PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Exporter verification report

Verification and case details

Company verified	PMB Aluminium Sdn. Bhd.		
Case number	640		
Initiation Anti-Dumping Notice (ADN)	ADN 2024/010		
The goods under consideration	Aluminium extrusions		
Case type	Review of measures		
Location	Lot 6464, Batu 534, Jalan Kapar, Kampung Sementa, 42100 Klang, Selangor, Malaysia		
Verification meeting dates	8/05/2024	to	13/05/2024
Review period	1/01/2023	to	31/12/2023

This report details the findings and recommendations of a verification team in the Anti-Dumping Commission.

This report may not reflect the Anti-Dumping Commission's final position.

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1 REPORT SUMMARY

1.1 About this report

The commission sent out a questionnaire to collect exporter information for Review of Measures 640 (case 640) into Aluminium Extrusions exported from Malaysia during the review period. PMB Aluminium Sdn. Bhd. (PMBA) responded to this questionnaire relating to sales from Malaysia.

A team of staff in the commission verified the information PMBA submitted to assess if the commission should rely on this information. The team conducted the verification at PMBA's premises in Malysia.

The commission has reviewed the information submitted by PMBA and the findings of the team. This report details the commission's verification findings and recommendations about PMBA for case 640.

A finding made in this verification report (verification finding) and verification recommendations (verification recommendations) are made in the context of this verification only. These verification findings and verification recommendations may be referred to and relied on in the Statement of Essential Facts and Final Report for case 640.

1.2 Key dumping margin recommendations

The commission recommends calculating a dumping margin of negative 4.4%.

For more information on the variable factors used to calculate the rate of dumping, see **chapter 2**.

1.3 Key verification findings

The commission finds the information PMBA submitted is complete, relevant and accurate .

For more information on the verification process, see **chapter 3**. For the commission's key verification findings, see **chapter 3.9**.

1.4 Abbreviations in this report

In this report, unless otherwise stated:

- all **sections** cited are from the ***Customs Act 1901*** **(Cth)**
- all **regulations** cited are from the ***Customs (International Obligations) Regulation 2015*** **(Cth)**
- the term **ADN** refers to **Anti-Dumping Notice**.

2 VARIABLE FACTORS

2.1 Major recommendations

The commission recommends using more than one section 269TAB method to set an export price at **chapter 2.3**.

The commission recommends using section 269TAC(1) to set a normal value and using section 269TAC(8) to adjust the price of like goods at **chapter 2.4**.

The commission recommends the calculation of a dumping margin at **chapter 2.5**.

2.2 About this chapter

2.2.1 Chapter structure

This chapter details the commission's recommendations about how to set the variable factors used to calculate the rate of dumping for goods that PMBA produced and sold.

Australian customs law sets out different ways to calculate variable factors based on the facts available.

This chapter briefly describes the meaning of variable factors and its associated terms and also summarises the commission's recommendations about how to determine the following.

- an **export price**
- a **normal value**
- a **dumping margin**

2.2.2 What are variable factors?

Variable factors are numerical values that the commission uses to calculate the levels of dumping or countervailable subsidy. By verifying a company's data, the commission aims to set accurate variable factors and accurately calculate the level of dumping or countervailable subsidy.

The commission has explained some concepts relating to variable factors. These explanations are in simple terms and may not reflect the full, technical definitions.

Goods

The goods exported into Australia are **Australian export goods** or the **goods under consideration**.

Goods that are the same or similar to Australian export goods are **like goods**.

Variable factors

Dumping occurs if the price of Australian export goods (the **export price**) is less than the equivalent price of like goods in an exporter's domestic market (the **normal value**).

The **amount of dumping** is the difference between a normal value and the corresponding export price – that is, the normal value minus the export price.

A **subsidy** is a financial contribution, income support or price support, from a country of export Government, public body or a private body being directed by the Government or public body that confers a benefit to Australian export goods.

The Australian government can cancel out – that is, **countervail** – the effect of a subsidy, if that subsidy is specific to Australian export goods. In other words, a subsidy specific to Australian export goods is a **countervailable subsidy**.

The minimum export price to prevent material injury to an Australian industry is the **non-injurious price**. The commission typically relies on information from Australian industry and other sources to calculate this price, which is beyond the scope of this verification. The commission has therefore not calculated a non-injurious price in this report.

Margins calculated using variable factors

A **dumping margin** is the rate of dumping compared to the export price.

A **subsidy margin** is the rate of countervailable subsidy attributable to Australian export goods.

2.3 Export price

2.3.1 The commission's recommendation

Summary

The commission recommends using more than one section 269TAB method to set an export price.

In more detail

Exports by PMBA during the review period involved varying circumstances. As a result, the export price for PMBA has been established under section 269TAB(1)(a) where sales by PMBA were made directly to the Australian importer and under section 269TAB(1)(c) for sales involving intermediaries.

For exports sold directly to the Australian importer, the commission recommends setting an export price for PMBA under section 269TAB(1)(a). Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

To calculate an export price using a consistent delivery term for all sales, the commission adjusted some transactions using the weighted average unit cost for inland transport to the port of export and the port of export handling expenses.

For exports to Australia that involved an intermediary, the commission recommends setting an export price for PMBA under section 269TAB(1)(c). Under this section, the export price is set having regard to all the circumstances of the exportation.

Specifically, the commission recommends calculating an export price using the price paid by the intermediary inclusive of charges incurred for inland transport to the port of export and port of origin handling expenses.

Confidential appendix 1 contains the commission's export price calculations.

2.3.2 General method

Section 269TAB lists different ways to calculate an export price based on the facts available.

The commission considers these questions, among others, before calculating an export price:

- Did the verified company sell goods for Australian export?
- Who is the exporter?
- Who is the importer?
- Did the exporter sell to the importer at arm's length?

In this chapter, the commission summarises its findings about facts that affect how to calculate an export price.

2.3.3 The verified company produced and exported the Australian export goods

The commission finds that PMBA produced and exported the Australian export goods during the review period.

The commission also assesses if PMBA produced or sold the goods for its domestic market at **chapter 2.4.3**.

2.3.4 Who is the exporter?

The commission's finding

The commission considers PMBA is the exporter of the Australian export goods because this company:

- is the manufacturer of the goods
- where the exports involved an intermediary, PMBA was named on the commercial invoice as the supplier of the goods to the intermediary, who then supplies the goods to the Australian importer
- where the exports did not involve an intermediary, PMBA was named on the commercial invoice as the supplier of the goods to the Australian importer
- arranges and pays for the inland transport to the port of export (when the terms of the export sales required PMBA to pay these expenses).
- arranges and pays for the port handling charges at the port of export (when the terms of the export sales required PMBA to pay these charges).

General method

The commission generally identifies an **exporter** as a company, located in the country of export, who is a principal company involved in an Australian export goods transaction. At least one of the following generally also applies for a company to be an exporter:

- the company knowingly transferred the goods to its own vehicle, or to a freight company, to deliver the goods to Australia
- at the time the goods shipped, the company owned or previously owned the goods.

To identify the exporter, the commission typically relies on information about Australian export transactions from stakeholders and Australian Border Force.

2.3.5 Who is the importer?

The commission's finding

For all transactions, the commission considers PMBA's Australian customers are the importers of the Australian export goods. In other words, PMBA's Australian customers beneficially owned the Australian export goods at the time of import into Australia.

For each transaction, the importer:

- is named as the consignee on bills of lading
- is named as the importer on import declarations to ABF.

General method

An **importer** is the beneficial owner of goods at the time of import. The beneficial owner may differ from the listed or nominal owner of the goods.

For example, a parent company can have direct control over a subsidiary company's assets and decisions. If that parent company lists its subsidiary company as the owner of goods at the time of import, the commission would find that parent company is the importer because it beneficially owns the goods.

To identify the importer, the commission typically relies on information about Australian export transactions provided by stakeholders and Australian Border Force.

2.3.6 The Australian export sales may not all be at arm's length

The commission's finding

For the Australian export goods sold during the review period, the commission finds that PMBA:

- sold at arm's length to unrelated customers
- sold at arm's length to related customers in sales that were not transacted via intermediary PMB.
- Sold at non arms length to related customers in sales that were transacted via intermediary PMB.

Further details – unrelated customers

For all unrelated customer transactions, the commission finds that PMBA sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price.
- a relationship between a buyer, a seller or their associates appeared to influence the price.
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that PMBA:

- sold goods at similar prices to all unrelated customers
- referred to a market price index when setting the Australian market price for unrelated customers.

Further details – related customers not transacted via the intermediary PMB

For some related customer transactions, the commission finds that PMBA sold the Australian export goods **at arm's length** as defined under section 269TAA.[1] Specifically, the importer verification of PMBA's related party Australian importer PMAA found that transactions made directly by PMBA to PMAA were at arms length.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price

[1] This finding includes consideration for PMBA's submission concerning treatment of related party Australian sales. Case 640 EPR Item No. 009 refers.

- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that PMBA:

- sold goods at similar prices to related and unrelated customers
- referred to a market price index when setting the Australian market price for related customers.

Further details – related customers transacted via the intermediary PMB

For some related customer transactions, the commission finds that PMBA did not sell the Australian export goods **at arm's length** as defined under section 269TAA.[2] Specifically, the importer verification of PMBA's related party Australian importer PMAA found that transactions made PMBA to PMAA via intermediary PMB were not at arms length.

For these transactions, the commission notes that PMBA:

- sold goods at similar prices to related and unrelated customers
- referred to a market price index when setting the Australian market price for related customers.

However, the commission also found that:

- the price was 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; and
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

Specifically, the commission found that during the review period PMAA held long-term borrowings from PMB that are not interest bearing.

The commission notes the following about the borrowings and how these impact the arms length assessment:

- The borrowings are aged accounts payables that the parties at some stage agreed to convert to a long-term loan, and the loan balance has reduced since 2017.
- The commission has analysed PMAA's rate of repayment of the loan and found that PMAA makes larger repayments some years, and smaller or even no repayments other years depending on their access to cash.
- The borrowings are not interest bearing. The commission has therefore calculated commercial interest on the loan amount and added to the SGA to these imports that were supplied through PMB for the purpose of profitability calculations and found that the interest in itself made a small increase to the SGA that adjustment did not impact the profitability to PMAA's imports.
- The commission then turned its mind to the structure of the loan arrangement and the quantum and timing of the repayments. The commission consider that the non-commercial nature of this arrangement, the absence of regular amortisations and the scope for PMAA to schedule its repayments based on cash flow considerations is a strong indication that the buyer received a benefit for, or in respect of, whole or any part of the price.

[2] This finding includes consideration for PMBA's submission concerning treatment of related party Australian sales. Case 640 EPR Item No. 009 refers.

The commission therefore found that a commercial or other relationship may have influenced the price.[3] Hence, the commission is not satisfied that the exports of the goods by PMBA via the intermediary PMB are arms length transactions.

2.4 Normal value

2.4.1 The commission's recommendation

Summary

The commission recommends using section 269TAC(1) to set a normal value and using section 269TAC(8) to adjust the price of like goods.

In more detail

The commission finds that there is a sufficient sales volume of domestic like goods, sold at arm's length and in the ordinary course of trade to set a normal value under section 269TAC(1).

The commission recommends adjusting the normal value to properly compare this value to the export price when measuring the level of dumping, under section 269TAC(8). The commission has summarised these adjustments in **chapter 2.4.8**.

The commission's normal value calculations are at **confidential appendix 3**.

2.4.2 General method

Section 269TAC lists different ways to calculate a normal value based on the facts available.

The commission considers these questions, among others, before calculating a normal value:

- Did the verified company, or a party related to the verified company, sell like goods domestically?
- Were there any domestic sales of like goods?
- Was there a low volume of domestic like goods sales?
- Were the domestic like goods sales at arm's length?
- Does any component of the exporter's costs, or producer's costs, not reflect competitive market costs?
- Were the domestic like goods sales in the ordinary course of trade?
- Does the normal value require adjustments to properly compare it to the export price?

2.4.3 The verified company produced and sold like goods for the domestic market

The commission finds that, during the review period, PMBA produced and sold like goods for domestic home consumption.

[3] Confidential attachment 1 to 640 – Importer report, pages 47-50 refer.

The commission finds that these goods were 'like goods' because these domestics goods are identical to, or closely resemble, the Australian export goods. The commission has described its reasons below.

The commission also assesses if PMBA produced or sold the goods for Australian export at **chapter 2.3.3**.

Physical likeness

PMBA does not distinguish between domestic like goods and the Australian export goods during production (production is the same for the exported goods and goods sold in the domestic market, subject to individual customer specifications, and the costs of production for models sold domestically and for export are the same).

Production likeness

PMBA produced all goods at the same facilities, using the same raw material inputs and production processes.

Commercial likeness

All goods compete in the same market sector, are interchangeable and use similar distribution channels.

Functional likeness

All goods are functionally alike, as they have similar end uses.

2.4.4 The domestic sales are all at arm's length

The commission's overall finding

For the domestic like goods sold during the review period, the commission finds that PMBA:

- sold at arm's length to unrelated customers
- sold at arm's length to related customers.

Further details – unrelated customers

For all unrelated customer transactions, the commission finds that PMBA sold the domestic goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that PMBA:

- sold goods at similar prices to all unrelated customers

- referred to a market price index when setting the domestic market price for unrelated customers.

Further details – related customers

For all related customer transactions, the commission finds that PMBA sold the domestic goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that PMBA:

- sold goods at similar prices to related and unrelated customers
- referred to a market price index when setting the domestic market price for related customers.

2.4.5 The production records reasonably reflect competitive market costs

The commission's finding

The commission finds that PMBA's production records reasonably reflect competitive market costs.

Why the commission assesses production records

The commission assesses if a company's production cost records reasonably reflect competitive market costs as required by Regulation 43(2) before selecting which method to recommend for setting a normal value under section 269TAC.

The commission assesses production cost records through methods including:

- analysing transactions for materials or services supplied by a related party to see if they reflect other costs in the market
- considering if the domestic country has generally competitive, or non-competitive, costs for certain materials or services.

If the commission finds that the production cost records reasonably reflect competitive market costs, the commission must use the recorded costs to calculate the cost of production. If the commission finds that production cost records do not reasonably reflect competitive market costs in some part, then the commission may use other information if appropriate to adjust that part of the costs before setting a normal value.

The commission's finding about related party suppliers

PMBA purchased scrap, ingot and billet from related party suppliers during the review period.

For purchases of ingot and billet, PMBA did not source these materials from any unrelated parties. However, it sourced scrap aluminium from numerous suppliers, both related and unrelated. The largest proportion of scrap was purchased from unrelated party suppliers. The weighted average price of PMBA's scrap purchased from related party suppliers was comparable to unrelated party suppliers.

2.4.6 Were domestic sales in the ordinary course of trade?

General method

The commission assesses if domestic like goods sold in the ordinary course of trade before selecting which method to recommend for setting a normal value under section 269TAC.

Section 269TAAD sets out which sales are in the ordinary course of trade. Under this section, a domestic like goods sale is **not** in the ordinary course of trade if the conditions below apply to the sale:

- the sale is **unprofitable in substantial quantities** over an extended period
- the sale is **unlikely to be recoverable** within a reasonable period.

The commission typically uses this method to assess each step of identifying a sale not in the ordinary course of trade.

1. A sale is **unprofitable** if its unit price is less than the corresponding unit cost to make and sell in the sales month or sales quarter.
2. All sales for a model are unprofitable **in substantial quantities** if the volume of unprofitable sales is 20% or more of the total volume of sales.
3. A sale is **unlikely to be recoverable** if its unit price is less than the corresponding unit cost to make and sell for the entire reasonable period.

The commission typically sets both the 'extended period' and 'reasonable period' under section 269TAAD as the inquiry, investigation or review period for a case – whichever applies to that case.

The commission's method

The following table summarises the figures the commission used to assess if PMBA's domestic like goods sales are in the ordinary course of trade.

Component	Details
Extended unprofitability period	The review period
Reasonable recoverability period	The review period
Price	Net invoice price
Cost	Quarterly cost to make and sell the goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the goods over the review period, including direct selling expenses for each transaction.
Date of sale: Australian exports	Invoice date
Date of sale: domestic	Invoice date

Table 1 Ordinary course of trade assessment details

The commission notes PMBA claimed the order date as the date of sale in the REQ. However, the commission could not verify this claim and PMBA agreed to use the invoice date as the date of sale for Australian sales and domestic sales.

2.4.7 Is there a low volume of relevant domestic sales?

About this chapter

Under section 269TAC(1), the commission must set a normal value using a sufficient volume of domestic like goods.

If the commission uses a low volume of domestic like goods to set a normal value, then the normal value does not properly compare to the export price when measuring the level of dumping and the commission cannot set a normal value under section 269TAC(1).

To assess if there is a large enough volume of domestic sales to set a normal value under section 269TAC(1), the commission must compare the domestic and Australian export sales volumes for an exporter. If the domestic sales volume is less than 5% of the Australian export sales volume, the commission must also assess if the domestic sales volume is still large enough to use in a normal value that properly compares to the export price.

The commission uses this method to compare domestic and Australian export sales volumes both overall and for each model sold as Australian export goods. When comparing sales volumes for an individual model, the commission may use a surrogate domestic sales model to calculate normal value for the Australian export sales model.

Section 269TAC(14) sets this sufficiency test for dumping investigation cases. The commission also uses this sufficiency test when setting a normal value in other case types.

The figure below summarises the possible outcomes when assessing domestic sales volumes to use in a normal value set under section 269TAC(1).

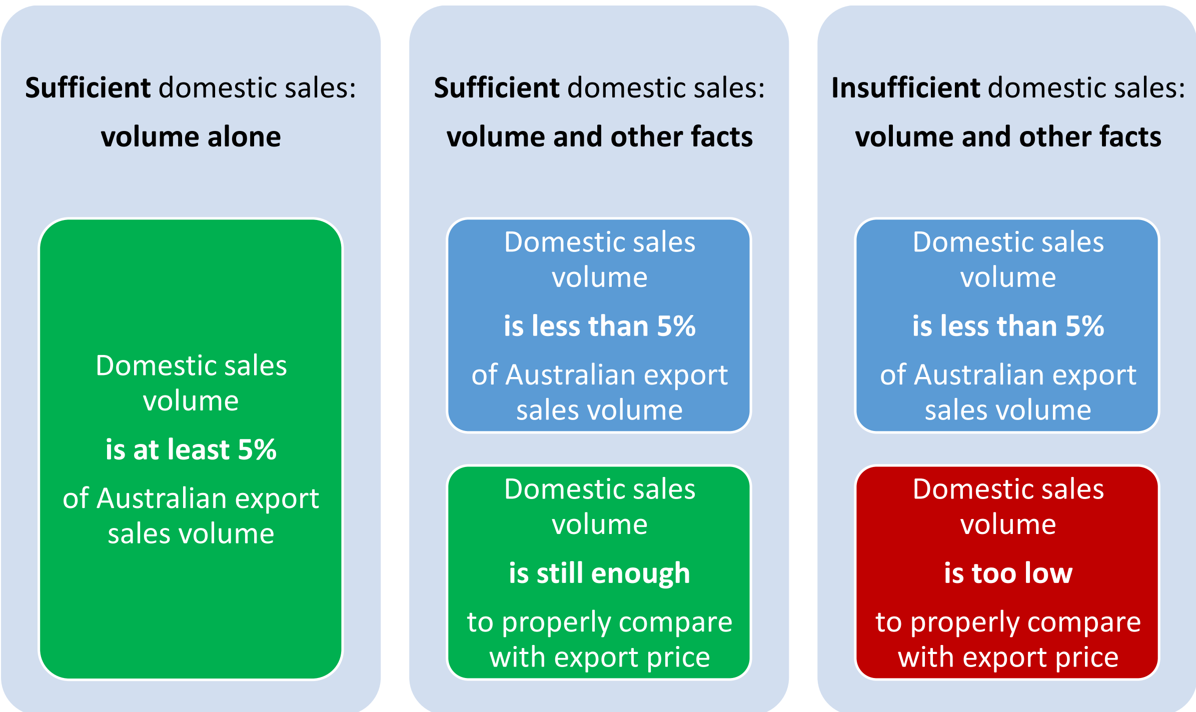

Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

The commission's finding about total sales volume

The commission finds that PMBA sold a sufficient volume of domestic like goods for use in a normal value set under section 269TAC(1).

The commission finds that PMBA's domestic like goods sales volume was at least 5% of its Australian export goods sales volume.

The commission's finding about domestic sales volumes for each model

Table 2 details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

Export MCC	Is MCC's domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
CA-6A-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
CA-6D-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
CHR-6A-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
M-6A-O	No	No domestic sales of M-6A-O. Surrogate model M-6A-T1 used, with specification adjustment under section TAC(8).
M-6A-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
M-6A-T50	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
M-6C-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
M-6D-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
NA-6A-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
NA-6A-T50	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
NA-6D-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
PC-6A-T1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
PC-6A-T50	No	No domestic sales of PC-6A-T50. Surrogate model PC-6A-T1 used, with specification adjustment under section TAC(8).
PC-6C-T1	No	No domestic sales of PC-6C-T1. Surrogate model PC-6A-T1 used, with specification adjustment under section TAC(8).
PC-6D-T1	No	Low domestic sales of PC-6D-T1. The commission considers however that the domestic sales of same MCC permits a proper comparison to exported goods.

Table 2 Export models compared to domestic model by volume

The commission's volume analysis is at **confidential appendix 3.**

2.4.8 Summary of adjustments to the normal value

The commission recommends the following adjustments to properly compare export price of the Australian export goods to the corresponding normal value.

Adjustment Type	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic packing expenses	Deduct an amount for domestic packing expenses
Domestic level of trade	Deduct an amount for domestic level of trade
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port handling charges	Add an amount for export port handling charges
Exported stillage transportation expenses	Add an amount to reflect the expenses incurred to transport re-usable stillages from Australia to Malaysia.
Export credit terms	Add an amount for export credit terms
Specification	Add or deduct an amount for specification differences.
Timing	Add or deduct an amount for timing adjustment

Table 3 Summary of adjustments

The commission details how it assessed normal value adjustments at **chapter 3.10**.

The commission calculated and applied adjustments in the normal value calculations at **confidential appendix 3**.

2.5 Dumping margin

The commission recommends calculating a dumping margin of **negative 4.4%**.

The commission calculated PMBA's dumping margin by comparing weighted average Australian export prices to the corresponding weighted average normal values for the review period under section 269TACB(2)(a).

The commission calculated PMBA's dumping margin by comparing weighted average Australian export prices to the corresponding weighted average normal values for the review period.

The dumping margin calculation is at **confidential appendix 4**.

3 VERIFICATION DETAILS

3.1 Major findings

The commission finds the information PMBA submitted is complete, relevant, and accurate after material revisions.

3.2 About this chapter

This chapter details what the commission found when verifying PMBA's questionnaire response for case 640.

This chapter first summarises verified key details about PMBA, relating to:

- corporate operations and structure
- accounting records
- the range of goods produced or sold.

This chapter outlines the commission's method to verify and validate PMBA's submitted information.

This chapter then summarises the commission's assessment of PMBA's submitted information. This summary includes a list of material revisions made to this information before the commission finalised the verification.

3.3 Corporate information

3.3.1 Company information

PMBA is a private Malaysian producer and trader of aluminium. PMBA is limited by shares and part of a group of companies (the Press Metal group) ultimately owned by Press Metal Aluminium Holdings Berhad (PMAH). PMAH is listed on the Malaysian stock exchange. The commission notes that the Press Metal group consists of numerous entities registered in Malaysia and elsewhere, including the Australian distributor Press Metal Aluminium (Australia) Pty Ltd (PMAA).

Prior to 25 August 2020, PMBA operated as 'PMB (Klang) Sdn Bhd'.

PMBA has 100% ownership of four subsidiary distributors in Malaysia:

- PMB Central Sdn. Bhd.
- PMB Northern Sdn. Bhd.
- PMB Eastern Sdn. Bhd.
- PMB Aluminium Sabah Sdn Bhd.

PMBA produces and sells aluminium products to related and unrelated customers in its domestic market.

PMB Aluminium produces and sells aluminium products to PMAA and unrelated customers in Australia.

The commission notes that during the first month of the review period, PMBA's Australian sales were conducted through related trading arm PMB as per a previous arrangement. This arrangement has now ceased.

3.3.2 Related companies

The commission examined the relationships between PMBA and the parties involved in it producing or selling the goods.

Related suppliers

PMBA purchased scrap, ingot and billet from related party suppliers during the review period.

For purchases of ingot and billet, PMBA did not source these materials from any unrelated parties. However, it sourced scrap aluminium from numerous suppliers, both related and unrelated. The largest proportion of scrap was purchased from unrelated party suppliers. The weighted average price of PMBA's scrap purchased from related party suppliers was comparable to unrelated party suppliers.

Related customers

PMBA sold the Australian export goods to related party distributor PMAA. The commission compared the sales process and the prices achieved to PMAA to PMBA's unrelated transactions and found that these are comparable.

PMBA sold the domestic like goods to related party customers in Malaysia. The commission compared the sales process and the prices achieved to domestic customers to PMBA's unrelated transactions and found that these are comparable.

3.3.3 Production process and cost allocation

PMBA produced the goods by:

1. Raw Materials: The billets used by PMBA to produce its extrusions are sourced directly from external billet suppliers or produced in its own billet casting facility. For billets produced in its own facility, PMBA relies on a combination of primary aluminium ingots and scrap aluminium sourced from external suppliers and generated by its extrusion production process.
2. Extrusions Production Process: All aluminium extrusions originate from the extrusion press process. The extrusion process involves heating billets and forcing this material under hydraulic pressure through a die to create the profile. Following extrusion the product is stretched to achieve straightness and subject to heat treating in kilns/ovens to achieve the desire material temper. Following the tempering stage the extrusions are cut to the required length. At this point the material's surface properties resemble the raw aluminium billets that were initially put through the extrusion press. This type of finish is classed as "mill finish". If the product does not require any further finishing, such as powder coating or anodising, it may go straight to packing or routed through a fabrication process and then packed.
3. Powder coating: Powder coating involves taking the extrusions, applying paint in powder form to the extrusions via an electrostatic charging process and heating the coated extrusions in an oven to cure the powder coating into a finish that resembles goods which have been spray painted.
4. Anodising: Mill finish extrusions are immersed in a heated chemical solution that is electrically charged. Depending on the depth of the anodising and the desired colour, the chemical mix and duration of immersion will be adjusted.

5. Scrap: The production of aluminium extrusions primarily generates scrap as a result of two instances, one being the 'butt' of the billet that cannot be processed through the extrusion press, the second being the result of production failures that could occur at any stage.
6. Packaging: Domestic sales are individually wrapped and labelled. Export sales undergo an additional boxing process where the wrapped and labelled extrusions are placed in timber boxes.
7. Steel trolleys: Exported goods that are containerised utilise steel trolleys, or stillages. Boxed extrusion bundles are first secured onto the steel trolley before the whole trolley is pushed into the container for export. Exported goods also require fumigation of the containers whereby domestic goods do not. PMBA incurs the cost for shipping the stillages that are sent in the containers to Australia back to Malaysia.

Table 4 outlines how the commission allocated each cost component.

Cost component	Allocation method applied
Aluminium Ingot	Allocated to the cost of production for PMBA's in house production of billet.
Scrap allocation	Allocated to the cost of production for PMBA's in house production of billet. The value of scrap is allocated by production quantity of billet production by alloy type.
Aluminium billet	Allocated to the cost of extrusion production by production quantity and alloy type.
Powder Costs	Allocated based on production quantity of the powder coating production line.
Anodising chemicals	Allocated based on the production quantity of the anodising production line, separately identified by natural anodised and colour anodised models.
Direct labour	Allocated based on production cost centre and production quantity relevant to each cost centre.
Manufacturing overheads	Allocated based on production quantity.
Depreciation	Allocated based on cost centre and production quantity.

Table 4 Cost allocation method

3.4 Do the accounting records comply with generally accepted accounting principles?

The commission finds that PMBA's accounting records for the review period comply with the generally accepted accounting principles of Malaysia.

KPMG KLT audited PMBAPMBA's financial statement and included a statement that the financial accounts comply with the Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.5 Types of goods produced or sold in the submitted information

3.5.1 Model control code compliance and amendments

The sales and costs data PMBA submitted complied with the MCC structure detailed in the questionnaire sent to the exporter.

The commission found that PMBA provided sales and cost data for all mandatory and optional MCC categories.

During the verification visit, PMA claimed it was necessary to add an MCC category to identify extrusions relating to specific for in sales to domestic customers in Malaysia. PMBA requested this on the basis that the type of extrusions concerned had higher rejection rates and were sold to domestic market customers only. The commission examined the prices of the relevant extrusions across all finish types and found they were comparable to other extrusions. The presence of higher rejection rates did not appear result in a higher price per kilogram.

After comparing prices of different models of the goods, the commission recommends amending the MCC structure.

The commission recommends amending the MCC structure by:

- Removing the category for anodising microns as PMBA had failed to report microns specification in the domestic sales listing. Many domestic sales transactions identified as anodised surface finish was not accompanied with the anodising microns data. PMBA was not able to correct for this issue by supplying a revised sales listing. The absence of adequate data pertaining to anodising microns means it cannot be relied on for inclusion in the MCC structure.
- Removing the sub-category for anodised finish and replace with separate sub-categories for Natural anodised and Colour anodised. This reflects the consistently higher price point at which the colour anodised extrusions are sold to customers.
- Adding a new sub-category for chromated extrusions. The commission staff identified extrusions that were denoted as mill finish in the REQ were in fact undergoing a priming process resulting in a chromated finish specification. Pricing for chromated surface finish extrusions was separately identified in price lists provided by PMBA. The price difference of chromated surface finish over basic mill finish warrants separate recognition for chromated finish in the MCC category for finish.

The revised MCC structure is detailed below:

Category	Sub-category		Sales data	Cost data
Finish	NA	Natural anodised	Mandatory	Mandatory
	CA	Colour anodised		
	CHR	Chromated		
	M	Mill		
	PC	Powder coating		
Alloy code	6A	6060, 6063	Mandatory	Optional
	6B	6106		
	6C	6101, 1350, 6082, 6351, 6061		
	6D	6005A		
	O	Other*		
Temper code	T1	T1, T4, T5, T6	Optional	Optional
	T50	T591, T5965, T52		
	O	Other*		

Table 5 Revised MCC structure

3.5.2 Verification of model control codes

Table 6 below details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Finish	Verified to invoice and delivery order.
Alloy code	Verified to invoice and delivery order.
Temper code	Verified to invoice and delivery order.
Anodising microns	Not verified. The commission found that insufficient data was provided in relation to the anodising microns, and the commission therefore disregarded this subcategory.

Table 6 MCC sub-category determination

3.5.3 List of model control codes

PMBA both produced and sold the following MCCs during the review period:

MCC	Australian sales	Domestic sales	Australian costs	Domestic costs
CA-6A-T1	Yes	Yes	Yes	Yes
CA-6A-T50	No	Yes	No	Yes
CA-6C-T1	No	Yes	No	Yes
CA-6D-T1	Yes	Yes	Yes	Yes
CHR-6A-T1	Yes	Yes	No	No
CHR-6C-T1	No	Yes	No	No
M-6A-O	Yes	No	Yes	No
M-6A-T1	Yes	Yes	Yes	Yes
M-6A-T50	Yes	Yes	Yes	Yes
M-6C-T1	Yes	Yes	Yes	Yes

M-6D-O	No	Yes	No	Yes
M-6D-T1	Yes	Yes	Yes	Yes
M-O-O	No	Yes	No	Yes
M-O-T1	No	Yes	No	Yes
NA-6A-T1	Yes	Yes	Yes	Yes
NA-6A-T50	Yes	Yes	Yes	Yes
NA-6C-T1	No	Yes	No	Yes
NA-6D-T1	Yes	Yes	Yes	Yes
PC-6A-T1	Yes	Yes	Yes	Yes
PC-6A-T50	Yes	No	Yes	No
PC-6C-T1	Yes	No	Yes	No
PC-6D-T1	Yes	Yes	Yes	Yes

Table 7 List of MCCs produced or sold

3.6 Method to validate information

3.6.1 Valid information is complete, relevant and accurate

A valid exporter questionnaire response includes data listings about sales, costs and subsidy programs as applicable.

Before relying on submitted data listings, the commission first verifies if these listings are:

- **complete**, as in, including all the relevant data
- **relevant**, as in, including only relevant data
- **accurate**, as in, including only correct data.

In practice, the commission typically verifies data listings as complete and relevant at the same time.

3.6.2 Further detail about the commission's typical process

ADN 2016/30 describes the commission's standard procedure to verify and validate stakeholder information.

This report summarises how the commission verified PMBA in **chapters 3.7 and 3.8**. Unless otherwise stated, the commission's verification method is consistent with ADN 2016/30.

The commission details its process and findings in the verification work program at **confidential attachment 1**.

3.7 Method to verify information as complete and relevant

3.7.1 The commission's general method

The commission verifies data listings as complete and relevant by reconciling each listing's sum total up to audited financial records.

The commission typically reconciles a listing to audited records incrementally. The commission typically links a listing subtotal to management accounts, then links those management accounts to the audited records.

Figure 2 outlines how the commission verifies different topics as complete and relevant.

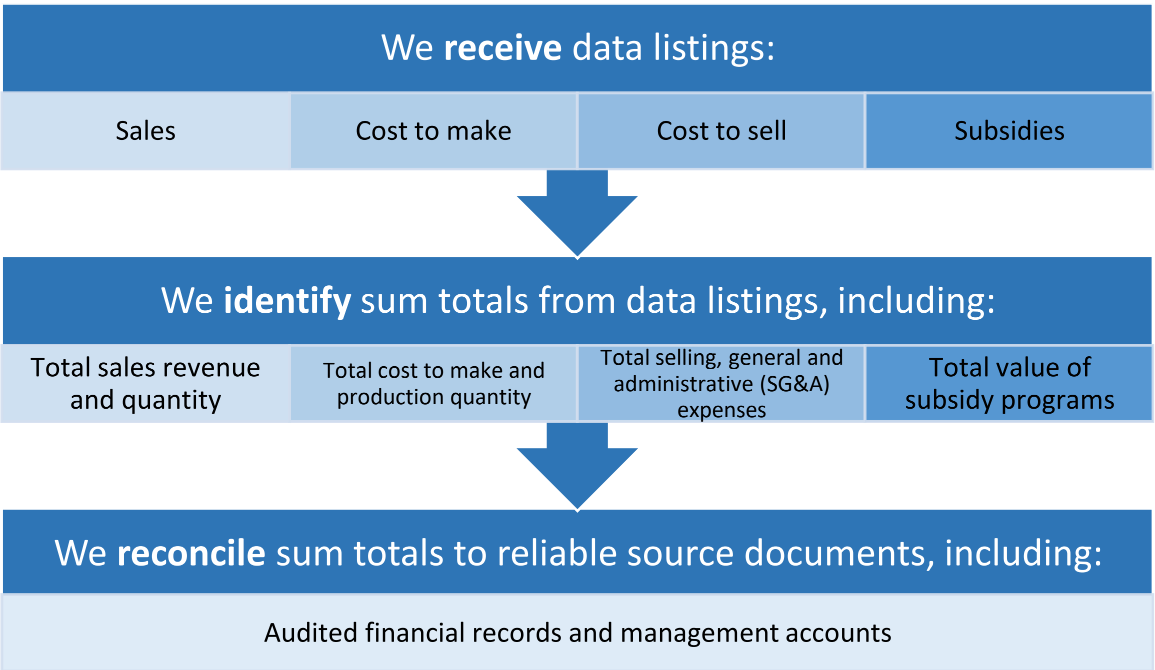

Figure 2 How the commission verifies data as complete and relevant

3.7.2 How the commission applied the commission's method

The commission followed the commission's general verification method, described above, to assess if the submitted information is complete and relevant. See below for more details.

Sales

The commission:

1. Reconciled PMB and PMBA's sales revenue, as stated in Attachment B-4 to the REQ, to respective entity's Profit and loss statements as provided with 2023 financial statements.
2. Reconciled sales value and volumes of each product category to PMBA's sales report and matched to values in PMBAs live accounting system.
3. To confirm the source of information, the commission selected PMB Aluminium's accounting code in the accounting system and selected transactions in the sales report generated prior to the visit. The commission traced these transactions to the system and viewed general ledgers and accounting entry of each category and requested source documents to support the accounting entries.

4. Reconciled the sales listings relevant to Australian sales, domestic sales and third country sales to the sales report, and sampled entries in the accounting system to be satisfied that transactions were correctly reported.

Cost to make

The commission:

1. Reconciled the total cost of production reported in source documents used to prepare response to G-3 and G-5 of PMBA's REQ.
2. Verified costs reported in the CTM source documents to the figures reported in G-8 of PMBA's REQ.
3. Compared the cost and volume of purchased extrusions reported in G-8 to the ledger data provided in source file ADC Exhibit worksheet G8 at Appendix 3.
4. Compared the costs reported for other significant cost items, such as billet sales and packing, in G- 8 to the relevant source data supplied by the exporter.
5. Compared the figure reported for change in value of finished goods in the review period to the relevant general ledger accounts presented in ADC Exhibit 2023 worksheet G-8 at Appendix 1.
6. Compared the figure reported for cost of goods sold in the review period to the relevant general ledger accounts presented in ADC Exhibit 2023 worksheet G-8 at Appendix 2 and 3.
7. Reconciled the figure for cost of goods sold reported in G-8 to the exporter's draft financial statements (which covers a period that is the same as the review period, i.e. calendar year 2023).

Cost to sell

The commission:

1. Assessed information relating to the accounts listed in G-4.1 of the REQ to identify if the expenses were relevant SG&A expenses and whether they were direct or indirect expenses.
2. Compared the value of expenses allocated to SG&A to the total value of the expense accounts listed in the trial balance.
3. Checked allocation ratios by assessing expense accounts that related to multiple cost centres and activities.
4. Mapped SG&A expense accounts in the trial balance to the relevant line item in the profit and loss statement.
5. Compared the total value of expenses in the trial balance to the total value of expenses in the exporter's draft financial statements (which covers a period that is the same as the review period, i.e. calendar year 2023).

3.8 Method to verify information as accurate

3.8.1 The commission's general method

To verify the listings are accurate, the commission typically reconciles key data from a selection of transactions in the listings down to source documents.

Figure 3 outlines how the commission verifies different topics as accurate.

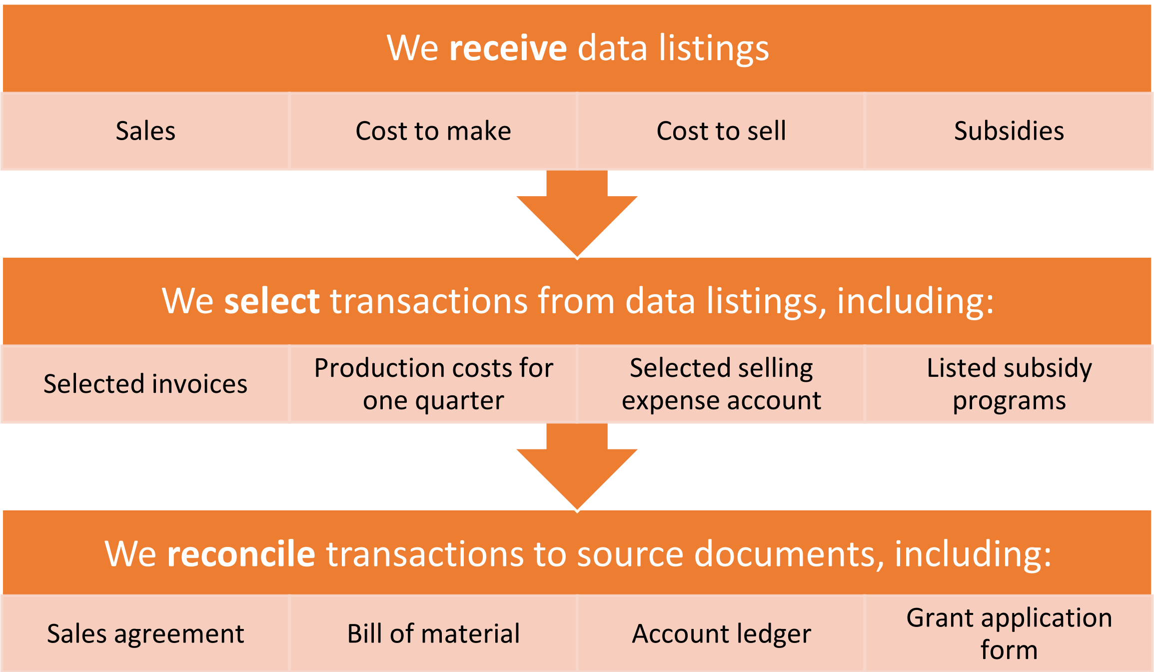

Figure 3 How the commission verifies data as accurate

3.8.2 How the commission applied the commission's method

Sales

The commission:

1. Matched the sales value and quantity to sales documents such as invoices, purchase orders or delivery orders, packing lists, bill of lading, proof of payment documents and sales agreements.
2. Confirmed the terms of sale and direct selling expenses, through examination of accounting ledgers, sales agreements, logistics invoices, aging accounts to calculate payment terms and determine the incoterms of the sale.
3. Where the commission could not match the payment terms to source documents, it examined PMBA's calculation of accounts receivable turnover ratio and audited financial accounts.

Following the commission's general method, described above, the commission verified the submitted information as accurate by verifying the listings down to source documents.

3.9 Verification findings and material revisions

3.9.1 The submitted information is complete and relevant

Overall

The commission finds that the information PMBA submitted is complete and relevant after material revisions. The material revisions relate to the following matters which are detailed further below.

- Australian sales listing prepared based on transactions with Australian importation arrival date rather than invoice date.
- Double counted sales reported in Third Country sales listing.
- Revised MCC sub-categories for anodised extrusions.
- Treatment of ‘other selling expenses’ reported in the domestic and Australian sales listings.
- Value and volume of like goods sales in the SG&A listing
- Overstated SG&A expenses
- Relevance of reported SG&A expenses
- Reported expenses for packaging

Sales

Material revision 1: Revised Australian Sales Listing

Description: The commission was unable to reconcile the total value and volume of PMBA’s Australian Sales reported in worksheet B-2 and its sales ledger. PMB Aluminium explained it prepared its Australian Sales listing using the arrival date of the shipments to Australia. This resulted in an incomplete number shipments set out in the B-2 worksheet. **Resolution:** PMBA resubmitted a revised Australian sales listing using invoice date to include all sales of goods during calendar year 2023.

Material revision 2: Revised Third Country Sales Listing

Description: The commission identified that PMBA reported sales to Australia via a third country in both the B-2 Australian Sales Listing and F-2 Third Country Sales Listing. This resulted in these transactions being double counted **Resolution:** The commission removed the relevant Australian export sales transactions from the Third Country Sales listing in worksheet F-2.

Cost to sell

Material revision 3: SG&A sales listing incorrect

Description: PMBA REQ did not utilise the correct MCC structure for mapping SG&A expenses to domestic sales. The revenue reported for domestic sales of like goods did not match the amount reported at D-2 of its REQ. **Resolution:** The SG&A sales listing was amended to reflect the full MCC structure, inclusive of revisions to the finish sub-category to reflect natural anodised and colour anodised extrusions. Data for sales of chromated finish extrusions relied on SG&A costs for mill finish

products as these are the closest resembling alternative. The verified version of PMBA's domestic sales listing D-2 was used to update the SG&A sales listing PMBA initially provided at G-4.2 in its REQ.

Material revision 4: SG&A expenses overstated

Description: PMBA's SG&A expenses at G-4.2 of its REQ were found to be overstated by including expenses that were not relevant SG&A expenses, e.g. utility expenses. The resulting allocation ratio of SG&A expenses to domestic sales was therefore incorrect.

Resolution: PMBA submitted a revised SG&A expenses listing to replace the version initially provided at G-4.1 of its REQ.

Material revision 5: Relevance of SG&A expenses

Description: The revised version of PMBA's SG&A expense listing G-4.1 reported expenses for water utility and production staff bonuses that were relevant to production activities rather than SG&A activities.

Resolution: The expenses noted above were marked as not relevant and excluded from the SG&A expenses calculation.

Material revision 6: Packing expense reconciliation

Description: Packing expenses reported in PMBA's sales listings did not reconcile to the value of the accounts relevant to its packing expense calculations. PMBA correctly reported packing materials expenses but did not include the full value of relevant manufacturing overheads. The overhead expenses omitted from PMBA's calculations related to the fabrication department. The fabrication department performs further working to the extrusions and also completes the packing activity. All other extrusions are packed by the warehouse department.

Resolution:. PMBA provided information concerning overhead packing expenses incurred by both the fabrication and warehouse departments. PMBA has also reported all sales of extrusions as being relevant to the review. It has not sought to exclude the sale of extrusions that it considers to be fabricated to an extent they would not be like goods or goods subject to measures. As a result, it is appropriate to include the value of the overhead expenses incurred by the fabrication department. PMBA's packing expense calculations have been updated to include the fabrication department overhead expenses. Fabrication department overhead expenses have been added to the cost base used to calculated packing expenses. Overheads have been allocated across all sales volume. PMBA's calculations initially allocated overhead by warehouse output volume.

3.9.2 The submitted information is accurate

Overall

The commission finds that the information PMBA submitted is accurate after material revisions. The material revisions relate to the following matters which are detailed further below. The revisions relate to:

- Australian sales listing
- Domestic sales listing
- Classification of SG&A expenses

- Export direct selling expenses

Sales

Material revision 7: Revision of natural anodised 'NA' and coloured anodised 'CA' MCC subcategories

Description: PMBA claimed a new MCC sub-category for coloured anodised 'CA' finished goods in the REQ. The commission observed pricing differences between models of 'CA' and anodised 'A' goods sold for export in the review period and noted that PMBA reported the subcategory of anodising 'A' based on the source description of natural anodised 'NA' models.

Resolution: The commission proposed to modify the proposed model control code structure to include a separate subcategory for coloured anodised 'CA' finish and revise the MCC sub-category anodised 'A' to natural anodised 'NA' goods. It applied these changes to a revised export sales listing to include MCC sub-categories 'CA' and 'NA' to reflect observable price differences.

Material revision 8: Separation of chromated 'CHR' finish goods in MCC subcategories

Description: The commission identified the model control code subcategory of mill finish goods contained the finish type 'chromated'. It observed notable price difference between mill finish and chromated goods reported in the B-2 Australian Sales Listing and D-2 Domestic Sales Listing.

Resolution: The commission required PMB Aluminium to submit a revised B-2 worksheet and D-2 worksheet separating mill finish and chromated goods to identify and recognise the price difference between models sold to Australian and domestic customers.

Material revision 9: Australian sales payment terms

Description: The payment terms reported in PMBA's Australian sales listing were not accurate when compared to source documents and were not consistent with the timing of payments by the customer.

Resolution: The commission has determined revised payment terms for Australian sales by applying the accounts receivable turnover method using data provided by PMBA.

Material revision 10: Australian Sales Delivery Terms

Description: The delivery terms reported in PMBA's Australian sales listing were inconsistent with the actual process concerning the parties that were liable for various costs for shipping the goods to Australia.

Resolution: PMBA provided an updated Australian sales listing to report delivery terms as per logistics provider commercial documents and its price updates to Australian customers.

Material revision 11: Australian sales credit notes

Description: PMBA's questionnaire at B-1.7 disclosed the presence of credit and debit notes provided in relation to its Australian sales but did not report the values in its Australian sales listing for B-2. **Resolution:** PMBA provided an updated Australian sales listing with supporting source documents to report credit notes issued to related party Australian customers. The value of the credit notes was immaterial with respect to total value of sales but have been included in the calculation of PMBA's export price.

Material revision 12: Domestic sales payment terms

Description: The payment terms reported in PMBA's domestic sales listing were not accurate when compared to source documents and were not consistent with the timing of payments by the customer. **Resolution:** The commission has determined revised payment terms for domestic sales by applying the accounts receivable turnover method using data provided by PMBA.

Material revision 13: Categorisation of Australian other selling expenses

Description: The commission identified 'OTHER COSTS' in attachment B-2 to PMBA's REQ. Examination of accounting information did not support the expenses were necessarily incurred directly because of a sale. **Resolution:** The commission disregarded the costs reported in the 'OTHER COST' column of PMBA's Australian sales listing and reallocated these costs as an 'indirect' SG&A expense.

Material revision 14: Categorisation of domestic other selling expenses

Description: The commission identified 'OTHER COSTS' in attachment D-2 to PMBA's REQ. Examination of accounting information did not support the expenses were necessarily incurred because of a sale. **Resolution:** The commission disregarded the costs reported in the 'OTHER COST' column of PMBA's domestic sales listing and reallocated these costs as an 'indirect' SG&A expense.

Cost to sell

Material revision 15: 'Other selling expenses' changed to 'indirect' category

Description: The available information does not support 'other selling expense' reported in PMBA's Australian and domestic sales listing were specific to those transactions. The expenses were found to relate to certain company functions concerning the operation of sales and warehousing activities generally however would have been incurred absent of a sales transaction. The expenses are not considered to be in the 'direct' category. **Resolution:** 'Other selling expenses' reported in PMBA's Australian and domestic sales listings have been changed to the 'indirect' category and applied to the unit cost of SG&A expenses in the CTMS calculations at Appendix 2 to the verification report.

Material revision 16: Reclassification of SG&A expenses from indirect to direct category

Description: The revised version of PMBA's SG&A expense listing reported expenses for transportation (carriage outwards) and marine insurance as indirect SG&A expenses.

Resolution: The available information identified the above expenses were already incorporated in PMBA's calculations for domestic and export delivery expenses. They were therefore marked as 'direct' expenses and have not been applied in calculation of SG&A expenses used for PMBA's CTMS figures at Appendix 2.

Material revision 17: Addition of expenses for stillage transport costs

Description: PMBA's Australian sales listing did not report expenses incurred for transportation of re-usable stillages from Australia to Malaysia. The stillages are trolleys used to aid in the packing of containers and are transported together with the goods. The stillages are collected in Australia and shipped back to PMBA in Malaysia for re-use. PMBA pays the transportation expenses used to ship the stillages from Australia to Malaysia.

Resolution: PMBA provided data concerning the cost of stillage transportation. This was used to determine a unit cost of transport per kilogram of extrusion sold during the review period. The Australian sales listing was updated to reflect the unit cost and total cost of stillage expenses.

3.10 Adjustments to compare export price and normal value

The commission lists the adjustments it recommended in this report at **chapter 2.4.8**.

The commission assessed all potential adjustments to properly compare the export price for Australian export goods to the corresponding normal value.

Adjustment type	Adjustment assessment	Evidence and calculation method	Did the exporter claim this adjustment?	Did the commission apply this adjustment?
Domestic credit terms	Based on an examination of PMBA's sales documentation, bank statements and accounts receivable ledger it was ascertained that customers were afforded varying terms to settle payment for goods purchased. The period in which PMB's domestic customers were allowed to pay was materially different when compared to period relevant to PMB's Australian sales.	Due the nature in which PMBA's domestic customers are allowed to pay, the payment terms were calculated using the accounts receivable turnover ratio method. The period determined was based on the opening and closing accounts receivable balance for all domestic customers and applied universally to all domestic sales transactions (GP16-A refers)	Yes	Yes
Domestic inland transport	Domestic selling prices included delivery, which was found to be at a different level of cost compared to export delivery expenses to the port of export.	Having regard to the data in PMBA's accounts and its reported sales volume, a weighted average unit cost per quarter was determined.	Yes	Yes
Domestic packaging	Domestic packaging costs were included in the price and were found to be less than export packaging costs.	Having regard to the data in PMBA's accounts, a quarterly weighted average unit packing cost was determined and applied.	Yes	Yes

Adjustment type	Adjustment assessment	Evidence and calculation method	Did the exporter claim this adjustment?	Did the commission apply this adjustment?
Level of trade.	A material proportion of PMB's domestic sales were at a level of trade that was not equivalent to the level of trade applicable to its Australian customers.	The value of the adjustment was worked out by identifying the discount applicable between domestic sales at different levels of trade and applying the variance to PMBA's domestic sales that did not correspond to the level of trade relevant to PMBA's Australian sales.[4] [5]	Yes[6]	Yes
Domestic powder coating	At E-5 in PMBA's REQ it outlines the powder coating for domestic extrusions attract a higher price and has a higher cost when compared to Australian powder coated exported. PMBA's claim is based on differences in the way the powder coating surcharge is determined for domestic and Australian sales.	Analysis of powder coating cost information and prices of powder coated extrusions was performed. This found the cost of powder coating used for domestic market sales was generally comparable with Australian exports. The existence of higher cost powders relevant to domestic market sales did not translate to higher extrusion prices when expressed on a per kilogram price basis.	Yes	No
Domestic other direct selling expenses	PMBA reported other selling expenses in its domestic sales listing but did not claim these in D-5 or E-4.3 of its REQ.	It could not be satisfied that PMBA's reported 'other selling expenses' were necessarily incurred due to a sale. They have been recategorized as an 'indirect' SG&A expense.	Yes	No
Export packaging.	Packaging costs for Australian exported goods were included in the price and were found to be higher than cost of packing for domestic sales.	Having regard to the data in PMBA's accounts, a quarterly weighted average unit packing cost was determined and applied.	Yes	Yes

[4] The commission's Dumping and Subsidy Manual refers to this as the Level Discount Method.
[5] The commission is satisfied that a proportion of the domestic sales is made at different level of trade than the goods relevant to PMBA's Australian sales, and that a level of trade adjustment was warranted. The commission formed its conclusion having examined the customer profiles and the profitability of the relevant sales and compared to those sales made by PMBA's distribution subsidiaries.
[6] PMBA also made a submission concerning its claim for level of trade adjustments (Case 640 EPR Item No. 010 refers). The commission's consideration of the claim outlined in GP16 to confidential attachment 1 contains confidential information that is not suitable for disclosure on the public record.

Adjustment type	Adjustment assessment	Evidence and calculation method	Did the exporter claim this adjustment?	Did the commission apply this adjustment?
Export inland transport.	Where the relevant sales process was applicable, Australian export prices included delivery to the port of export. The cost was found to be at a different level compared to cost of delivery incurred by PMBA on its domestic sales.	Having regard to logistics company invoices, a weighted average unit cost for was determined for the relevant exports.	Yes	Yes
Export port handling charges.	Where the relevant sales process was applicable, Australian export prices included port of export handling charges. PMBA does not incur this expense for its domestic sales.	Having regard to logistics company invoices, a weighted average unit cost for was determined for the relevant exports.	Yes	Yes
Export stillage transport costs	PMBA utilises re-useable stillages that aid in the packing and unpacking of containers. These are shipped to Australia with the goods and returned to Malaysia for re-use. PMBA covers the cost. Domestic sales do not incur a similar expense. It is reasonable that the export price would also need to recover the cost of re-usable stillage transportation.	PMBA provided data concerning the cost of transporting stillages from Australia to Malaysia and the number of containers required to ship the goods during the review period. The unit cost of stillage transportation was applied to the total number of containers to determine a unit cost per kilogram.	No	Yes

Adjustment type	Adjustment assessment	Evidence and calculation method	Did the exporter claim this adjustment?	Did the commission apply this adjustment?
Export credit terms.	Based on an examination of PMBA's sales documentation, bank statements and accounts receivable ledger it was ascertained that customers were afforded varying terms to settle payment for goods purchased. The period in which Australian customers were allowed to pay was materially different when compared to period relevant to PMBA's domestic sales.	Due the nature in which PMBA's Australian customers are allowed to pay, the payment terms were calculated using the accounts receivable turnover ratio method. The period determined was based on the opening and closing accounts receivable balance for all Australian customers and applied universally to all Australian sales transactions.	Yes	Yes
Export other direct selling expenses	PMBA reported other selling expenses in its Australian sales listing but did not claim these in B-5 or E-4.4 of its REQ.	It could not be satisfied that PMBA's reported 'other selling expenses' were necessarily incurred due to a sale. They have been recategorized as an 'indirect' SG&A expense.	Yes.	No
Specification adjustments.	Price list information examined during verification identified that prices differences existed in relation to a range of product specifications. Due to no domestic sales in relation to certain models exported to Australia, surrogate normal values have been used and adjusted to account for physical differences that effect price. The surrogate model is identified in brackets. • M-6A-O (M-6A-T1) • PC-6A-T50 (PC-6A-T1) PC-6C-T1 (PC-6A-T1)	Price lists were not utilised as the exports models relevant to the adjustment were not sold on the exporter's domestic market. A suitable alternative was a cost of production approach which recognised the incremental cost difference between the relevant export MCCs quarterly cost of make (CTM) and equivalent domestic SG&A costs plus the profit margin (expressed as a percent of cost [CTM + SG&A]) earned on domestic sales of like goods in OCOT.	No	Yes

Adjustment type	Adjustment assessment	Evidence and calculation method	Did the exporter claim this adjustment?	Did the commission apply this adjustment?
Timing adjustment.	For certain MCCs exported to Australia there was an absence of domestic sales in the corresponding quarter. The following models were subject to a timing adjustment. • M-6A-T50 • NA-6D-T1 • PC-6D-T1	The timing adjustment was based on the change in quarterly normal value for the closest resembling MCC between the two quarters either preceding or following the quarter in which a normal value was required.	No	Yes
Powder coating	In E-5 of PMBA's REQ it outlines the powder coating for domestic extrusions attract a higher price and has a higher cost when compared to powder coated extrusions exported to Australia.	Examination of the available information did not support higher cost powders used for domestic market sales led to higher prices. The unit price of powders consumed for domestic market sales was comparable to the price of powder used for Australian sales. PMBA accepted the verification team's analysis. The discussion below outlines the verification teams detailed consideration of PMBA's claim for powder coating adjustments.	Yes	No
Exchange rate fluctuations	In E-5 of its REQ, PMBA claims differences arising due to exchange rates for the Australian dollar and Malaysian Ringgit.	PMBA acknowledged this claim was contained in its REQ but advised at the visit that it wish to have it withdrawn.	Yes	No

Table 8 Assessment of adjustments

4 APPENDICES AND ATTACHMENTS

Confidential appendix 1: Export price
Confidential appendix 2: Cost to make and sell
Confidential appendix 3: Normal value
Confidential appendix 4: Dumping margin
Confidential appendix 5: Subsidy margin
Confidential attachment 1: Verification work program