and get fertilizer's license in Vietnam which main potential new entrants are Taiwan and China. Taiwan is a country that mostly use biofertilizer in their agriculture and In Taiwan, there are the companies producing Bio-fertilizer more than 36 companies owned makers and sellers of Bio-fertilizer. Thus Taiwan encountered situation that demand is not equivalence with supply. And there are still no laws in place regulating Bio-fertilizer that brought the market to high competitive in this industry (Agricultural Biotechnology, 2007). Therefore, Taiwan Bio-fertilizer companies are one of a big potential competitor that might entry Bio-fertilizer market in South East Asia, by seeking potential in Vietnamese's fertilizer market.

However, Taiwan biofertilizer companies is a minority if compare with China. and also not focusing to do international trade since the most potential new entrants in this market would be China which most of potential companies are chemical fertilizer companies

Threat of substitution

In agricultural industry threat of the substitution is considered high because the substitution product in this industry is mainly chemical fertilizer as NPK, urea, superphosphate and fused Magnesium for commercial agriculture which are common use for

farmers in Vietnam but if have a comparison with biofertilizer in many aspects it shows that biofertilizer is highly competitive.

Table 5 Competitive advantage of biofertilizer

Type of fertilizer	Quality of crops	Yield/H A %	Absorption rate	Sustainability	Environment-friendly	Pricing
NPK	♦♦	♦♦♦	♦♦	♦♦	-	\$
Urea	♦	♦	♦	♦	-	\$
Superphosphate	♦	♦	♦	♦	-	\$
Fused Magnesium	♦	♦	♦	♦	-	\$
Biofertilizer	♦♦♦	♦♦♦	♦♦♦	♦♦♦	♦♦♦♦	\$

Competitive rivalry

For competitive rivalry in this industry is consider high as shown in figure 6 demonstrated that Vietnam fertilizer industry had total 601 players and dominated by five largest enterprises by revenue; Phu My Fertilizer with Net Revenue of 9,548,849.80 million dong, holding (13.3%) market share and following by Petrolimex Petrochemical (9.5%), Binh Dien Fertilizer (8.9%), Petro Vietnam Camau Fertilizer (8.4%) and Lam Thao Fertilizer (6.9%) (VIRC, 2014). According to all biggest enterprises in this fertilizer sector can be described those main competitors in Vietnam are chemical fertilizers which is a great opportunities since our product is biofertilizer with higher quality and sustainability as shown in Table 5.

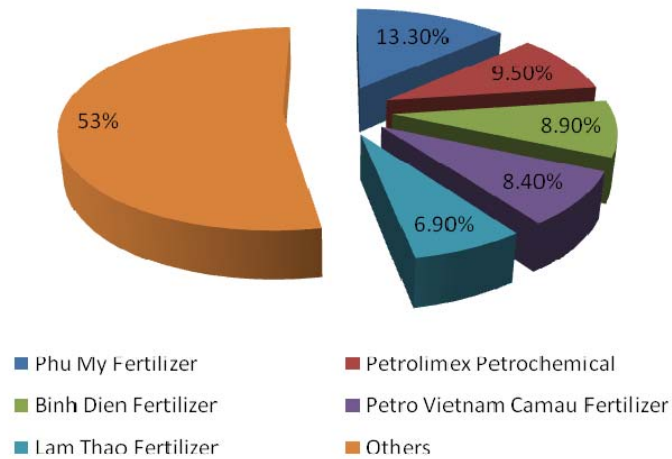


Figure 3 Market share of Vietnam's fertilizer industry in 2014

Source: VIRC (2014)

C. Industry Analysis

Increasing in World food demand

According to Ministry of Agriculture and Rural Development (MARD), the growth of food demand is higher than growth of food production. Domestic demand to 2020, Vietnam population is estimated to increase to 100 million in comparison with 90million in 2013. Exportation demand Vietnam remains the country, which has been exporting a large amount of rice, rubber, pepper, and so on in the world. The quantity of those products exported oversea increased over years. The more concentration is put into those products, the higher the demand of fertilizers will be.

After long period of reform, Vietnam has significant successful in agriculture industry which is one of the big key in developed sector in Vietnam's economy. Unfortunately, market difficulties, natural disasters, diseases, agricultural production remain relatively good growth rate. Prices of agricultural products in Vietnam, especially food prices remain low, resulting in low labor cost, which helps attract foreign investment and therefore make important contributions to economic growth and social stability (VietBankSc, 2014).

Agricultural exports have increased continuously. Vietnam is now one of top world exporters in rice, rubber, coffee, pepper, cashew nuts, wood products and fisheries. Vietnam

poverty reduction rate has been improved unceasingly for a long period, with a very impressive rate of 2% per year. Vietnam is currently the second biggest rice exporters in the world after Thailand, and also the second largest coffee exporter following Brazil. The nation, in addition, is the biggest pepper exporter. This reflects Vietnam’s global agricultural potential and has constituted important foundation for social stability, political security, as well as for environmental protection (VietBankSc, 2014).

Based on the number of agricultural products in the country shown that Vietnam need to use a huge amount of fertilizer to harvest plant. After search an information from world bank report we found that domestic fertilize producer can’t serve the whole demand of the country means there is a gap between demand over supply which give the opportunity to going into the fertilizer industry in Vietnam. Vietnam had imported total fertilizer up to 2.5 million tons annually (VietBankSc, 2014).

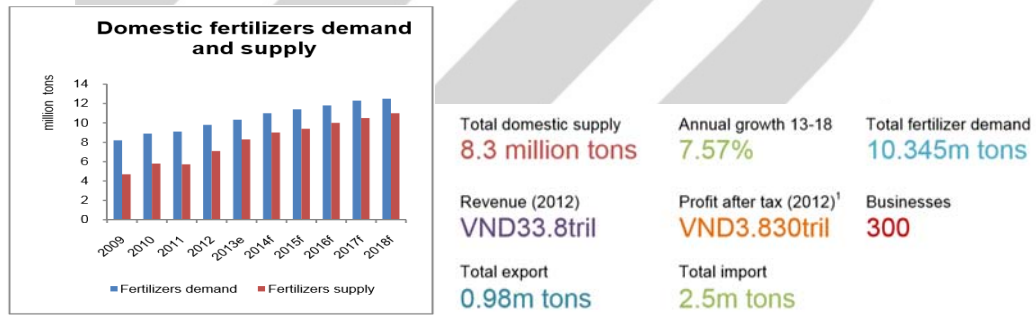


Figure 4 Domestic Fertilizer in Vietnam

Source: VietnamBankSc (2014)

Moreover, the arable land continually increases year by year. A hectare needs a specific quantity of fertilizers, depending on crops and soils. The larger arable land is the more fertilizers are demanded. The statistic shows the growth of arable land from 1995 is 57.7% , Arable land in Vietnam increases every year by absolute amount (around 200,000ha/year) but stays nearly the same by hectare per person (0.07). In comparison with other countries, arable land per person of Vietnam is a bit low but the quantity of fertilizer used per hectare is medium (VietBankSc, 2014).

Key external drivers

Arable land has increased over years and is more likely to increase to 15.5 million hectare in 2018.

Countries	Brunei	Cambodia	Indonesia	Malaysia	Myanmar	Philippines
Kg/hectare	575.3	11.5	181.5	1096.5	6.2	149
Arable land per person	0.01	0.27	0.1	0.06	0.21	0.06
Countries	Thailand	Vietnam	India	China	Japan	Australia
Kg/hectare	162.2	310.5	178.5	548.3	261.4	46.3
Arable land per person	0.24	0.07	0.13	0.08	0.03	2.14

Source: World Bank

Figure 5 Demand of arable land and fertilizer

Source: VietBankSc (2014)

Policy regimes

Period	Regime
1960-1989	Centrally planned systems with a public sector monopoly in production, importation, and distribution of fertilizers; fertilizer are heavily subsidized.
1990-2000	Fertilizer prices remained under government control; import quotas were given to 50 specific companies with regional allocation by the government, leading to fragmentation by administrative borders. Partial liberalization of the fertilizer sector
2001-2012	Market liberalization allows private sector and joint ventures to coexist with SOEs in production, import and marketing of fertilizer; no import quotas but restrictions on exports; strong support to the industry through subsidized inputs especially natural gas and phosphate rock.

Figure 6 Summary of policy regimes from year 1960 to 2012

Source: VietBankSc (2014)

Fertilizer was first introduced in Vietnam in the 1960s with the creation of three fertilizer factories that had a combined capacity of 130,000 MT/year, but output was only 38 percent of total capacity. As a result, most fertilizer demand was met by imports, which were untaxed (VietBankSc, 2014).

Fertilizers realized profit growth regardless of economic slowdown

Although the current challenging economic environment undermined almost economic sectors, fertilizer industry has still outperformed. This has been driven by a stable and constant fertilizer demand, which can be further explained by some reasons, such as more than 60% of the population work in agricultural sectors, arable land increases 1% each year, and food demand is rising at the higher growth than that of population. Therefore, local fertilizer plants find it easy to market their products (VietBankSc, 2014).

Alternative solution for fertilizer when chemical fertilizer and their raw material price increasing (VietBankSc, 2014)

Input materials price remains the main driver. Profit of the industry majorly depends on the material inputs expenses used to produce fertilizers. Natural gas or coal makes a biggest contribution to Urea cost of goods sold while those in Phosphate Are Apatite and Sulfur.

Natural gas in Vietnam is supplied monopoly by PV Gas. Growth of fertilizers industry particularly is challenged by the availability and price of natural gas. During the surging energy prices, natural gas production activities are intensified to cater demand for energy sector, which could increase risk of declining gas supply to fertilizer sector. Besides, the price of natural gas is increasing every year. In 2012, the price is unexpectedly increasing 40% in comparison with previous year. The price is also projected to increase 2% /year thereafter.

Coal When it comes to coal price determination, Vietnam national coal – mineral industries holding corporation has the strongest price control. The prices of coal for producing fertilizer will increase about 21 per cent to 82 per cent each year.

Apatite is a natural resource, which can be exploited in Lao Cai province. A recent ban on exporting Apatite is an advantage for domestic fertilizer enterprises. However, as an increase in electricity expense for Apatite production, recently, Apatite price has rose 7% each year.

Sulfur Vietnam Sulfur consumption totally relies on import; thus, the price is heavily dependent on the ups and downs of Sulfur International price.

However, the inputs of bio-fertilizer come from natural resource with can easily find in the country and the price is not relied on fuel, natural gas, coal, apatite and sulfur. Therefore, the bio-fertilizer product is much more stable in term of raw material cost.

Cropping seasons

The differences in climate conditions and crop cycle length equate to three main cropping seasons in Vietnam. This explains the fluctuations in fertilizer demand during the year. As can be seen in the table, the fertilizer demand for this crop is highest, followed by summer-autumn and winter crop.

Fertilizers demand by cropping seasons 2013	
Seasons	Fertilizers demand (thousand tons)
Winter	5,090
Winter spring	2,510
Summer-Autumn	2,725

Source: MARD

Figure 7 Fertilizer demand by cropping seasons in 2013

Source: MARD (2012)

Environment preservation will drive demand for friendly fertilizers

Currently, the using of fertilizers adversely impacts environmental conditions when around 50-60% Flo, 40-60% Nitrogen cannot be absorbed by plants. Therefore, the hunting for high quality premium fertilizers will increase (VietBankSc, 2014).

MARKET ENTRY AND OPERATION PLANS

The company have been used the export strategy for more than 10 years by doing L/C (Letter of Credit) with agent or distributor in Vietnam. For the next step of company is expansion either by joint venture or direct investment strategy.

Primary data collection

Confidential data have been collected in Ning Binh, Vietnam during November, 2016

A. Method of Market Entry

Method of market entry for the company is choosing direct investment rather than joint venture since currently Vietnamese's government is supporting foreign direct investment by guarantees fair treatment for investors in Vietnam that have a support for the registration and licensing that shorten time, initial investment and the location for manufacturing, warehouse and office also available for foreign company and low cost for establish the company in Vietnam and closeness to the market. Capital and other legal assets of investors will not be expropriated or confiscated by law or administrative measures and businesses with foreign-invested capital will not be nationalized. Foreign investors are allowed to remit abroad investment capital and profits, loan principal and interest, and other legal proceeds and assets. Expatriates working for businesses with foreign-invested capital or for a business cooperation contract are permitted to remit their income abroad. Since joint venture strategy have to incorporate with Vietnamese's company that would be difficult to adjust the working process and environment, share profitability and other details that would use time to process which the company might loss opportunities to entry the market and fell behind other company.

B. Direct Investment Strategy

Foreign Direct Investment (FDI) in Vietnam is expected to be 5912.30 USD Million by the end of Q4, 2016, according to Figure 8. The Vietnam Foreign Direct Investment is projected to trend around 8500.00 USD Million in 2020, according to Tradingeconomics (2016) econometric models and analysts expectations.

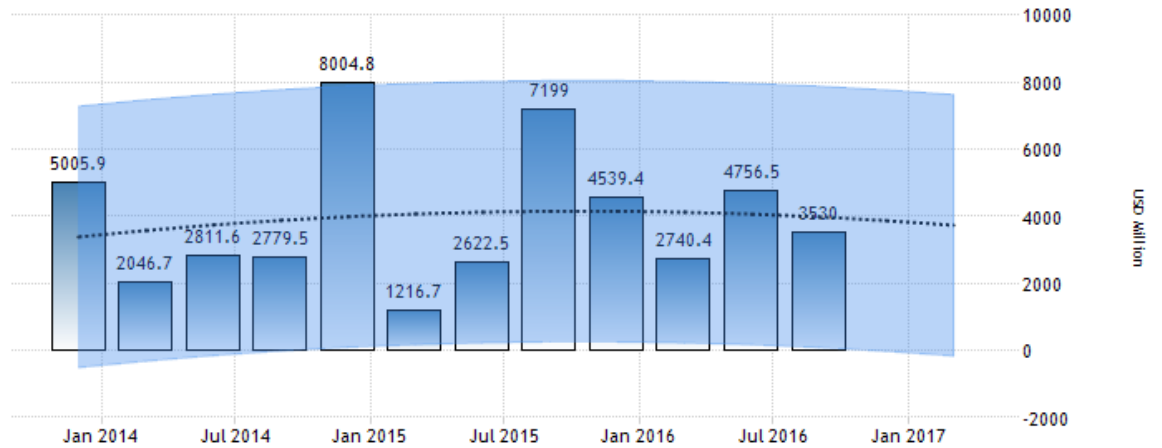


Figure 1 Vietnam Foreign Direct Investment from year 2014 to 2016

Source: Tradingeconomics (2016)

Procedure 2 New Fertilizer Registration			
Time	5 days	Cost	2000 USD
		Agency	Ministry of Industry and Trade
Details			
<p>Applying for and receiving permission to list a new fertilizer product on the market is an on-going and complicated process. The Decree on Fertilizer Management (202/2013) sets out the general framework for the sector's regulation on managing the sector. However, during the time of our study, no new fertilizer products can be registered while the Ministry of Industry and Trade develops detailed regulations related to registration and national standards for chemical fertilizers. New laws and regulations are expected to come out late September 2014. Administrative responsibilities for managing the fertilizer market are split between the Ministry of Industry and Trade (inorganic fertilizer) and the Ministry of Agriculture and Rural Development (organic fertilizer), which has caused a significant amount of confusion amongst market participants regarding administrative oversight and policy setting responsibilities. After signing contract with the Testing Centre, the Centre will send the applications to the Department of Crops Production; after approximately 5 working days, the Department will send the certificate of fertilizer assessment registration to the Testing Center or business.</p>			

Total Number of Procedures: 2			
Time	19 days	Cost	2005 USD
<p>the application for registration directly at the Business Registration Department and make an appointment to collect the certificate. The application consists of a request paper for registration of the enterprise and an ID of the company owner - either a notarized copy of the passport or citizen card will do. In some special cases, the company owner will also need to produce the certificate of legal capital or the certificate of profession if they are required.</p> <p>The Business Registration Department will assess the application to examine whether it is valid or not, and prepare the business license to the valid application. Typically, after 10 days from the submitting the application, the company owner can come again to the Business Registration Department to collect the results. If the application is approved, the owner can receive the business license immediately, but if not, the application will be taken back for modification and fixing, and then resubmitted at the same place. If the business registration certificate is refused, the owner of the company must be notified in writing. The notice must specify the reasons and the amendments or additions required. The process can take up to 2 weeks. The fee for each application is 100,000VND (5 USD).</p> <p>Business registration documents for private enterprises:</p> <ul style="list-style-type: none"> • Request for business registration in the standard form published by the authorized business registration body. • Copy of people's identity card, passport or other lawful personal identification. • Document of an authorized body or organization certifying the legal capital in respect of enterprises conducting lines of business for which legal capital is required by law. • Practicing certificates of the director and other individuals in respect of enterprises conducting lines of business for which a practicing certificate is required by law. <p>(Please note that documents vary according to types of business--such as shareholding companies, and limited liabilities companies -- however not mentioned in this study).</p>			

Registration procedure

Fertilizer management on conditions of production or manufacture

1. Have business registration certificate with fertilizer production industry issued by competent authorities.
2. Meeting requirement on technical – material basis includes by following:
 - Location, square, workshop, warehouse in accordance with capacity of fertilizer production;
 - Machines, equipment, and technological process which are suitable with capacity and category of produced fertilizer;
 - Apply and maintain quality management system; set up criteria for material input to ensure fertilizer management on quality;
 - Having testing and analyzing plant or having deal with testing analyzing organizations who are assigned or recognized under the law of quality product;
 - Having waste handling system meeting standard of national technical regulation on environment;
 - Having enough conditions on preventing from fire, explosion, protect environment, labor safety and hygiene.

3. Human resources

- The managing boards achieve professional level on chemistry, physics or biology, inside the Manager or Deputy Manger must graduate university;
- The employees for direct production are trained, improved knowledge on fertilizer.
- The Vietnam Ministry of Industry and Trade Grants License for inorganic fertilizer; The Vietnam Ministry of Agriculture and Rural Development Grants License for organic fertilizers and other fertilizers. In case, where organizations and individuals both manufacture inorganic fertilizer, organic fertilizers and other fertilizers, the Ministry of Industry and Commerce is the agency in charge, in cooperation with the Ministry of Agriculture and Rural Development to issue license.

Fertilizer management on giving name:

- Name of fertilizer must be given in accordance with the current law on label.

- It is prohibited from giving name: violates social ethics; only including numbers; confusingly identical or similar to trademark registered fertilizer name; causing confusion on nature, use of fertilizer.

In two years counting from the effective date of this Decree, any organizations, individuals who are not meeting requirements provided at this Decree must supplement enough conditions for production and dealing with fertilizer. Those organizations and individuals must temporarily stop doing business until satisfying conditions.

The Minister of Ministry of Industry and Trade, the Minister of Agriculture and Rural Development provide detail instruction on execution of articles and clauses on fertilizer management of this Decree.

C. Headquarter Location

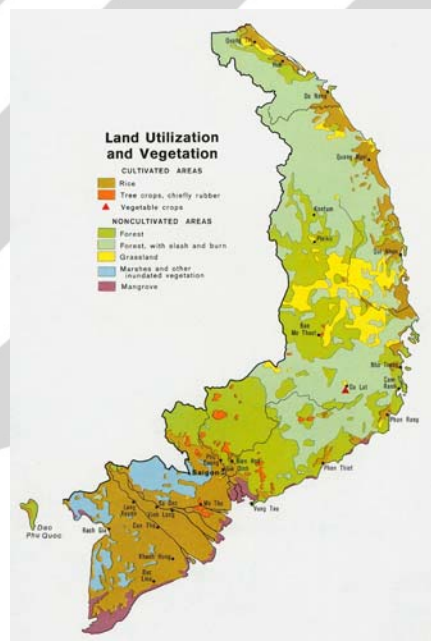


Figure 2 Land utilization and vegetation in Vietnam

Source: Vietbank (2014)

According to figure 9, South of Vietnam has more demand for fertilizer as the condition are met for doing agricultural rather than northern area. There are several reasons

why we want to target and focus more to sell our bio-fertilizer product in South Vietnam. According to the demand for fertilizer used by area in Vietnam, about 50% of end user demanding in the southern part of Vietnam due to the higher soil quality and appropriate the weather which suits for doing agricultural in this area as a consequence this part will have the highest demand for fertilizer.

Binh Chieu Industrial Park located in Thu Duc district, Ho Chi Minh City of South Vietnam that only 15km from downtown which is a great location for a manufacturing and commercial since Ho Chi Minh City is a center of Vietnam's economics



Figure 3 Location of Binh Chieu Industrial Park from Google maps

Source: Google (2017)

Recruitment plan for Sales and Marketing team

The company is aim to recruit Vietnamese employees for marketing and sales position only. For other positions will not be recruit, the company will assign top management from Thailand go to work aboard in Vietnam.

Inter office communication

The communication channel would be done via social media and for the online conference will be holding through Skype and Line for updating information. These will be

the tool for communication since Vietnamese people mostly use these applications. In order to send the official document will be using via official email and express shipment. If only updating document and information will using Cloud from Google drive as storage. Every 6 months will have an official meeting in Thailand office.



MARKETING PLAN

A. Marketing mix (4Ps)

Price

Vietnamese in general likes imported product or foreigner brands which top of mind countries that came to Vietnamese is Thai products since Thailand's agriculture is famous with high yield of crops and premium quality. Therefore, the pricing strategy for start is penetration strategy which first set the high price and gradually lowering the price to build the brands looks premium brands to set the perception and consumers mind according to their preference. And gradually decrease to price to gain customer loyalty. Prices for retail are \$17 per bottle.

Table 6 Step of pricing for wholesale

A mount	Pricing	
B ox	US D/bottle	VND/ bottle
1 -100	15	338,887.50
1 01-500	13	293,702.50
5 01 up	10	225,925.00

Place

Wholesale

We considered choosing place is located in at Binh Chieu Industrial Park Development Company, Ho Chi Minh city since it is has become a hub of economic, culture, tourism, education, technical science and medical of nation. The city will strongly develop in all fields, restructure of Agricultural – Industrial proportion, achieve advanced science culture and be a modern city of South East Asia (VIIP, 2016).

The number of industrial parks in Vietnam continues to rise as foreign investment pours in. As of July 2015, there are now 299 industrial parks in Vietnam with 212 parks currently in operation. In the first seven months of 2015, four have been newly established or expanded. Most industrial parks are located in the Northern, Central and Southern key economic zones with the largest concentration in the Southern key economic zone (Vietnam briefing, 2015).

Binh Chieu Industrial Park Development Company located in Ho Chi Minh city at Interprovincial Roads 43, Thu Duc District. Total Area: 27.34 hectares. Infrastructure; Traffic is a completed network of inside traffic, power supply at Thu Duc Bac station 110/15KV (cost 0.08 USD/ KWh) , water supply: capacity 350 m³/day (cost 0.38 USD/ m³) , the communication is local and international, waste water treatment plant: capacity 1.500 m³/day, land lease price: 100% occupied. The leasing price is 1,044,250 VND that approximately 50 USD/ m²/ 50 years (VIIPIP, 2016).

Retail

We considered to distribute product to convenience store that accept fertilizer and agriculture's products which is easy access and people can easily find the product

Promotion

Wholesale

Company will give credit funds to distributor who purchased at least 1000 bottles of fertilizers per order by allowed them paying 30 percent of purchase at first and give credit for 6 months in order to payback, since in Vietnam's agricultural industries have two harvesting period which farmers would get money after that. We want to increase agriculture in Vietnam and also influence and motivate farmers by giving them this credit fund policy.

Retail distribution

Get a membership and buy one get one free during first 3 month after launch products in the market as introduction. Later, after purchased become membership automatically .and after buy 10 bottles get free one bottle. Give a free trip to Thailand for agriculture workshop by lucky draw for once a year and also give flyers and brochures.

Product

Company Logo



Figure 4 Artemis & Angel Co., Ltd. logo

Type of products

1. Liquid Bio-fertilizer



Figure 5 Bio-Plant is biofertilizer for soil and Pro-Plant is biofertilizer for foliar application

Soil biofertilizer is good for seed treatment, root dipping and soil conditioning that increasing nutrients in soil, stimulate plant growth which this biofertilizer could be effectively utilized for rice, pulses, millets, cotton, sugarcane, vegetable and other horticulture crops. And foliar biofertilizer is feeding plants by applying liquid biofertilizer directly to their leaves that is an effective way to compensate for soil deficiencies and poor soil's inability to transfer nutrients to the plant

Comparison between bio-fertilizer and chemical fertilizer

When you use chemical fertilizers, these micro-organisms die forever, and as a result the soil loses its capacity to provide sustainable growth in the long term. Continuous use of chemical fertilizers adversely affects the soil structure by killing off soil micro-organisms and thereby disrupting essential processes that create fertile soil. Bio-fertilizers provide chemical soil the micro-organisms that restore these processes and thereby improve the soil structure.

Factor	Bio-Fertilizer	Chemical
--------	----------------	----------

		Fertilizer
Soil structure	Repair and improve	Destroy
Effect	Non toxic	Toxic
Product life	Long-term	Short-term
Raw material	100% Natural resource Waste agriculture resource	Coal / Apatite / Sulfur / Natural gas
Pricing	Increase more	Stable

Table 7 Comparison between biofertilizer and chemical fertilizer

Bio-fertilizers differ from chemicals fertilizers in that they feed your plants while adding organic material, microbial life, and major and minor nutrients to the soil. Soils with lots of organic matter and microbial life remain loose and airy, hold more moisture and nutrients, foster growth of soil organisms, and promote healthier plant root development. If only chemicals are added, the soil gradually loses its organic matter and micro-biotic activity. As the organic matter is used up, the soil structure deteriorates, becoming compact, lifeless and less able to hold water and nutrients. This result in increased amounts of chemical fertilizers needed to feed plants.

FINANCIAL PLAN

A. Financial projections

In this financial strategies part will analyzing how this business plan is feasible for investment or not. By analyzing initial investment or start-ups funds for a new business, source of funding, salaries and wages per monthly and per year and also go through income statement, cash flow balance sheet, projected sales from each product and breakeven analysis.

From analysis have shown, the start-ups funds need \$200,300, owner equity is \$200,300 total fixed operating expenses per month are around \$62,417, total salaries and related expenses around \$9,045 monthly. The assumption projected sales forecast of each product; for whole sale Bio-plant (10\$/bottle) profit are 74%, Pro-plant (10\$/bottle) profit are 71%, and for retail Bio-plant (17\$/bottle) profit are 72% and Pro-plant (17\$/bottle) profit are 73%, therefore, the projected income statement of year one have net income at \$4,288,394 and the projected cash flow statement in year one is \$3,975,123 which total asset of year one in balance sheet is \$4,486,586. For yearend summary from year one to year three are 57.89%, 61.31% and 64.29% and the company will breakeven gain revenue more than \$1,015,380. The return on equity from year one to year three are 93.5%, 62.5% and 58%, respectively. And net profit margin from year one to year three are 57.9%, 61.3% and 64.3%, respectively.

B. Initial Investment

Equipment

Bioreactor: Bioreactor size 8000L per tank is used for production of bio-products using microorganism. Fermentation process is to cultivate and increase microorganism growth to produce the desired products. For this bioreactor is use for fermentation process which is the main step of producing biofertilizer.



Figure 6 Bioreactor for fermentation

Storage tank: Storage tank size 10,000L is using after biofertilizer have finished fermentation process, it would storage in this tank till the bottling and packaging process begins.



Figure 7 Storage tank

In-line filling machine: This auto-machine is for bottling process that will filling Biofertilizer in bottle and seal bottle nose with foil paper.



Figure 8 In-line filling machine

Sticker labeling machine: At this step is a labeling process which will label sticker on the bottle then close with lid.



Figure 9 Sticker labeling machine

Shrink film machine: This step is to put the shrink film over fertilizer bottle and put into the oven to heat and apparently shrink tightly over the bottle.



Figure 10 Shrink film machine

Carton erector: To boxing the carton to get ready to pack bio-fertilizer bottles



Figure 11 Carton erector

Fork lifting car: To transport inventories into specific places such as warehouse and put in container



Figure 12 Fork lifting car

Material

Bottle and cap

Label sticker

Shrink film

Palette



Figure 13 Palette



Artemis & Angel Co., Ltd
 Required Start-Up Funds for a New Business or
 Opening Balance Sheet for an Existing Business

Required Start-Up Funds	Amount	Totals	Depreciation	Notes
Fixed Assets				
Real Estate-Land				
Buildings			20.00 years	
Leasehold Improvements	-		7.00 years	
Equipment	50,000		7.00 years	
Furniture and Fixtures	32,000		5.00 years	
Vehicles	10,000		5.00 years	
Other Fixed Assets	800		5.00 years	
Total Fixed Assets		<u>92,800</u>		
Operating Capital				
Pre-Opening Salaries and Wages	-			
Prepaid Insurance Premiums	-			
Inventory	15,000			
Legal and Accounting Fees	2,500			
Rent Deposits	30,000			
Utility Deposits	-			
Supplies	10,000			
Advertising and Promotions	50,000			
Licenses	-			
Other Initial Start-Up Costs	-			
Working Capital (Cash On Hand)	-			
Total Operating Capital		<u>107,500</u>		
Total Required Funds		<u>\$ 200,300</u>		

For existing businesses = Cash+Ppd Exp+A/R-AP-Accrd Exp See Note below#

Sources of Funding	Amount	Totals	Loan Rate	Term In Months	Monthly Payments
Owner's Equity	100.00%	200,300			
Outside Investors	0.00%	-			
Additional Loans or Debt					
Commercial Loan	0.00%	-	7.00%	84.00	\$0.00
Commercial Mortgage	0.00%	-	8.00%	240.00	\$0.00
Credit Card Debt	0.00%	-	7.00%	60.00	\$0.00
Vehicle Loans	0.00%	-	6.00%	48.00	\$0.00
Other Bank Debt	0.00%	-	5.00%	36.00	\$0.00
Total Sources of Funding	100.00%	<u>\$ 200,300</u>			<u>\$0.00</u>

Note#: For existing businesses, this should be the "bucket" of cash plus receivables that will be turned into cash or payables paid out in cash in the near term (i.e. in the first month of the plan)

Artemis & Angel Co., Ltd
Salaries and Wages

Salaries and Related Expenses	#	Assumptions	Wage Base	Monthly	Year One	Year Two	Year Three
Percent Change						1.00%	2.00%
Salaries and Wages							
Owner's Compensation	1			\$ 1,000	12,000	12,120	12,362
Salaries	6			5,000	60,000	60,600	61,812
Wages							
Full-Time Employees	5			1,733	20,800	21,008	21,428
Estimated Hours Per Week		40.00					
Estimated Rate Per Hour		\$ 2.00					
Part-Time Employees	1			130	1,560	1,576	1,607
Estimated Hours Per Week		20.00					
Estimated Rate Per Hour		\$ 1.50					
Independent Contractors				-	-	-	-
Total Salaries and Wages	13			7,863	94,360	95,304	97,210
Payroll Taxes and Benefits							
Social Security		6.20%	\$ 30,000	488	5,850	5,909	6,027
Medicare		1.45%		114	1,368	1,382	1,410
Federal Unemployment Tax (FUTA)		0.80%	\$ 7,000	61	728	728	728
State Unemployment Tax (SUTA)		2.70%	\$ 7,000	205	2,457	2,457	2,457
Employee Pension Programs		0.00%		-	-	-	-
Worker's Compensation		0.00%		-	-	-	-
Employee Health Insurance		0.00%		-	-	-	-
Other Employee Benefit Programs		4.00%		315	3,774	3,812	3,888
Total Payroll Taxes and Benefits				1,181	14,178	14,288	14,510
Total Salaries and Related Expenses				9,045	108,538	109,591	111,720

Artemis & Angel Co., Ltd
Fixed Operating Expenses

Fixed Operating Expenses	Monthly	Year One	Year Two	Year Three	Notes
Percent Change			3.00%	3.00%	
Expenses					
Advertising	\$ 8,000	96,000	98,880	101,846	
Car and Truck Expenses	450	5,400	5,562	5,729	
Bank & Merchant Fees	150	1,800	1,854	1,910	
Contract Labor	750	9,000	9,270	9,548	
Conferences & Seminars	3,000	36,000	37,080	38,192	
Customer Discounts and Refunds	2,000	24,000	24,720	25,462	
Dues and Subscriptions	22,200	266,400	274,392	282,624	
Miscellaneous	1,000	12,000	12,360	12,731	
Insurance (Liability and Property)	850	10,200	10,506	10,821	
Licenses/Fees/Permits	-	-	-	-	
Legal and Professional Fees	-	-	-	-	
Office Expenses & Supplies	100	1,200	1,236	1,273	
Postage and Delivery	-	-	-	-	
Rent (on business property)	16,500	198,000	203,940	210,058	
Rent of Vehicles and Equipment	150	1,800	1,854	1,910	
Sales & Marketing	4,000	48,000	49,440	50,923	
Taxes-Other	-	-	-	-	
Telephone and Communications	300	3,600	3,708	3,819	
Travel	1,000	12,000	12,360	12,731	
Utilities	-	-	-	-	
Total Expenses	60,450	725,400	747,162	769,577	
Other Expenses					
Depreciation	1,309	15,703	15,703	15,703	
Interest					
Commercial Loan	-	-	-	-	
Commercial Mortgage	658	7,900	7,725	7,536	
Line of Credit	-	-	-	-	
Credit Card Debt	-	-	-	-	
Vehicle Loans	-	-	-	-	
Other Bank Debt	-	-	-	-	
Total Other Expenses	1,967	23,603	23,428	23,238	
Total Fixed Operating Expenses	62,417	749,003	770,590	792,815	

Artemis & Angel Co., Ltd
 Projected Income Statement - Year One

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Commercial Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	50,889	147,894	76,109	46,659	54,904	63,169	79,314	101,374	104,284	87,469	124,379	144,939	1,081,387
Total Other Expenses	54,767	151,772	79,987	50,537	58,782	67,047	83,192	105,252	108,162	91,347	128,257	148,817	1,127,923
Net Income	200,988	589,008	301,868	184,068	217,048	250,108	314,688	402,928	414,568	347,308	494,948	577,188	4,294,714



Artemis & Angel Co., Ltd
 Projected Cash Flow Statement - Year One

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	-	140,285	664,075	843,718	1,174,763	1,453,953	1,587,215	1,951,115	2,411,085	2,632,263	3,100,718	3,669,293	
Cash Inflows													
Income from Sales	269,430	685,930	377,510	255,290	288,190	321,930	389,970	479,780	488,530	416,080	567,700	645,400	5,185,740
Accounts Receivable	-	76,960	234,470	205,860	126,870	118,810	133,150	157,410	192,790	208,120	188,670	221,640	1,864,760
Total Cash Inflows	269,430	762,910	611,980	461,140	415,060	440,740	523,120	637,190	681,320	624,200	756,370	867,040	7,050,500
Cash Outflows													
Investing Activities													
New Fixed Assets Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Addition to Bal.She	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Sales	59,650	169,625	87,950	60,600	66,375	73,250	89,725	107,725	105,675	86,250	118,300	126,500	1,151,625
Operating Activities													
Salaries and Wages	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	108,538
Fixed Business Expenses	60,450	60,450	60,450	60,450	60,450	60,450	60,450	60,450	60,450	60,450	60,450	60,450	725,400
Taxes	-	-	274,893	-	-	164,733	-	-	284,973	-	-	356,788	1,081,387
Financing Activities													
Loan Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows	129,145	239,120	432,338	130,095	135,870	307,478	159,220	177,220	460,143	155,745	187,796	552,783	3,066,950
Cash Flow	140,285	523,790	179,642	331,045	279,190	133,262	363,900	459,970	221,177	468,455	568,575	314,257	3,983,550
Operating Cash Balance	140,285	664,075	843,718	1,174,763	1,453,953	1,587,215	1,951,115	2,411,085	2,632,263	3,100,718	3,669,293	3,983,550	
Line of Credit Drawdowns	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	140,285	664,075	843,718	1,174,763	1,453,953	1,587,215	1,951,115	2,411,085	2,632,263	3,100,718	3,669,293	3,983,550	
Line of Credit Balance	-	-	-	-	-	-	-	-	-	-	-	-	-



Artemis & Angel Co., Ltd
Balance Sheet - Year One

	<u>Base Period</u>	<u>End of Year One</u>
Assets		
Current Assets		
Cash	-	3,983,550
Accounts Receivable	-	357,700
Inventory	15,000	15,000
Prepaid Expenses	92,500	61,667
Other Current	-	-
Total Current Assets	<u>107,500</u>	<u>4,417,917</u>
Fixed Assets		
Real Estate-Land	-	-
Buildings	-	-
Leasehold Improvements	-	-
Equipment	50,000	50,000
Furniture and Fixtures	32,000	32,000
Vehicles	10,000	10,000
Other Fixed Assets	800	800
Total Fixed Assets	<u>92,800</u>	<u>92,800</u>
Less: Accumulated Depreciation	-	15,703
Total Assets	<u><u>200,300</u></u>	<u><u>4,495,014</u></u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Loan Payable	-	-
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Owner's Equity		
Common Stock	200,300	200,300
Retained Earnings	-	4,294,714
Dividends Dispersed	-	-
Total Owner's Equity	<u>200,300</u>	<u>4,495,014</u>
Total Liabilities and Owner's Equity	<u><u>200,300</u></u>	<u><u>4,495,014</u></u>
	Statement Balances	Statement Balances

Artemis & Angel Co., Ltd
Year End Summary

	<u>Year One</u>	%	<u>Year Two</u>	%	<u>Year Three</u>	%
Income						
Bio plant (wholesale)	2,211,000		3,869,250		8,512,350	
Pro Plant (Wholesale)	2,127,000		3,722,250		8,188,950	
Bloplant (retail)	1,489,200		2,233,800		4,467,600	
Proplant (retail)	1,581,000		2,371,500		4,743,000	
Total Income	7,408,200	100.00%	12,196,800	100.00%	25,911,900	100.00%
Cost of Sales						
Bio plant (wholesale)	386,925		677,119		1,489,661	
Pro Plant (Wholesale)	425,400		744,450		1,637,790	
Bloplant (retail)	153,300		229,950		459,900	
Proplant (retail)	186,000		279,000		558,000	
Total Cost of Sales	1,151,625	15.55%	1,930,519	15.83%	4,145,351	16.00%
Gross Margin	6,256,575	84.45%	10,266,281	84.17%	21,766,549	84.00%
Total Salary and Wages	108,538	1.47%	109,591	0.90%	111,720	0.43%
Fixed Business Expense						
Advertising	96,000		96,880		101,846	
Car and Truck Expenses	5,400		5,562		5,729	
Bank & Merchant Fees	1,800		1,854		1,910	
Contract Labor	9,000		9,270		9,548	
Conferences & Seminars	36,000		37,080		38,192	
Customer Discounts and Refunds	24,000		24,720		25,462	
Dues and Subscriptions	266,400		274,392		282,624	
Miscellaneous	12,000		12,360		12,731	
Insurance (Liability and Property)	10,200		10,506		10,821	
Licenses/Fees/Permits	-		-		-	
Legal and Professional Fees	-		-		-	
Office Expenses & Supplies	1,200		1,236		1,273	
Postage and Delivery	-		-		-	
Rent (on business property)	198,000		203,940		210,058	
Rent of Vehicles and Equipment	1,800		1,854		1,910	
Sales & Marketing	48,000		49,440		50,923	
Taxes-Other	-		-		-	
Telephone and Communications	3,600		3,708		3,819	
Travel	12,000		12,360		12,731	
Utilities	-		-		-	
Total Fixed Business Expense	725,400	9.79%	747,162	6.13%	769,577	2.97%
Operating Income (before Other Expenses) [EBITDA]	5,422,637	73.20%	9,409,528	77.15%	20,885,252	80.60%
Other Expenses						

Artemis & Angel Co., Ltd
Year End Summary

	<u>Year One</u>	%	<u>Year Two</u>	%	<u>Year Three</u>	%
Amortized Start-up Expenses	30,833		30,833		30,833	
Depreciation	15,703		15,703		15,703	
Interest						
Commercial Loan	-		-		-	
Commercial Mortgage	-		-		-	
Line of Credit	-		-		-	
Credit Card Debt	-		-		-	
Vehicle Loans	-		-		-	
Other Bank Debt	-		-		-	
Taxes	1,081,387		1,878,765		4,173,910	
Total Other Expenses	<u>1,127,923</u>	15.23%	<u>1,925,301</u>	15.79%	<u>4,220,446</u>	16.29%
Net Income	<u><u>4,294,714</u></u>	57.97%	<u><u>7,484,227</u></u>	61.36%	<u><u>16,664,806</u></u>	64.31%



Artemis & Angel Co., Ltd
 Projected Income Statement - Year Two

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Commercial Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	91,959	260,962	136,697	87,279	100,185	113,439	140,484	175,412	178,602	148,797	208,254	236,697	1,878,765
Total Other Expenses	95,837	264,840	140,575	91,157	104,063	117,317	144,362	179,290	182,480	182,675	212,132	240,575	1,925,301
Net Income	365,267	1,041,277	544,217	346,547	398,172	451,187	559,367	699,077	711,837	592,617	830,447	944,217	7,484,227



Artemis & Angel Co., Ltd
Balance Sheet - Year Two

	<u>End of Year One</u>	<u>End of Year Two</u>
Assets		
Current Assets		
Cash	3,983,550	11,302,988
Accounts Receivable	357,700	569,025
Inventory	15,000	15,000
Prepaid Expenses	61,667	30,833
Other Current	-	-
Total Current Assets	<u>4,417,917</u>	<u>11,917,846</u>
Fixed Assets		
Real Estate-Land	-	-
Buildings	-	-
Leasehold Improvements	-	-
Equipment	50,000	50,000
Furniture and Fixtures	32,000	32,000
Vehicles	10,000	10,000
Other Fixed Assets	800	800
Total Fixed Assets	<u>92,800</u>	<u>92,800</u>
Less: Accumulated Depreciation	15,703	31,406
Total Assets	<u><u>4,495,014</u></u>	<u><u>11,979,240</u></u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Notes Payable	-	-
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Owner's Equity		
Common Stock	200,300	200,300
Retained Earnings	4,294,714	11,778,941
Dividends Dispersed	-	-
Total Owner's Equity	<u>4,495,014</u>	<u>11,979,241</u>
Total Liabilities and Owner's Equity	<u><u>4,495,014</u></u>	<u><u>11,979,240</u></u>
	Statement Balances	Statement Balances

Artemis & Angel Co., Ltd
 Projected Income Statement - Year Three

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Commercial Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	210,545	581,443	309,691	203,516	230,083	257,789	315,838	388,265	393,000	326,975	451,619	505,148	4,173,910
Total Other Expenses	214,423	585,321	313,569	207,394	233,961	261,667	319,716	392,143	396,678	330,853	455,497	509,026	4,220,446
Net Income	839,611	2,323,203	1,236,193	811,495	917,762	1,028,587	1,260,781	1,550,491	1,569,431	1,305,329	1,803,907	2,018,021	16,664,806



Artemis & Angel Co., Ltd
Balance Sheet - Year Three

	<u>End of Year Two</u>	<u>End of Year Three</u>
Assets		
Current Assets		
Cash	11,302,988	27,399,840
Accounts Receivable	569,025	1,183,515
Inventory	15,000	15,000
Prepaid Expenses	30,833	0
Other Current	-	-
Total Current Assets	<u>11,917,846</u>	<u>28,598,355</u>
Fixed Assets		
Real Estate-Land	-	-
Buildings	-	-
Leasehold Improvements	-	-
Equipment	50,000	50,000
Furniture and Fixtures	32,000	32,000
Vehicles	10,000	10,000
Other Fixed Assets	800	800
Total Fixed Assets	<u>92,800</u>	<u>92,800</u>
Less: Accumulated Depreciation	31,406	47,109
Total Assets	<u><u>11,979,240</u></u>	<u><u>28,644,046</u></u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Notes Payable	-	-
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Owner's Equity		
Common Stock	200,300	200,300
Retained Earnings	11,778,941	28,443,747
Dividends Dispersed	-	-
Total Owner's Equity	<u>11,979,241</u>	<u>28,644,047</u>
Total Liabilities and Owner's Equity	<u><u>11,979,240</u></u>	<u><u>28,644,046</u></u>
	Statement Balances	Statement Balances

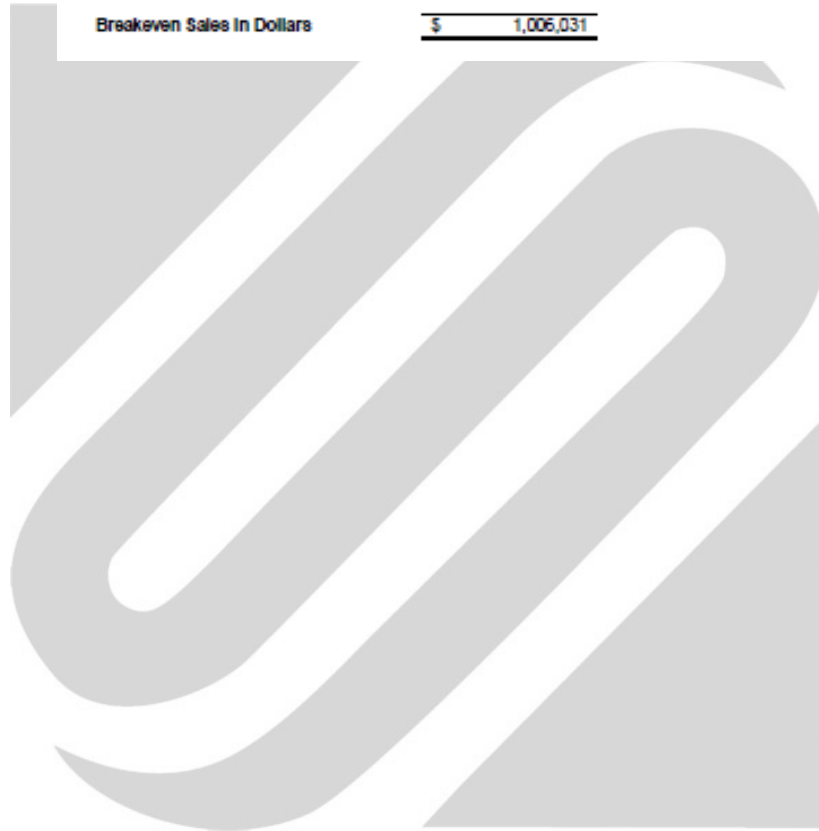
Artemis & Angel Co., Ltd
Financial Ratios

Ratio	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>	<u>RMA Industry Norms</u>
Liquidity				
Current Ratio	0.0	0.0	0.0	
Quick Ratio	0.0	0.0	0.0	
Safety				
Debt to Equity Ratio	0.0	0.0	0.0	
Debt to Coverage Ratio	0.0	0.0	0.0	
Profitability				
Sales Growth	0.0%	64.6%	112.4%	
COGS to Sales	15.5%	15.8%	16.0%	
Gross Profit Margin	84.5%	84.2%	84.0%	
SG&A to Sales	11.3%	7.0%	3.4%	
Net Profit Margin	58.0%	61.4%	64.3%	
Return on Equity	95.5%	62.5%	58.2%	
Return on Assets	95.5%	62.5%	58.2%	
Owner's Compensation to Sales	0.2%	0.1%	0.0%	
Efficiency				
Days In Receivables	17.4	16.8	16.4	
Accounts Receivable Turnover	20.7	21.4	21.9	
Days In Inventory	4.7	2.8	1.3	
Inventory Turnover	76.8	128.7	276.4	
Sales to Total Assets	1.6	1.0	0.9	



Artemis & Angel Co., Ltd
Breakeven Analysis

Breakeven Analysis	Dollars	Percent
Annual Sales Revenue	\$ 7,408,200	100.00%
Cost of Sales	1,151,625	15.55%
Gross Margin	<u>6,256,575</u>	<u>84.45%</u>
Salaries and Wages	108,538	
Fixed Operating Expenses	741,103	
Total Fixed Business Expenses	<u>849,641</u>	
Breakeven Sales Calculation	<u>849,641</u>	
	84.45%	
Breakeven Sales In Dollars	<u>\$ 1,006,031</u>	



EVALUATION AND CONTROL

For this business plan, in order to do foreign direct investment in Vietnam with a smooth process need to have a well-prepared from the beginning. For business registration, documents must be well-prepared and need a special person to responsible for this role and outsourcing Thai-Vietnamese translator in Vietnam to deal with officer. If having issues while submitting the document will always have other related documents and double copied of real documents to save time rather than fly back to Thailand again. To hire employees in Vietnam need to have instruction for interview, selecting and training to make sure that hired the right people to right job. Biofertilizer fermentation process can start after completed with setup machines and have enough raw materials, therefore, to not run out of raw material need to make contract and have a good relationship with supplier, also have another supplier incase that supplier run out of those raw material.

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APPENDIX

Fertilizer management on conditions of trading:

1. Having business registration certificate with fertilizer production industry issued by competent authorities.
2. Having shops or business places keeping quality of fertilizer under the law of goods, service quality.
3. The tools, equipment's to contain and maintain fertilizer must ensure quality and environment hygiene; having conformable transport means or fertilizer transport contract.
4. Having warehouse or hiring warehouse contract in meeting demand conditions of quality preservation during the trading time. The fertilizer retails must have tools, equipment to contain and maintain fertilizer if not having warehouse.
5. Having legitimate records to prove clearly fertilizer origins of manufacture, import or supply location.
6. Having enough conditions of preventing, combating fire & explosion, protecting environment, hygiene and labor safety under the law.

Fertilizer management on conditions of export:

Organizations, individuals trading on fertilizer and other organizations, individuals having activities related to fertilizer industry are able to export fertilizer upon satisfying following conditions:

Having business registration certificate with fertilizer production industry issued by competent authorities;

Implement relevant national technical regulations during manufacture process or apply quality management systems to ensure product quality for export

The exported fertilizer must be conformable with regulations of imported countries, contracts, international treaties, international agreements admitted each other on conformity assessment with related countries and territories.

Fertilizer management on conditions of import:

Organizations, individuals are able to import fertilizer in meeting those following conditions:

1. Having business registration certificate with fertilizer production industry issued by competent authorities;

2. Having Certificate of conformity registration of the imported fertilizer lot issued by the assigned recognized organizations;
3. The imported fertilizer bearing legitimate label, meeting requirement of the law on goods, service quality; ensuring environment.

Fertilizer management on giving name:

1. Name of fertilizer must be given in accordance with the current law on label.
2. It is prohibited from giving name: violates social ethics; only including numbers; confusingly identical or similar to trademark registered fertilizer name; causing confusion on nature, use of fertilizer.

In two years counting from the effective date of this Decree, any organizations, individuals who are not meeting requirements provided at this Decree must supplement enough conditions for production and dealing with fertilizer. Those organizations and individuals must temporarily stop doing business until satisfying conditions.

The Minister of Ministry of Industry and Trade, the Minister of Agriculture and Rural Development provide detail instruction on execution of articles and clauses on fertilizer management of this Decree.

BIOGRAPHY

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