

PUBLIC RECORD VERSION

**INVESTIGATION INTO THE ALLEGED DUMPING OF HOT
ROLLED STEEL COIL**

EXPORTED FROM

**JAPAN, THE REPUBLIC OF KOREA, MALAYSIA AND
TAIWAN**

EXPORTER VISIT REPORT

MEGASTEEL SDN BHD

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY
NOT REFLECT THE FINAL POSITION OF CUSTOMS AND BORDER
PROTECTION**

August 2012

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2 BACKGROUND**2.1 Background to the current investigation**

On 10 May 2012, BlueScope Steel Limited and BlueScope Steel (AIS) Pty Ltd (BlueScope), the sole Australian manufacturer of hot rolled steel coil (HRC), lodged an application requesting that the Minister for Home Affairs (the Minister) publish a dumping duty notice in respect of HRC exported to Australia from Japan, the Republic of Korea (Korea), Malaysia and Taiwan. On the 28 May 2012, BlueScope provided additional information.

Following consideration of the application by Australian Customs and Border Protection Service (Customs and Border Protection), the investigation was initiated on 15 June 2012. Public notification of initiation of the investigation was made in *The Australian* newspaper on 15 June 2012. Australian Customs Dumping Notice (ACDN) No. 2012/30 provides further details of this investigation and is available at www.customs.gov.au.

The application identified Megasteel Sdn. Bhd. (Megasteel) as an exporter of HRC from Malaysia. A search of Customs and Border Protection's import database also indicated that Malaysia exported HRC from Malaysia to Australia during the investigation period (1 April 2011 to 31 March 2012). Customs and Border Protection wrote to Megasteel advising them of the initiation of the investigation, requesting co-operation with the investigation and providing copies of the exporter questionnaire for them to complete.

Megasteel completed the exporter questionnaire, providing details regarding the company, exports, domestic sales and cost to make and sell (CTMS) expenses.

2.2 Purpose of visit

The purpose of the visit was to verify information submitted by Megasteel in its exporter questionnaire response. The exporter questionnaire response was supported by confidential appendices and attachments, including confidential spreadsheets containing sales and costs data requested in the exporter questionnaires. Non-confidential versions of the exporter questionnaire responses were placed on the public record.

Customs and Border Protection will use the verified information to make preliminary assessments of:

- like goods;
- who is the exporter and who is the importer;
- export prices;
- normal values; and
- dumping margins.

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2.3 Meeting dates and attendees

Verification meetings were held at Megasteel's Selangaor office on Tuesday 14 to Thursday 16 August 2012.

The following people were present at various stages of the meeting:

Megasteel	
Choo May Jann	Senior Marketing Executive
Tai Lee Sing	Chief Accountant
Tan Ann Chuan	Accountant
Triston Liew Yoo Fong	General Manager – Marketing
Melvin Ng Chin Han	Manager – Marketing, Marketing Department
Wong Siew Sang	Marketing Manager
Roseli Dato' Mansor	Manager – Human Resources & Administration
Audrey Seen	Senior Manager – Marketing & Administration
Mohd. Yusri Sharil	Quality Assurance Manager
Australian Customs and Border Protection Service	
Mick Kenna	A/Director, Operations 3
Michelle Gibson	Manager, Operations 3

2.4 Preliminary issues

Prior to the meeting, we forwarded Megasteel an exporter visit agenda that included the sales transactions selected for detailed verification.

At the commencement of the meeting, we outlined the investigation timeframes:

- A preliminary affirmative determination may be made not earlier than 14 August 2012, provided that there appears to be sufficient grounds for the publication of a dumping duty notice. Provisional measures may be imposed at the time of the preliminary affirmative determination.
- A statement of essential facts is due to be placed on the public record by 3 October 2012, or by such a later date as the Minister may allow in accordance with section 269ZHI of the *Customs Act 1901* (the Act). The statement of essential facts will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister. The statement of essential facts will invite interested parties to respond, within 20 days, to the issues raised. Submissions received in

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response to the statement of essential facts will be considered when compiling the report and recommendations to the Minister.

- Customs and Border Protection's report to the Minister is due no later than 17 November 2012 (or such later date as the Minister may allow), unless the CEO terminates the investigation beforehand.

We informed Megasteel that anti-dumping measures may only be imposed where the Minister is satisfied that the goods were dumped and the dumped goods had caused or were threatening to cause material injury to the Australian industry.

We explained to Megasteel that we would prepare a report following our visit and that we would provide the company with a draft of the report to review its factual accuracy and to identify those parts of the report it considered confidential. We further advised that, following consultation about confidentiality, we would prepare a non-confidential version of the report for the public record.

Customs and Border Protection considers that the dumping margin is not itself confidential information, but rather an aggregate figure derived from confidential data. The dumping margin will be published in the public record version of the visit report.

Megasteel cooperated with the verification of the exporter questionnaire responses and provided further information when requested.

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3 COMPANY INFORMATION**3.1 Company information**

Megasteel is a privately owned company under the Companies Act, which is owned by two investment holding companies, Limpahjaya Sdn. Bhd. (XXXX per cent) and Lion Diversified Holdings Bhd (XXXX per cent). Limpahjaya Sdn Bhd is primarily owned by Lion Corporation Berhad which is a public listed company. Megasteel provided a list of the 30 largest shareholders of Lion Corporation Berhad in Attachment A-3.4 to its response to the exporter questionnaire. Lion Corporation Berhad and Lion Diversified Holdings Berhad are listed companies of the Lion Group, a multi-national company with a range of diverse operations in Malaysia, China, Singapore, Indonesia, Vietnam, Hong Kong, Cambodia, USA and Mexico.

In its response to the exporter questionnaire, Megasteel indicated that it is charged management fees by its parent company. At the visit, Megasteel explained that they do not pay management fees but share a common pool for expenses such as salaries for a small number of shared staff. We could see this item on the cost of production spreadsheets prepared by the company for the verification of the SG&A costs.

Megasteel commenced operations in 1999 and is the sole HRC manufacturer in Malaysia with annual capacity of 3.2 million metric tonnes (MT) and CRC capacity of 1.45 million MT. Its core business is the manufacture and sale of hot rolled coil (HRC) and cold rolled coil (CRC). In March 2009 Megasteel completed an upgrade to its production facility which HRC expanded production capacity from 2.4 million tonnes per annum to 3.2 million tonnes per annum.

Megasteel's production plant is located in Banting, Selangor, on the same premises as its steel division office and other Lion Group entities such as AmSteel Mills Sdn Bhd and Bright Steel Sdn Bhd.

During the investigation period about XX per cent of Megasteel's total sales were exported.

3.2 Accounting

Megasteel's financial statements are audited annually by Ernst and Young. Megasteel uses the AS400 (IBM) with a BPCS accounting software. Megasteel uses actual costs and stated that its accounting practices do not differ from the generally accepted accounting principles in Malaysia.

Megasteel's financial year is 1 July to 30 June. Its 2011 audit report stated:

"In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 ("Act") in Malaysia so as to give a true and fair view of the financial position of the Group

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and of the Company as at 30 June 2011 and of their financial performance and cash flows for the year then ended.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements which indicates that the Group and the Company's current liabilities exceeded current assets by XXXXXXXX and XXXXXXXX respectively. This condition, along with other matters as set forth in Notes 16, 17, 18 and 20, indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to realise its assets and discharge its liabilities in the normal course of business.

Note 2.1 states that, after making enquiries and considering the uncertainties described above, the Directors believe that the results from the proposed injection of new shares and the proposed settlement agreements with its creditors on overdue balances, will enable the Group to generate sufficient cash flows to meet its obligations and improve the cash flows of the Group. For these reasons, the Directors are of the opinion that the Group and the Company will be able to continue in operational existence for the foreseeable future."

Audited financial statements for 2011/12 were not yet available at the time of our visit.

3.3 Production process

Megasteel uses DC Electric Arc Furnace (EAF) method of producing HRC which utilises scrap steel and Hot Direct Reduction Iron (HDRI) as the primary raw material for producing steel slab. The scrap steel and HDRI is blended with pig iron and hot briquetted iron (HBI) . The blended scrap steel and HDRI is melted down via the EAF and made into steel slab before it is rolled into HRC.

Megasteel's mill is an integrated steel mill comprising a steel making plant (SMP), thin slab caster and a Hot Strip Mill (HSM). The HSM uses the latest compact strip production (CSP) technology for producing Hot Rolled Coils (HRC). The HRC can be further processed at the skin pass mill (SPM) or sold as finished goods in coil form.

Megasteel summarised its production process for HRC as follows:

- Steel scrap and hot direct reduction iron (HDRI) is melted via a Direct Current (DC) Electric Arc Furnace (EAF) in the SMP;
- Molten steel is conditioned and refined by Ladle Furnace (LF) in the SMP;
- Molten steel is cast into thin slab by continuous casters in the CSP mill;
- The thin steel slab is hot strip rolled into HRC by the mill stands and coiled by down coilers in the CSP mill;
- The HRC undergoes surface and property treatment.

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XX.

[Explanation of production process]

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4 GOODS UNDER CONSIDERATION AND LIKE GOODS**4.1 The goods under consideration**

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices, is HRC. The applicant provided further details as follows:

General description

The application specifies that:

Hot rolled coil (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated).

Goods excluded from this application are hot rolled products that have patterns in relief (known as checker plate) and plate products.¹

HRC is supplied in a range of thicknesses, all of which are covered by this application.

Tariff classification

The application stated that the goods are classified to the following tariff subheadings:

The tariff classifications and statistical class codes in Schedule 3 to the *Customs Tariff Act 1995* and relevant rates of duty for HRC are shown below.

Tariff Classification	Statistical class code	Rate of duty - Japan	Rate of duty - Korea	Rate of duty - Malaysia	Rate of duty - Taiwan
7208.25.00	32	5%	0%	0%	0%
7208.26.00	33	5%	0%	0%	0%
7208.27.00	34	5%	0%	0%	0%
7208.36.00	35	5%	0%	0%	0%
7208.37.00	36	5%	0%	0%	0%
7208.38.00	37	5%	0%	0%	0%
7208.39.00	38	5%	0%	0%	0%

¹ Application for the publication of a dumping duty notice for Hot Rolled Coil exported from Japan, the Republic of Korea, Malaysia and Taiwan (Application), page 10.

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7208.53.00	42	5%	0%	0%	0%
7208.54.00	43	5%	0%	0%	0%
7208.90.00	30	5%	5%	4%	5%
7211.14.00	40	5%	0%	0%	0%
7211.19.00	41	5%	0%	0%	0%

Customs and Border Protection's Tariff Section identified that HRC may also be classified under 7208.51.00 (statistical class code 40) and 7208.52.00 (statistical class code 41), however, the goods classified under these headings are predominately plate or other products.

The goods exported to Australia from Korea and Taiwan are subject to a 5% rate of duty.

For China and Malaysia the goods exported to Australia are subject to a 4% rate of duty.

The goods exported to Australia from Malaysia using Malaysia Free Trade Agreement are free from duty as of 1 January 2010.

4.2 Like goods

Megasteel exported the following four "grades" of HRC to Australia in the investigation period:

Grade	Description
JIS XXXXXXXXXX	Low tensile
AS 1594 XXXXX	Low tensile
AS 1594 XXXXX	Medium tensile
AS 1594 XXXXX	Medium tensile

All exports to Australia except for the AS 1594 XXXXX grade were slit into widths of between XXXXXXXXXXXX. Thicknesses ranged from XXXXXXXXXXXX for the slit HRC while the un-slit coils were XXXXX width and XXXX thick. A small quantity of the exports to Australia was pickled and oiled and skinpassed (an additional rolling to improve the surface finish).

Megasteel manufactures a range of HRC for domestic and export sale that meet customer requirements in terms of international standards, widths and thicknesses,

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skin passing etc. It classifies the products into groupings within the following broad steel specification categories:

- Low tensile;
- Medium tensile;
- High tensile;
- Low carbon;
- Medium carbon;
- High carbon;
- Corten; and
- LPG.

We consider that HRC sold domestically by Megasteel has characteristics closely resembling those of the goods exported to Australia in the investigation period. While there are some differences in ratios of the different types of scrap and alloys used to achieve the desired chemistry to meet a customer's required international standard, the exported and domestically sold HRC are physically alike. The goods are functionally alike in that they are all used in the fabrication of steel products.

The goods are commercially alike in that they are sold to steel traders, distributors or end users to supply the steel fabrication market.

Based on information in the application, information in Megasteel's exporter questionnaire response and information collected during the verification visit, we consider that HRC sold by Megasteel on the domestic market in Malaysia are like goods to the HRC it exported to Australia in the investigation period.

Section 10 of this report considers the most appropriate grades to compare to the HRC exported to Australia in the investigation period.

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5 SALES TO AUSTRALIA**5.1 Export sales**

In the investigation period, Megasteel sold HRC to two unrelated Australian customers, XXXXXXXXXXXXXXXX and XXXXXXXXXXXXXXXX and XXXX are identified as traders in the response to the exporter questionnaire which also states that there is no commission paid by Megasteel in respect of the sales to XXX or XXXX.

The quantity of HRC exported to each Australian customer was as follows:

Customer	MT
XXXXX	XXXX
XXXXX	XXXX
Total	XXXX

The following is a breakdown of the grades of HRC exported to Australia by Megasteel in the investigation period:

Grade	MT
JIS XXXXXXXXX	XXXX
AS 1594 XXXXX	XXXX
AS 1594 XXXXX	XXXX
AS 1594 XXXXX	XXXX
Total	XXXX

The JIS XXXXXXXXX grade (XXXXXXXXXX) was pickled and oiled and skinpassed. All other exports were dry and not skin passed. All HRC except the AS 1594 XXXXX grade was slit into narrow widths (XXXXXXXXXXXX) and shipped on wooden pallets and in containers. The HRC to be slitted is provided to the co-located steel service company Bright Steel Sdn Bhd (Bright Steel), which is part of the Lion Group. Bright Steel charges Megasteel to slit the mother coil, place straps on the narrow coil and pack it on wooden pallets.

The AS 1594 XXXXXXX grade product in the wider width (XXXmm) was shipped as break bulk cargo. All other shipments were containerised.

All sales were at FOB incoterms and at credit terms of at sight.

Megasteel advised that historically its export pricing was based on a base price plus extra charges for certain grades and other features such as skinpassing and pickling

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and oiling. Megasteel provided its standard extras schedule
XX
XXXXXXXXXXXXXXXXXXXXXXXX (confidential attachment EXP 1). Additional charges
also relate to high formability qualities in the case of certain grades.

XX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX. [Explanation of pricing practices]

5.2 Export sales process

Megasteel described the ordering process as follows:

- Megasteel receives an enquiry from the customer (usually via email) which includes an indicative price;
- The sales enquiry is passed to the Quality & Assurance and Production teams to comment on chemical and mechanical properties and size assortment;
- The export sales team compares the customer's indicative price to international pricing and proposes a price to management;
- When price accepted by management, the customer is provided with an offer price and validity terms;
- Megasteel and the customer agree on technical protocol, size assortment and price and an order confirmation letter to the customer is finalised;
- Megasteel issues the contract for sale and keys the order into its internal system;
- The customer sends the letter of credit (L/C) to Megasteel;
- Megasteel sets the production schedule and manufactures the goods;

The goods are packaged (where applicable) and sent to Klang Port. Pickled and oiled and slitted coil is sent to Bright Steel for slitting and packing. An email from Bright Steel setting out the charges for slitting and packing HRC is at **confidential attachment EXP 2**;

- Megasteel prepares the invoice and packing list and the ship carrying the goods departs;
- Megasteel sends the shipping documents to the bank and receives payment from the customer.

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5.2.1 Date of sale

Megasteel’s sales contracts specify that the goods will be ready for shipment in the months falling XXXXXXXXXXXX after the contract is agreed. XXXXXXXXXXXX
XX
XX
XXXXXXXXXXXX. [Example of shipment timing]

The Australian sales spreadsheet has columns showing the date of invoice and date of sale (contract date). Megasteel advised that once the sales contract is issued the price and quantity of the sale are fixed.

We calculated that the average time between contract date and invoice date for all export sales to Australia during the investigation period was XXXX. The shortest time was XXX and the longest was XXXXX.

5.2.2 Slitting and packaging

The un-slit coil had no packaging other than steel bands to hold the coil in place. The slit coil is packed on wooden pallets, sometimes with wooden slats separating the slit coil segments.

Pickled and oiled HRC is wrapped in plastic film. A photo of the wrapping for pickled and oiled HRC is at **confidential attachment EXP 3**. An email from Bright Steel setting out a small charge for special packing instructions relating to one shipment to Australia in the investigation period (invoice 245801) is at **confidential attachment EXP 4**).

5.2.3 Terminal handling charges

Megasteel had not included any terminal handling or port charges in its Australian sales spreadsheet. Megasteel provided freight forwarding invoices showing terminal handling charges for containerised cargo (**confidential attachment EXP 5**) and break bulk cargo (**confidential attachment EXP 6**). The invoices show charges of XXXXX per MT for the containerised cargo and XXXX per MT for break bulk cargo.

5.2.4 Exchange rates

In its Australian sales spreadsheet, Megasteel included an exchange rate used to convert its US dollar invoice amounts to RM. Megasteel advised that its treasury issued a bank exchange rate for various currencies at the beginning of each month for shipment costing purposes. Copies of the Megasteel treasury advices for May 2011 and January 2012 are at **confidential attachment EXP 7**. The date used for currency conversion purposes is the invoice date.

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We tested the exchange rates used by Megasteel against Reserve Bank of Australia published rates and found them to be reasonable.

5.3 Export sales - reconciliation to financial statements

We asked Megasteel to demonstrate that the export sales listing was a complete listing of export sales to Australia in the investigation period. Megasteel provided customer sales analysis reports (**confidential attachment EXP 8**) showing monthly sales volumes and values by customer, by country and by product. We were able to reconcile the totals sales volumes and values for HRC with the amounts in the Australian sales and domestic sales spreadsheets provided in Megasteel's exporter questionnaire response. We were also able to reconcile the total sales value in the reports to Megasteel's revenue as recorded in its audited financial statements, allowing for the credit notes issued.

We consider the export sales information provided by Megasteel is complete.

5.4 Export sales – verification to source documents

The export sales spreadsheets provided by Megasteel included line by line information relating to:

- customer;
- level of trade;
- product specifications;
- invoice date and number;
- date of sale (contract date);
- order number;
- shipping and payment terms;
- sales quantity (units and MT);
- packaging type;
- gross invoice values (USD);
- net invoice value (RM);
- exchange rate;
- FOB export price (USD/MT);
- inland transport; and
- packaging (RM/MT).

We selected five export invoices for detailed verification. The selected invoices represented approximately 30 percent of the volume of exports to Australia by Megasteel during the investigation period.

For each selected transaction Megasteel provided the following documents:

- sales contract;
- purchase order;

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- commercial invoice;
- packing list;
- bill of lading;
- credit advice from bank relating to letter of credit.

These documents for the selected invoices are **confidential attachment EXP 9**. We ensured that information from the source documents was accurately recorded in the Australian sales spreadsheet provided by Megasteel.

We noted that in the case of slit coil, Megasteel provided two invoices, both bearing the same information in terms of quantities and values. Megasteel explained that this was part of its control process for product exported via Bright Steel. Megasteel advised that the invoice that includes the exporter declaration is the official one issued to its Australian customer.

We also noted that the single order exported to XXXXX during the investigation period was invoiced to XXXXXXXXXXXXX. Megasteel explained that the order had been placed by XXXXX and that all negotiations had been undertaken with XXXX but that its instructions were to invoice XXXXXXXXXXXXX who also raised the L/C for the shipment.

We are satisfied that the information provided by Megasteel in its Australian sales spreadsheet is accurate.

5.5 The exporter

Customs and Border Protection will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export Customs will normally consider the exporter to be the person who gave up responsibility for the good as described above.

We consider that Megasteel is the exporter of the goods as it:

- manufactures the goods;
- arranges for the goods to be taken to the port and loaded for shipment (often via Bright Steel that arranges for the slitting and packing);
- appears as the shipper on the bill of lading; and
- receives payment for the goods.

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5.6 The importer

According to subsection 269T(1), the importer is the beneficial owner of the goods at the time of their arrival within the limits of the port or airport in Australia at which they have landed.

XXXX and XXXXX negotiated the purchases and entered into sales contracts with Megasteel. XXXX and XXXXX may have sold the goods to other parties prior to the goods arriving in Australia (XX) [invoicing arrangement].

On the information available, it appears that XXXX and XXXXXXX were the importers of the HRC exported to Australia by Megasteel.

5.7 Arms length

Megasteel has no relationship to its Australian customers other than that of buyer and seller. In respect of Megasteel's HRC exports to Australia in the investigation period we found no evidence of:

- any consideration payable for or in respect of the goods other than their price; or
- the price being influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- any direct or indirect reimbursement, compensation or other benefit in respect of the whole or any part of the price.

Accordingly, we consider Megasteel's export transactions to be arms length in terms of s. 269TAA of the Act.

5.8 Export price – preliminary assessment

Based on the information provided in Megasteel's submission, and information verified at its premises, we consider that Megasteel was the exporter of HRC to Australia in sales to XXXX and XXXX and that the sales to these parties were arms length transactions.

Therefore, we are satisfied that export price for exports by Megasteel should be established under s. 269TAB(1)(a) of the Act using its invoiced prices for sales to Australia. Preliminary export price calculations are at **Confidential Appendix 1**.

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6 COST TO MAKE & SELL**6.1 Introduction**

In its exporter questionnaire response, Megasteel provided the following schedules:

- A 'cost of production for hot rolled coils' showing the costs incurred in each process of HRC production (steel making cost; slab caster cost; hot strip mill cost; skin pass mill cost) for each month of the investigation period – the schedule includes a separate cost for product that is pickled and oiled;
- A schedule of monthly raw material purchases showing purchase quantity, purchase value and purchase price per tonne. The schedule also provides a breakdown on imported and local raw material prices;
- A schedule summarising the purchase of raw materials according to whether they are imported or locally sourced (incorporating similar information to the raw material purchases schedule above).

We selected the month of May 2011 for detailed verification as it is incorporated in the 2010/11 audited financial statements. Megasteel's audit of the 2011/12 financial statements are not yet complete. Megasteel provided a copy of its 2010/11 annual report that includes the financial statements and auditor's report in the exporter questionnaire response.

The HRC cost of production spreadsheet shows the average monthly costs incurred through the manufacturing processes to produce HRC. We used this as the basis for our verification.

Megasteel advised that information included in its HRC cost of production spreadsheet was sourced from its monthly manufacturing cost summary reports. The reports for May 2011 are at **confidential attachment COSTS 1**. Megasteel demonstrated how all costs included in the report had been included in the HRC cost of production spreadsheet.

6.2 Production volumes

Megasteel provided its SMP monthly key performance and consumption report for May 2011 (**confidential attachment COSTS 2**). The report shows scrap usage and molten steel production figures that match the quantities in the HRC production cost schedule. The yield of molten steel from the scrap used is approximately XXX percent.

Megasteel also provided its HRC production summary for year-to-date May 2011 (**confidential attachment COSTS 3**). The volume of HRC produced in May 2011 matches the quantity recorded in the HRC production cost schedule provided.

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Hot Briquetted Iron (HBI)	HBI is a material produced when HDRI is cooled. Megasteel sources HBI from Lion DRI and Antara Steel Mill, both related companies.
Pig iron	Pig iron is produced by blast furnace operations. It is imported, mainly from the United Kingdom and India.
Scrap	Scrap is purchased in various forms such as Heavy Melting Scrap (HMS), shredded scrap, bundled scrap and bushelled scrap.

The various forms of scrap are added to the process in quantities determined by the desired steel product in terms of tensile strength. Approximately XXX percent of Megasteel's molten steel requirements in the investigation period was provided by the related company Amsteel. The average cost of the purchased molten steel in the investigation period was XXXXX per MT compared to Megasteel's own production costs of XXXXX per MT over the same period.

Megasteel provided its scrap stock movement report for the selected month of May 2011 (**confidential attachment COSTS 4**). The report shows the volume and value of the following for each type of scrap:

- Opening balance;
- Purchases during the month;
- Consumption during the month;
- Consumption for the month;
- Oxidisation losses; and
- Closing balance.

We selected two high usage forms of scrap (HRDI sourced from Lion DRI and HMS sourced from independent suppliers) for further verification. Megasteel provided a purchase voucher, receiving scrap reports, delivery reports and all invoices for the purchase of HDRI and HBI from Lion DRI in May 2011 (**confidential attachment COSTS 5**). The volumes and values on all documents match the May purchase amounts in the scrap stock movement report. Both the HDRI and HBI were priced at approximately XXXXX per MT in May 2011. Vouchers evidencing the payment to Lion DRI for purchases of HDRI and HBI in May 2011 are at **confidential attachment COSTS 6**. Megasteel's accounts payable ledger for Lion DRI showing the value of purchases and payments made by Megasteel (including for the purchases made in May 2011) is at **confidential attachment COSTS 7**.

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Megasteel advised that HDRI and HBI are purchased from Lion DRI at a price XXXXXXXXXXXX per MT. We asked Megasteel to demonstrate that this price was a reasonable market price. Megasteel advised that Lion DRI and Megasteel are subsidiaries of separate public companies. Megasteel's ultimate holding company is Lion Corporation Bhd and Lion DRI is a subsidiary of Lion Diversified Holding Bhd. Megasteel advised that this dictated that all dealings between the entities was required to be at arms length and on fully commercial terms. Megasteel presented an off-take agreement it has with Lion DRI concerning the supply of raw materials. We copied the title page and the pricing formula confirming the purchase arrangements between Megasteel and Lion DRI (**confidential attachment COSTS 8**).

Megasteel further stated that scrap is a traded product with transparent pricing. Megasteel provided an extract from "The Tex Report" with a chart showing movements in HMS and pig iron prices in Asia since July 2009 (**attachment costs 9**). The pricing corresponds reasonably closely (when converted to RM) to purchase prices from Lion DRI. On the basis of the information provided we are satisfied that the purchases of raw materials from Lion DRI are arms length transactions on commercial terms. Megasteel also provided an extract from "The Tex Report" with a chart showing the movement in Australian iron ore prices since 1990 (**attachment costs 10**). Megasteel stated that there was a close correlation between scrap and iron ore prices.

Megasteel provided purchase reports for imported HMS supplies for May 2011 (**confidential attachment COSTS 11**). The addition of the volumes and values in the reports reconciles with the volumes and values in the scrap stock movement report. To support the purchase reports, Megasteel provided for each purchase:

- the import provision costing sheet showing additional costs such as handling charges, transportation and barge hire charges associated with the imports;
- pro-forma and commercial invoices from the suppliers;
- bill of lading.

All Megasteel's HMS supplies in May 2011 were imported from the USA, the United Kingdom and the Middle East. The price of the material was consistent at approximately XXXXX per MT CFR Malaysia. The supporting documents for the purchase of HMS are at **confidential attachment COSTS 12**.

6.3.2 Electricity

Megasteel allocates electricity costs to each production unit on the Banting site according to usage. Megasteel provided the Banting site electricity invoice for May 2011. Peak period consumption is XXXXX per kwh and off peak consumption at XXXXX per kWh. Megasteel also provided a schedule showing the allocation of electricity expenses to each of the Banting sites production units. Megasteel, and in particular its two Electric Arc Furnaces are the major user of electricity. We ensured

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that the electricity costs for each of the HRC production processes had been accurately recorded in the relevant section of the HRC production cost schedule. The documents relating to electricity expenses are at **confidential attachment COSTS 13**.

6.3.3 Personnel

Megasteel provided its employee headcount report for May 2011 showing the number of employees in each of its production processes (**confidential attachment COSTS 14**). The document shows that at that time, Megasteel employed XXXX office staff and XXXX factory employees.

6.3.4 Depreciation

We asked Megasteel to support the amounts for depreciation for May 2011 shown in its HRC production cost schedule. Megasteel provided a report of depreciation expenses for the month. This report was supported by a schedule showing the net book value of each class of assets at the end of April 2011, the depreciation expenses for May 2011 and the net book value at the end of May 2011. We ensured that the depreciation charges for the HRC processes had been accurately included in the HRC production cost schedule. Documents relating to the verification of depreciation charges are at **confidential attachment COSTS 15**.

6.3.5 Scrap recoveries

Scrap steel is recovered from the HRC manufacturing process. XXXXXXXXXXXX
XX
XXXXXXXXXXXX. [Treatment of scrap for accounting purposes] The scrap is valued at the average price paid for scrap for the month. A small proportion is sold. In May 2011, the value of the scrap credit was approximately XX percent of the cost of production. Megasteel provided its recovery schedule for the month of May 2011 showing the recovery of each type of scrap (e.g. skull, cobble slab, cobble scrap), the small costs associated with recovering the scrap and the value of scrap sales (**confidential attachment COSTS 16**). The total recovery figure agrees with the amount included as a credit in the HRC production cost schedule for the month of May 2011.

6.3.6 Cost by grade

In addition to the average HRC cost of production captured in Megasteel's accounts, Megasteel also calculates the raw material (scrap and alloy) costs for each major grade category for management control and pricing purposes. Megasteel provided a schedule showing the proportions each type of scrap used and the cost per MT of each type of scrap in May 2011 (**confidential attachment COSTS 17**). The schedule calculates the cost per charge of the 160MT ladle furnace and a cost per MT of HRC. XX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX. [Costing approach]

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We noted that the fully absorbed costs to make and sell HRC presented in Megasteel's exporter questionnaire response do not include transportation costs. Profitability was therefore assessed by comparing this cost with the ex-works price of domestic sales (see OCOT below).

We also noted that Megasteel had included cold-rolled coil shut down expenses (mostly repairs and maintenance costs) in the cost to make and sell HRC. We excluded this amount from the final cost to make and sell HRC.

6.5 Finance expenses

Megasteel included separate amounts for term loan interest and working capital interest in its HRC production cost schedule. At the visit, Megasteel provided a schedule showing monthly term loan interest, working capital interest and interest income for each month of the 2010/11 financial year (**confidential attachment COSTS 25**). The total of the expenses and income reconciles with the amount of finance costs shown in the audited financial statements for 2010/11 (see **confidential attachment COSTS 26**), with the addition of a small preference share dividend amount and a small year end adjustment.

We ensured that the monthly finance costs had been accurately included in the HRC production cost schedule.

6.6 Cost to make and sell – summary

We consider the costs to make and sell (including the revisions set out above) are a reasonably complete, relevant and accurate reflection of the actual costs of Megasteel to make and sell HRC during the investigation period.

We consider these costs to make and sell are suitable for:

- determining a constructed normal value under section 269TAC(2)(c) of the Act; and
- assessing ordinary course of trade under section 269TAAD of the Act.

The revised costs to make and sell HRC are at **Confidential Appendix 2**.

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7 DOMESTIC SALES**7.1 Domestic sales process**

On the domestic market Megasteel sells to:

- manufacturers/end users - who further process HRC into finished goods;
- stockists/distributors – who on-sell the HRC; and
- service centres – who shear/ slit the HRC into slitted coils.

We examined the prices recorded against the different levels of trade and observed no consistent pattern in pricing according to the distribution channel. This analysis can be found in 'Levels of trade' tab of **Confidential Appendix 3 – Domestic Sales**.

Megasteel commented that the domestic market is in decline and that they are currently facing competition from dumped imports. They continued to explain that the prices of imported HRC from China and Russia are very cheap and that the market is not picking up.

7.1.1 Sales to related parties

Megasteel sells HRC to related companies, Bright Steel Service Centre SB, Bright Steel Sdn Bhd, and Lion Steelwork Sdn Bhd. Lion Steelworks Sdn Bhd is 100% owned by Lion Corporation Berhad and Bright Steel Sdn is 100% owned by Total Triumph Investments Ltd which is in turn 100% owned by Lion Corporation Berhad. Bright Steel Service Centre SB is 57.1% owned by Bright steel Sdn Bhd. Lion Corporation Berhad is 49.20% owned by Lion Diversified Holdings Berhad.

Megasteel considers that there is no price difference in its sales to related companies compared to sales to unrelated companies. We examined Megasteel's sales to the above related companies and compared these sales to sales of unrelated companies. We did not find any evidence of these related companies receiving preferential pricing for their purchases. This analysis can be found in 'Related Sales' tab of **Confidential Appendix 3 – Domestic Sales**.

Megasteel has no agency or distribution contracts with its customers.

7.1.2 Sales Process

Megasteel summarised its domestic sales process as follows:

- Megasteel announce monthly price list in the middle of each month;
- Customer submits order quantities, followed by purchase order to confirm sale;

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- Megasteel issues contract to customer and requests letter of credit (LC) if customer does not have a security deposit with Megasteel;
- Customer issues letter of credit to confirm order;
- Megasteel confirms order and schedules production;
- Goods are manufactured and delivered to the customer;
- Megasteel receives payment from customer. Interest is charged on late payments.

Megasteel elaborated on its domestic sales process, providing the following information:

Domestic prices of HRC are decided by Megasteel’s management group and a price list is issued in the middle of each month via a letter to customers. The price list is valid for orders placed within XX days of publication of the price list. Any order placed after this time period is subject to price negotiation. The price list is based on delivery approximately XX days after the close of the order period. XXXXXXXXXX
XX. [Price list information]

The price list is made up of a base price list and a list of specification extras which incur an additional cost. Megasteel provided us with a copy of this extras price list which is at **Confidential Attachment DOM 1**.

Domestic orders are received by phone, fax or email. Credit terms are set at XX days after delivery. Megasteel advised that the invoice price is always based on list price with quantity discounts issued afterwards where applicable.

The price list is announced XX days ahead of HRC production. Megasteel receives customer contracts, keys them into the internal ordering system and sends the orders to the production department who produce according to a set schedule. The time from customer order to order fulfilment is approximately XXX months. The order contains information about the specification, quality and thickness of the HRC. Invoices are issued on the day after delivery. Orders are always delivered with delivery costs based on location and charged in addition to base price for HRC.

Megasteel provided a copy of its monthly prices in tab “List Price” of the spreadsheet submitted as part of its response to the exporter questionnaire.

7.1.3 Delivery

Megasteel’s domestic sales listing submitted with its response to the exporter questionnaire identified all sales as ex-works but also listed a figure for each transaction in the column entitled ‘in land transport’. When we sought to verify the two sample domestic sales transactions prior to the visit, we could see that the gross and net invoice price listed in the spreadsheet included the amount in the ‘in-land

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transport' column. All domestic orders are delivered and incur in-land transport charges which are passed on to the customer.

Megasteel arranges transportation of finished orders via an external transport company and pass on these transport costs to the customer in addition to an amount for insurance. Megasteel provided copies of its transport rates (**Confidential Attachment DOM 2**) which demonstrated the transport rates (RM/MT) charged to the customer, by location in addition to the amounts payable by Megasteel to the transport company. We noted the difference between the transport costs incurred by Megasteel and the transport costs charged to its customer ranged from XXXXX RM/T, depending on the location. We asked Megasteel to provide evidence of charges incurred from the transport company. We were provided with an invoice from Megasteel's transport supplier XXXXXXXXXXXXXXXXXXXXXXX for a month during the investigation period (**Confidential Attachment DOM 3**). We were also provided with a breakdown of this invoice (**Confidential Attachment DOM 4**), from which we were able to see verify the transport costs incurred by Megasteel reported on its internal Transport Rate document.

Megasteel stated that to its knowledge no domestic sales were subsequently exported without undergoing further fabrication/processing.

7.1.4 Slitting and packaging

Pickled and oiled HRC is packaged in plastic wrap, with the cost of the plastic wrap included in the price charged to the customer. All other HRC is only packaged with straps to hold the HRC in place.

7.1.5 Discounts, rebates and allowances

In its response to the exporter questionnaire, Megasteel provided a listing of quantity discount credit notes (Tab QD CN of Response to the Exporter Questionnaire Spreadsheet), which contained a transactional listing of credit note values, credit note numbers, dates and customer numbers. The response to the exporter questionnaire explained that the quantity discount is granted to customers based on their order quantity and consistency, loyalty and payment performance. At the verification visit Megasteel provided us with an updated version of this Quantity Discount spreadsheet that displayed customer names in addition to customer numbers – **Confidential Appendix 5**.

At the verification visit, Megasteel explained that the quantity discount was based on the past XXX months purchase performance of customers. If customers purchase over a set volume, they receive a quantity discount in the form of a credit note. The credit notes for the quantity discounts are provided to customers on a monthly basis for the previous month's purchases. The customer is then able to apply the credit note value to the following month's invoice.

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The quantity discount varies according to the customer, with most customers receiving some discount. Megasteel outlined how a committee decides upon the quantity discount for each customer based on a number of factors:

- The consistency of the customer's ordering (to discourage hoarding);
- The customer's production capacity (what percentage of their total HRC requirements are they purchasing from Megasteel);
- Customer's other sources of HRC (do they purchase imports).

The committee takes into consideration the customer's purchase volume over the past XXX months, but also takes into consideration the state of the current market, what is a sustainable order quantity for that customer and any stock they may have in storage. Megasteel provided us with a copy of the Committee calculations for quantity discounts for July – September 2012 – **Confidential Attachment DOM 5**.

We discussed with Megasteel how we could allocate the quantity discounts against the sales transactions in the domestic sales spreadsheet. They provided us with **Confidential Attachment DOM 6** and **Confidential Appendix 6** – a spreadsheet listing the credit notes each month by customer and the quantity delivered and the credit note amount for that month. We were then able to calculate a credit note discount (RM/T) for each customer, for each month by dividing the credit note value for that month by the quantity of HRC delivered. These calculations can be found at **Confidential Appendix 7**. We deducted this RM/MT credit note value from the gross invoice value in the domestic sales listing to arrive at a net invoice value after rebate. These calculations can be seen in the 'Domestic Sales' tab of **Confidential Appendix 4 – Normal Values**. Megasteel also provided us with copies of Credit Notes to a sample of customers which we verified to the Quantity Discount Credit Note spreadsheet (**Confidential Attachment DOM 7**).

7.1.6 Date of sale

We discussed with Megasteel whether the invoice date or contract date would be most suitable to compare to the export invoice or contract date. Megasteel explained that because the price is set at the time of contract (contract date) it would be most suitable to compare the domestic contract date with the export contract date.

Both the domestic sales spreadsheet and the export sales spreadsheet identified date of invoice and date of sale/contract. We calculated that the average time between contract date and invoice date for all domestic sales during the investigation period was XXX days. The shortest was XXX days and the longest time period was XXX days. We consider that the contract date is the date of sale for both domestic and export sales as this is the time when the price is set and is subsequently unable to be changed.

We have used the contract date as the date of sale.

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Section 5.3 of this report sets out the reconciliation of both export and domestic sales to Megasteel's audited financial statements. We consider the domestic sales information provided by Megasteel is complete.

7.3 Domestic sales – verification to source documents

The domestic sales spreadsheets provided by Megasteel included line by line information relating to:

- customer;
- level of trade;
- product specifications;
- invoice date and number;
- contract date;
- order number;
- shipping and payment terms;
- packaging type;
- sales quantity (tonnes);
- gross and net invoice value; and
- inland transport.

Prior to the visit, we requested that Megasteel provide supporting documents for ten selected domestic sales. Megasteel provided the following documents for each of these sales during the verification visit:

- sales contract;
- price summary for contract;
- customer order confirmation;
- commercial invoice;
- delivery order; and
- proof of payment to Megasteel by its domestic customer.

These documents are at **confidential attachment DOM 8**.

We verified the volume and value of sales for the selected shipments to the domestic sales spreadsheet.

We noted that one selected domestic invoice number did not correspond to the invoice number in the domestic sales listing. Megasteel explained that this was a sale to East Malaysia and that its internal controls required the issuing of a commercial invoice with a separate number to that recorded in its internal system invoice (**confidential attachment DOM 9**).

We consider that the domestic sales data provided by Megasteel is complete and relevant.

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7.4 Arms length transactions

In respect of Megasteel's domestic sales of HRC, we found no evidence that:

- there is any consideration payable for or in respect of the goods other than their price; or
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller.

We therefore consider Megasteel's domestic sales during the investigation period were arms length transactions.

7.5 Volume and suitability of sales

Domestic sales cannot be used to establish normal values if the volume of domestic sales is less than 5 per cent of the volume of comparable goods exported to Australia. We compared the volume of Megasteel's export sales of each type and thickness category with comparable domestic sales over the investigation period. The volume of domestic sales is more than 5 per cent of the volume of comparable goods exported to Australia

7.6 Ordinary course of trade

We compared the unit invoice price paid for each domestic sale with the fully absorbed CTMS those models for the corresponding month. We then compared the selling prices of the loss making sales with the weighted average CTMS for the investigation period to test whether some of those sales may be taken to be recoverable within a reasonable period of time. We found that greater than XXX per cent of Megasteel's domestic sales of each type and thickness category were not profitable and not recoverable over the investigation period. We therefore used only the recoverable domestic sales of like goods to establish normal values.

7.7 Domestic sales – summary

We found a sufficient volume of sales in the domestic market that were arms length and sold at prices that were in the ordinary course of trade. The price paid for the goods in those domestic sales was established satisfactorily. Based on the information provided by Megasteel, and the verification processes conducted on site, we consider that prices paid in respect of domestic sales are suitable for assessing normal value under s. 269TAC(1).

A summary of domestic sales suitable for establishing normal values is at **Confidential Appendix 3**.

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8 THIRD COUNTRY SALES

Megasteel provided a summary of sales to third countries. We consider we have sufficient verified information to establish normal values using domestic sales or costs.

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9 ADJUSTMENTS

We considered the following adjustments to ensure normal values are fairly comparable with export prices.

9.1 Adjustments in respect of domestic sales**9.1.1 Credit terms**

For 99 per cent of domestic sales, credit terms are XXX days after invoice date. For a small number of sales, credit terms are LC at sight. As export sales are all LC at sight, we made a downwards adjustment to the normal value for sales with credit terms of XX days.

Megasteel directed us to note 20 to the 2011 Financial Year Profit and Loss statement which provided floating interest rates for bankers acceptance, revolving credits, trust receipts and bank overdrafts. We were advised by Megasteel that an average of these interest rates is used for its working capital. We calculated an average of these four interest rates and made a negative adjustment to the domestic selling price.

9.1.2 Domestic freight

In the domestic sales listing provided as part of its response to the exporter questionnaire, Megasteel provided domestic transport costs for all sales transactions.

We made a negative adjustment for domestic freight. We used the freight costs in each month rather than the average for the investigation period.

9.1.3 Duty drawback

We enquired about duty drawback and Megasteel advised that it does not receive duty drawback.

9.1.4 Slitting costs

We made a negative adjustment for slitting costs when the comparable grade sold on the domestic market was slitted and the export grade was not.

9.1.5 Skinpass and pickling and oiling costs

At the verification visit, Megasteel provided its Export Grade and Extra Charges List (Confidential Attachment EXP 1). This extras list showed that an additional XXX USD/T was charged for skinpassing and an additional XXX USD/T was charged for pickling and oiling of HRC. We took an average of the monthly exchange rates provided by Megasteel in its export sales listing and applied this to calculate additional charges of XX RM/T for skinpassing and XXX RM/T for pickling and oiling.

Export grades HA250, HA300 and HA350 are not skinpassed or pickled and oiled.

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We made a negative adjustment for skinpassing and/or pickling and oiling costs for domestic sales when the comparable export model was not skinpassed and/or pickled and oiled.

9.2 Adjustments in respect of export sales**9.2.1 Export inland freight**

Export inland freight includes freight from the plant to the port. In its export sales listing, Megasteel provided inland freight costs for all sales transactions. We made a positive adjustment for export inland freight.

9.2.2 Terminal handling expenses

Terminal handling charges were incurred by Megasteel for the export of HRC. We made a positive adjustment for terminal handling charges, with the amount of the adjustment based on the terminal handling charges incurred for the comparable export model.

9.2.3 Export packaging

Slitted coil that was exported received additional packaging. We made a positive adjustment for export packaging for domestic sales that were being compared to export sales of slitted coil.

9.2.4 Slitting costs

In its export sales listing provided as part of its response to the exporter questionnaire, Megasteel provided slitting costs on a transaction by transaction basis where applicable. These slitting costs were XXX per MT for plain slitted coil and XXX per MT for coil that was pickled and oiled and slitted. The difference between these two costs – XXXX/MT – was added to domestic HRC that was already slitted but not pickled and oiled.

We made a positive adjustment for slitting costs when the comparable grade sold on the domestic market was not already slitted.

9.2.5 Skinpass and pickling and oiling costs

JIS G3131 SPHD is the only export model that is skinpassed and pickled and oiled.

We made a positive adjustment for skinpassing and/or pickling and oiling costs for domestic sales compared to exports of JIS G3131 SPHD when the comparable domestic model was not already skinpassed and/or pickled and oiled.

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10 NORMAL VALUE

We consider that information gathered from all sources and detailed in this report and its attachments, can be relied upon to establish normal values under s. 269TAC(1). We have made adjustments to the normal value under s. 269TAC(8) for:

- domestic credit;
- domestic inland transport;
- export inland freight;
- export packaging;
- export terminal handling; and
- slitting and pickling and oiling costs.

In its response to the exporter questionnaire Megasteel identified that of the four HRC grades exported to Australia, two are also sold on the domestic market. For the two export grades that are not sold on the domestic market, Megasteel nominated a domestic grade of HRC that was comparable to each.

At the verification visit, we sought to gain more information about the different grades of HRC sold on the domestic and export markets. Megasteel provided us with an Export Grade and Extra Charges List – confidential attachment EXP 1, which contained groupings of grades of HRC according to the extra cost they incur. We were also provided with an internal product code listing which grouped grades of HRC together according to similar properties (confidential attachment COSTS 18) and Domestic extras price list (confidential attachment DOM 1).

From examining these two documents we were satisfied that the two domestic grades nominated by Megasteel (SPHT2 and SS400) as comparable to the two export grades not sold on the domestic market were comparable (HA250 and HA300). We utilised these nominated domestic grades when comparing normal values to export prices.

Of the two export models that were sold on the domestic market – HA350 and SPHD, there were insufficient domestic sales in the ordinary course of trade to use in our dumping margin calculations. We referred to confidential attachments COSTS 18, DOM 1 and EXP 1 to find domestic grades that were within the same grouping and attracted the same extra charges as the export grade in question.

A listing of all the domestic grades that we used to compare to the export grades for our dumping margin calculations can be found below.

[CONFIDENTIAL TABLE]

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We calculated normal values for each date of sale month, using sales in the domestic market that were arms length transactions and sold at prices that were in the ordinary course of trade. A summary of normal value calculations is at **Confidential Appendix 4**.

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11 DUMPING MARGIN

In calculating the dumping margin we used the date of sale/contract to compare each export transaction with the corresponding normal value for the corresponding grade of HRC. For three months there were no domestic sales in the ordinary course of trade. In two of these instances we used the normal value from the following month and made an adjustment based on the difference in the CTMS between these months. For the third instance, we did not make an adjustment as the difference was less than XXX per cent. These adjustment calculations can be found in the 'Cost Summary' tab of Confidential Appendix 2.

We calculated a weight average product dumping margin of 15.45 per cent. The dumping margin calculations can be found at **Confidential Appendix 1**.

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12 LIST OF APPENDICES AND ATTACHMENTS

Confidential appendix 1	Export price calculations and dumping margin calculations
Confidential appendix 2	CTMS summary
Confidential appendix 3	Domestic sales listing
Confidential appendix 4	Normal values
Confidential appendix 5	Quantity Discount spreadsheet with customer names
Confidential appendix 6	Detailed quantity discount listing for each customer
Confidential appendix 7	Credit note calculations to be applied to domestic sales
Confidential attachment EXP 1	Export Grade and Extra Charges List
Confidential attachment EXP 2	Email from Bright Steel regarding slitting & packing charges
Confidential attachment EXP 3	Photo of wrapping for pickled & oiled HRC
Confidential attachment EXP 4	Email from Bright Steel regarding small charge for special packing instructions for one shipment.
Confidential attachment EXP 5	Invoices showing terminal handling charges – containerised cargo
Confidential attachment EXP 6	Invoices showing terminal handling charges – break bulk
Confidential attachment EXP 7	Megasteel treasury advices – May 2011 & January 2012
Confidential attachment EXP 8	Customer sales analysis reports for export sales
Confidential attachment EXP 9	Verification pack for sample export sales
Confidential attachment COSTS 1	May 2011 manufacturing cost summary reports
Confidential attachment COSTS 2	May 2011 SMP monthly key performance & consumption report
Confidential attachment COSTS 3	HRC production summary for year-to-date May 2011
Confidential attachment COSTS 4	Scrap stock movement report for May 2011
Confidential attachment COSTS 5	Verification pack for HDRI & HBI purchases – May 2011
Confidential attachment COSTS 6	Payment evidence for HDRI & HBI purchases – May 2011
Confidential attachment COSTS 7	Accounts Payable ledger for Lion DRI
Confidential attachment COSTS 8	Extract from Megasteel & Lion DRI offtake agreement
Attachment COSTS 9	Extract from “The Tex Report” – HMS & pig iron prices
Attachment COSTS 10	Extract from “The Tex Report” – Australian iron ore prices
Confidential attachment COSTS 11	Purchase reports for imported HMS supplies – May 2011
Confidential attachment COSTS 12	Supporting documents for HMS purchases
Confidential attachment COSTS 13	Electricity expense documentation
Confidential attachment COSTS 14	Employee headcount report for May 2011
Confidential attachment COSTS 15	Verification pack for depreciation charges
Confidential attachment COSTS 16	Recovery schedule for May 2011

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Confidential attachment COSTS 17	May 2011 Scrap cost schedule
Confidential attachment COSTS 18	Internal code listing
Confidential attachment COSTS 19	Alloy cost schedule
Confidential attachment COSTS 20	Cost of production summary
Confidential attachment COSTS 21	Cost of production reports year-to-date March 2011 & year-to-date June 2011
Confidential attachment COSTS 22	Un-audited monthly Profit & Loss statement for 2011/12
Confidential attachment COSTS 23	Detail on SG&A expense categories
Confidential attachment COSTS 24	Monthly breakdown of SG&A costs
Confidential attachment COSTS 25	Interest expense & income schedule for FY 2010/11
Confidential attachment COSTS 26	Interest expense & income verification
Confidential attachment DOM 1	Domestic extras price list
Confidential attachment DOM 2	Megasteel transport rates schedule
Confidential attachment DOM 3	Invoice from transport company to Megasteel
Confidential attachment DOM 4	Break down of invoice from transport company
Confidential attachment DOM 5	Committee calculations for quantity discount Jul-Sep 2012
Confidential attachment DOM 6	April 2011 credit note listing
Confidential attachment DOM 7	Sample of credit notes to customers
Confidential attachment DOM 8	Verification pack for sample domestic sales
Confidential attachment DOM 9	Domestic invoice sale to East Malaysia
Confidential attachment GEN 1	Megasteel outline of HRC production process

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