



Exporter verification report

Verification and case details

Company verified	LB Aluminium Berhad		
Case number	682 and 683		
Initiation Anti-Dumping Notice (ADN)	2025/054		
The goods under consideration	Aluminium extrusions (mill finish) Aluminium extrusions (surface coating)		
Case type	Continuation Inquiry		
Location	Lot 11, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Semenyih, Selangor Darul Ehsan, Malaysia		
Verification meeting dates	27/10/2025	to	29/10/2025
Inquiry period	1/04/2024	to	31/03/2025

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 ABOUT THIS REPORT

The Anti-Dumping Commission (the commission) issued questionnaires that sought exporter data and information for:

- Continuation Inquiry 682 (case 682) into aluminium extrusions (mill finish) exported from Malaysia by Kamco Aluminium Sdn Bhd, LB Aluminium Bhd and Milleon Extruder Sdn Bhd.¹
- Continuation Inquiry 683 (case 683) into aluminium extrusions (surface finished) exported from Malaysia by Kamco Aluminium Sdn Bhd, LB Aluminium Bhd, Milleon Extruder Sdn Bhd and Superb Aluminium Industries Sdn Bhd.²

LB Aluminium Berhad (LB), an exporter of the goods from Malaysia, submitted questionnaire responses.

The commission met with LB to verify the response and assessed the reliability of the submitted information. This report details the commission's verification findings and recommendations about LB for case 682 and 683.

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 cases 682 and 683.

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**.

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

¹ Anti-Dumping Notice (ADN) No 2025/054.

² ADN No 2025/055.

2 KEY OUTCOMES

Dumping margin for 682 – mill finish	Negative 1.3%
Dumping margin for 683 – surface coating	Negative 10.9%
Export price method	269TAB(1)(a)
Normal value method	269TAC(1)
Adjustment method	269TAC(8)
Sales data complete, relevant and accurate?	Yes, with material revisions
Cost data complete, relevant and accurate?	Yes, with material revisions

3 VARIABLE FACTORS

3.1 About this chapter

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

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

This chapter summarises the commission's recommendations about how to set:

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

More information on what variable factors are and how the commission determines variable factors is in **Non-Confidential Appendix 1**.

3.2 Export price

The commission recommends setting an export price for LB 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 at a consistent delivery term for all sales, the commission adjusted some transactions using inland transport and port charges expenses.

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

3.2.1 Who is the exporter?

The commission considers LB is the exporter of the goods exported to Australia because this company:

- produced the goods exported to Australia
- is named as the supplier on commercial invoices
- is named as the consignor on bills of lading
- arranged and paid for port handling charges at the port of export
- arranged and paid for inland transport to the port of export.

3.2.2 Who is the importer?

For all transactions, the commission considers LB's Australian customer is the importer of the goods exported to Australia. The commission considers that the Australian customer beneficially owned the goods at the time of importation into Australia.

For each transaction, LB's Australian customer:

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

3.2.3 Were the Australian export sales sold at arms length?

3.2.3.1 Unrelated customers

The commission did not find that LB is related to any of its Australian customers.

The commission finds that LB sold the goods at ‘**arms length**’ as defined under section 269TAA.

For all transactions relating to the goods exported to Australia, the commission did not find that:

- there was any consideration payable for or in respect of the goods other than their 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.

3.3 Normal value

The commission finds that there is a sufficient sales volume of domestic like goods, sold at arms 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 determining the level of dumping, under section 269TAC(8).

The commission recommends the following adjustments:

Adjustment description	How to apply an amount for adjustment
Domestic credit terms	Deduct
Domestic inland transport	Deduct
Domestic packaging	Deduct
Export packaging	Add
Export inland transport	Add
Export port handling	Add
Export credit terms	Add
Timing (683 only)	Either add or deduct

Table 1 Summary of adjustments

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

3.3.1 Did the verified company produce and sell like goods for the domestic market?

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

The commission finds that these goods were ‘like goods’ because these domestic goods are identical to, or closely resemble, the goods exported to Australia. The commission has described its reasons below.

3.3.1.1 Physical likeness

While the aluminium extrusions sold by LB to Australia and on the domestic market differ in profile as each extrusion is specific to the customer's requirements, they have similar physical characteristics.

3.3.1.2 Production likeness

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

3.3.1.3 Commercial likeness

All goods compete in similar market sectors and use similar distribution channels.

3.3.1.4 Functional likeness

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

3.3.2 Were the domestic sales sold at arms length?

The commission found that, during the inquiry period, LB sold like goods to both related and unrelated customers.

3.3.2.1 Unrelated customers

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

For these transactions, the commission did not find that:

- there was any consideration payable for or in respect of the like goods other than their 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.

The commission found that LB sold goods at similar prices to all unrelated customers, and referred to a market price index when setting the domestic market price for unrelated customers.

3.3.2.2 Related customers

For all sales transactions to related customers, the commission finds that the relationship between LB and its related customers appears to have influenced the price.

For these transactions, the commission found that:

- LB wholly or partially owned its related customers
- an internal pricing guide determined prices between LB and its subsidiaries
- the prices to LB's related parties differed from the prices to unrelated parties (prices to related parties were generally lower).

Accordingly, the commission considers that LB's sales to its related customers were not made in 'arms length' transactions as defined under section 269TAA(1). The commission has excluded these related customer transactions from the calculation of the normal value.

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

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

BDO PLT audited LB's financial records and included a statement in the annual report that the financial accounts comply with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016.

3.3.4 Did the production records reasonably reflect competitive market costs?

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

The commission identified one related supplier which shares a common shareholder with LB. This related supplier provides remelting services and aluminium billets to LB. The commission compared the prices of aluminium billets purchased from its related and unrelated suppliers and found that the prices were similar.

3.3.4.1 *The commission's finding about related party suppliers*

LB purchased aluminium billets from a related supplier during the inquiry period.

The commission notes that, based on the analysis of LB's raw material purchase prices, the relationship between LB and its related supplier did not appear to influence the purchase price.

3.3.5 Were domestic sales in the ordinary course of trade?

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

Component	Details
Extended unprofitability period	The inquiry period
Reasonable recoverability period	The inquiry period
Price	Net invoice price
Cost	Quarterly cost to make and sell the like goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the like goods over the inquiry period, including direct selling expenses for each transaction.

Table 2 Ordinary course of trade assessment details

3.3.6 Is there a low volume of relevant domestic sales?

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

The commission finds that LB's domestic like goods sales volume sold in the ordinary course of trade in arms length transactions was at least 5% of the volume of goods exported to Australia.

3.3.6.1 Domestic sales volumes for each model

Table 3 details the commission's findings about domestic sales volumes for each corresponding model (MCC) exported to Australia.

Export MCC	For each exported model (MCC), is the domestic sales volume of the same MCC equal to or greater than 5% of the export sales volume?	Treatment of normal value
682 – Aluminium Extrusion (Mill finish)		
MF-6A-T1	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
MF-6C-T1	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
683 – Aluminium Extrusion (surface finish)		
KB-6A-T1-1	Yes	Domestic sales of same MCC permits a proper comparison to exported goods.
KB-6A-T1-2	Yes	Domestic sales of same MCC permits a proper comparison to exported goods.
NA-6A-T1-1	Yes	Domestic sales of same MCC permits a proper comparison to exported goods.
NA-6A-T1-2	Yes	Domestic sales of same MCC permits a proper comparison to exported goods.
PC-6A-T1-0	Yes	Domestic sales of same MCC permits a proper comparison to exported goods.

Table 3 Export models compared to domestic model by volume

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

3.3.7 Adjustments to compare export price and normal value

The commission assessed all potential adjustments to properly compare the export price for Australian export goods to the corresponding normal value. The adjustments apply to both case 682 and case 683, except where noted.

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Domestic credit terms	Credit terms are provided to some domestic customers. A downwards adjustment to domestic selling prices is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the average credit days for each customer based on LB's accounts receivable turnover and interest rate based on the weighted average short-term loans.	LB	Yes

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Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Domestic inland transport	Inland transport expenses incurred on domestic sales were found to differ from the expenses incurred on exports to Australia. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average domestic inland transport expenses with reference to the domestic inland transport invoices.	LB	Yes
Domestic packaging	Packaging expenses incurred on domestic sales were found to differ from the packaging expenses incurred on exports to Australia. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	Calculated based on an estimated domestic packaging cost with reference to the invoices from the supplier of packaging materials.	LB	Yes
Export packaging	Packaging expenses incurred on export sales to Australia were found to differ from the amount incurred on domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on an estimated domestic packaging cost with reference to the invoices from the supplier of packaging materials. There was additional packaging material required for exporters to Australia compared to domestic sales.	LB	Yes
Export inland transport	Inland transport expenses incurred on export sales to Australia were found to differ from the expenses incurred on domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export inland transport expenses with reference to the export inland transport invoices.	LB	Yes

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Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Export port handling	Port handling and other export expenses were incurred on export sales to Australia, which were not incurred on domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export port handling expenses with reference to the export port handling invoices.	LB	Yes
Export credit terms	Credit terms are provided to Australian customers. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the payment terms provided to Australian customers and interest rate based on the weighted average short-term borrowings.	LB	Yes
Timing (683 only)	Where there is no quarterly normal value in a particular quarter, and the normal value from another quarter was used, then an adjustment for the timing difference is required to ensure a fair comparison.	Calculated based on the relative change in quarterly normal values of a surrogate model.	The commission	Yes

Table 4 Assessment of adjustments

4 VERIFICATION DETAILS

4.1 About this chapter

This chapter details what the commission found when verifying LB's questionnaire response for case 682 and 683.

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

This chapter summarises verified key details about LB, relating to:

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

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

More information on how the commission verifies information is in **Non-Confidential Appendix 1**.

4.2 Verification findings and material revisions

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

4.2.1 Sales

Material revision 1: Exclusion of sales to one domestic customer

Description: For one domestic customer, LB advised that, due to a long-standing arrangement, it invoices that customer for the aluminium billet separately to the extrusion and service charges. Therefore, the price in the domestic sales spreadsheet only relates to the cost of the aluminium billet charged to that customer.

Resolution: As the price reported in the domestic sales listing for that customer relates only to the aluminium billet, the commission considers it appropriate to remove those sales from the domestic sales spreadsheet.

Material revision 2: Ocean freight & marine insurance reported for FOB exports

Description: LB reported ocean freight and marine insurance for sales that were made on free on board (FOB) delivery terms. It explained that the expense reported under ocean freight was actually port handling charges. In addition, the amount reported under marine insurance related to the insurance coverage for transporting the goods to the port.

Resolution: The commission considers it appropriate to reallocate the costs reported under ocean freight and marine insurance to port handling and other export charges.

Material revision 3: Missing export direct selling expenses for FOB & CIF sales

Description: The commission identified that there were several transactions that did not have export direct selling expenses reported against them even though those transactions were made at FOB or cost, insurance & freight (CIF) delivery terms. LB explained that there are two main reasons for this. Firstly, it reported expenses against one transaction of the invoice, instead of proportioning the expense out to all transactions on the invoice. Secondly, at the time of completing the exporter questionnaire, it did not have the invoice from their supplier and therefore, did not have the information to include the relevant expenses in the Australian sales listing.

Resolution: LB updated the export direct selling expenses by proportioning out the expenses across all transactions on the invoice and added the expenses for exports that were missing at the time of completing the exporter questionnaire.

Material revision 4: Transactions with missing shipping terms

Description: In the Australian sales spreadsheet, there was one invoice where the shipping terms were left blank. LB advised that this invoice was ex-factory and provided a copy of the commercial invoice confirming that it was ex-factory.

Resolution: The invoice with blank shipping terms in the Australian sales spreadsheet was revised to reflect that it was ex-factory.

Material revision 5: Sales expenses reported in the wrong currency

Description: In its Australian sales listing, LB reported packaging, inland transport and port charges in USD. The commission advised that these expenses should be reported in the local currency, MYR.

Resolution: The packaging, inland transport and port charges were revised to MYR.

Material revision 6: Delivery terms for domestic related party sales

Description: The domestic sales spreadsheet reported some sales as being delivered; however, it did not include any inland transport expenses. LB advised that for all related party sales, its customers arrange their own delivery, which is why there were no inland transport costs reported. This is confirmed by source documents provide during the verification. However, for several sales to unrelated customers, LB acknowledged that there should be inland transport expenses for those sales.

Resolution: The domestic sales spreadsheet was revised to report the delivery terms to related customers as ex-works. In addition, for the sales to unrelated customers that were delivered with missing inland transport expenses, the inland transport expense was added to those sales.

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Material revision 7: Domestic surcharges

Description: LB charges certain surcharges to its domestic customers and initially calculated the surcharges by branches or regions and allocated the surcharge to each domestic customer base on their region. However, the commission identified during the verification that the surcharges could be calculated for each specific invoice. The commission considers that it would be more accurate to report the actual surcharge for each invoice and allocated proportionally to each transaction on the invoice.

Resolution: The surcharges in the domestic sales spreadsheet was updated to reflect the actual surcharge for each invoice.

Material revision 8: Domestic sales debit and credit adjustments

Description: The commission identified some domestic sales transactions had unit prices that were outliers. LB explained that these outliers were due to invoicing errors, and its customers would receive a debit and/or credit note to rectify the errors. However, these debit and credit note adjustments were not reported in the domestic sales spreadsheet.

Resolution: The domestic sales spreadsheet was updated to include debit and credit note adjustments to the affected transactions.

Material revision 9: Domestic commission expense

Description: During the verification, it was established that there were errors in the calculation and attribution of commissions paid for certain sales. LB was able to rectify the errors identified in the calculation.

Resolution: The domestic sales spreadsheet was updated to report the correct commission expense for the relevant sales.

4.2.2 Cost to make and sell

Material revision 10: Other income and expenses

Description: Other operating expenses (such as interest expenses and foreign exchange losses) and other operating income (such as interest income and foreign exchange gains) were both omitted from original SG&A calculation.

Resolution: The commission has included relevant other operating expenses and income in the allocation of SG&A expenses.

Material revision 11: Cutting charges

Description: The original cost to make spreadsheet did not include cutting charges.

Resolution: The commission has requested a revised cost to make spreadsheet that included cutting charges, which has been provided by LB.

Material revision 12: Granular CTM

Description: In the cost to make spreadsheet submitted in response to the exporter questionnaire, LB reported costs at the finish level, specifically mill, anodised, and powder coated finishes. During the verification, the commission inquired whether LB could provide a more detailed breakdown of costs. LB confirmed that it is able to allocate costs according to various alloy codes and further classify finishes into mill, powder coat, fluorocarbon, chromate, woodgrain, natural anodised, and nickel anodised.

Resolution: LB provided a revised cost spreadsheet broken down into different alloy codes and additional finish subcategories.

Material revision 13: Raw material purchase listing invoice dates

Description: The commission identified two issues with invoice dates: 1. Some dates were outside the inquiry period; 2. the dates recorded in the raw material purchase listing referred to the expected time of arrival and not the date of invoice.

Resolution: The commission requested LB revise the purchase listing to list transactions by invoice date and remove transactions outside the inquiry period.

Material revision 14: Raw material purchase listing incoterms

Description: The commission identified an issue with incoterms in raw material purchase listing by finding contradictions between the data and source documents. The data described incoterms as CIF while source documents showed CPD incoterms.

Resolution: The commission requested LB revise purchase listing with accurate incoterms.

4.3 Types of goods produced or sold in the submitted information

4.3.1 Model control code compliance and amendments

The sales and costs data LB submitted complies with the model control code (MCC) structure detailed in ADN 2025/054 and ADN 2025/055.

After comparing prices of different models of the goods, the commission:

- does not recommend amending the MCC structure for case 682, but
- recommends amending the MCC structure for case 683.

Material revision 15: MCC – additional surface finish subcategories

Description: LB initially reported only anodised and powder coated finishes for aluminium extrusions that are surface finished. However, it advised that it grouped woodgrain, chromate and fluorocarbon finishes into the powder coated finish subcategory. The commission considers that woodgrain, chromate and fluorocarbon finishes should have their own subcategories as they are distinctly different finishes. This is also consistent with other

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aluminium extrusion cases, the most recent being case 657, where these finishes were separated in the finish category.

In relation to anodised extrusions, LB advised that the anodised finish can be broken down into natural, black, medium bronze, nickel black, nickel dark bronze, nickel light bronze and nickel medium bronze. In addition, anodised finishes can also be further categorised into whether the extrusion is sandblasted or not.

The commission undertook an analysis of prices of the different anodised finish types and found that the different anodise colours have material differences in prices.

LB also sold anodised finishes that were sandblasted; however, the commission did not find a material price difference for sandblasted anodised finishes when compared with non-sandblasted finishes with the same anodised colour.

Resolution: The commission considers that the additional subcategories of finishes should be added to the MCC structure.

The commission recommends amending the MCC structure by adding sub-categories for finish types 'Black Anodise', 'Medium Bronze Anodise', 'Dark Bronze Anodise', 'Nickel Light Bronze', 'Nickel Medium Bronze', 'Nickel Dark Bronze Anodise', 'Nickel Black Anodise', 'woodgrain', 'chromate' and 'fluorocarbon'.

Category	Sub-category		Sales data	Cost data
Finish	NA	Natural Anodise	Mandatory	Mandatory
	BK	Black Anodise		
	MB	Medium Bronze Anodise		
	DB	Dark Bronze Anodise		
	KL	Nickel Light Bronze		
	KM	Nickel Medium Bronze		
	KD	Nickel Dark Bronze Anodise		
	KB	Nickel Black Anodise		
	BD	Bright dip		
	PC	Powder coating		
	PW	Woodgrain		
	CM	Chromate		
	FC	Fluorocarbon		
	MC	Mechanical		
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, T595, T52		
	O	Other		

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Anodising microns	0	Not anodised	Optional	Optional
	1	<20µm		
	2	>20µm		

4.3.2 Verification of model control codes

Table 5 details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Finish	Identified on the invoice and through the product code in the accounting system
Alloy code	Alloy code on the invoice
Temper code	Temper code on the invoice
Anodising micron	Anodising micron on invoice for export sales and in system for domestic sales. Where it says "Normal" it is 10 microns, except KB which is 15 microns. 20 microns categorised as MCC #2

Table 5 MCC sub-category determination

4.3.3 List of model control codes

LB both produced and sold the following MCCs during the inquiry period:

Sales MCC	Australian sales	Domestic sales	Costs MCC
MF-6A-O	No	Yes	MF-6A
MF-6A-T1	Yes	Yes	
MF-6A-T50	No	Yes	
MF-6C-O	No	Yes	M-6C
MF-6C-T1	Yes	Yes	
MF-6D-T1	No	Yes	M-6D
MF-O-O	No	Yes	M-O
BK-6A-T1-1	No	Yes	NA
DB-6A-T1-1	No	Yes	
KB-6A-T1-1	Yes	Yes	
KB-6A-T1-2	Yes	Yes	
KD-6A-T1-1	No	Yes	
KD-6A-T1-2	No	Yes	
KD-6A-T50-1	No	Yes	
KD-6C-T1-1	No	Yes	
KL-6A-T1-1	No	Yes	
KL-6A-T1-2	No	Yes	
KM-6A-T1-1	No	Yes	
KM-6A-T1-2	No	Yes	
KM-6C-T1-1	No	Yes	

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MB-6A-T1-1	No	Yes	
NA-6A-O-1	No	Yes	
NA-6A-T1-1	Yes	Yes	
NA-6A-T1-2	Yes	Yes	
NA-6A-T50-1	No	Yes	
NA-6C-T1-1	No	Yes	
PC-6A-T1-0	Yes	Yes	PC
PC-6A-T50-0	No	Yes	
PC-6C-T1-0	No	Yes	
PW-6A-T1-0	No	Yes	
CM-6A-T1-0	No	Yes	
CM-6C-T1-0	No	Yes	
FC-6A-T1-0	No	Yes	
FC-6C-T1-0	No	Yes	

Table 6 List of MCCs produced or sold

4.4 Corporate information

4.4.1 Company information

LB is a manufacturer and seller of aluminium extrusions.

LB is a publicly listed company on the Main Market of Bursa Malaysia Securities Berhad.

4.4.2 Related companies

The commission examined the relationships between LB and its suppliers and customers.

4.4.2.1 Related suppliers

LB has a related party supplier. This supplier provides remelting services to LB and is a supplier of aluminium billets.

The commission assessed whether LB's purchases from its related supplier were made in arms length transactions. This assessment is outlined in section 3.3.4 of this report.

4.4.2.2 Related customers

LB sells to related subsidiaries in Malaysia. These subsidiaries focus solely on the domestic market and do not engage in exports. The pricing for these related party transactions is determined based on cost-plus pricing model to ensure compliance with arms length principles as required by Malaysian tax regulations. Transfer prices are established at the beginning of each month.

The commission assessed whether LB's sales to its related customers were made in arms length transactions. This assessment is outlined in section 3.3.2.2 of this report.

4.5 Method used to verify information

4.5.1 Sales completeness and relevance

LB's response to the exporter questionnaire included a reconciliation of appendix 'B-4 Upwards sales' to their accounting reports, including the trial balance. The commission was able to reconcile the figures in the 'B-4 Upwards sales' spreadsheet to the source documents provided in LB's response to the exporter questionnaire. During the verification, the commission focused on testing LB's categorisation of sales between the goods and other products not under consideration.

4.5.2 Cost to make completeness and relevance

The commission:

1. Reconciled the cost of goods sold for 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the cost of goods sold for the inquiry period to the trial balance.
3. Reconciled cost of goods sold to the total company cost to make for the period.
4. Reviewed the breakdown of CTM into cost components in LB's management account.
5. Reconciled the cost to make of the goods to the domestic and Australian cost spreadsheets.

4.5.3 Selling, general and administrative expense completeness and relevance

The commission:

1. Reconciled the SG&A listing for the 2024 financial year to the audited financial statements and trial balance for the same year.
2. Reconciled the SG&A listing for the inquiry period to the trial balance.
3. Reviewed accounts that had been inadvertently omitted from exporter's SGA report.

4.5.4 Cost allocation

Table 7 outlines how each cost component was allocated.

Cost component	Allocation method applied
Raw materials	LB allocates raw material costs based on actual production quantity.
Scrap offset	LB does not sell its scrap to offset its costs. Instead, it has its scrap remelted into aluminium billet by its related supplier. The cost to remelt is included in the cost of raw materials and allocated based on production quantity.
Direct labour	LB allocated labour costs based on production quantity.
Manufacturing overheads	LB allocated manufacturing overheads based on production quantity.
Depreciation	LB allocated depreciation based on production quantity.

Table 7 Cost allocation method

4.5.5 Sales volume unit of measure

Table 8 outlines how the commission verified unit of measure reported for sales volume.

Sales market	Assessment
Australia	The commission ascertained that the weight quantities listed in the Australian sales listing reported by the exporter reflects the nominal weight of the goods sold. This was reconciled to the packing list.
Domestic	The commission ascertained that the weight quantities listed in the domestic sales listing reported by the exporter reflects the nominal weight of the goods sold. This was reconciled to the accounting system.

Table 8 Sale volume unit of measure assessment

5 APPENDICES AND ATTACHMENTS

Confidential attachment 1: Verification work program
Confidential appendix 1: Export price
Confidential appendix 2: Cost to make and sell
Confidential appendix 3: Normal value
Confidential appendix 4: Dumping margin
Non-confidential appendix 1: General definitions and verification method

NON-CONFIDENTIAL APPENDIX 1: GENERAL DEFINITIONS AND VERIFICATION METHOD

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.

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.

Export price 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 arms length?

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

Who is the exporter 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.

Who is the importer 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.

Normal value 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 arms 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?

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.

Ordinary course of trade 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.

Low volume of relevant domestic sales method

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

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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).

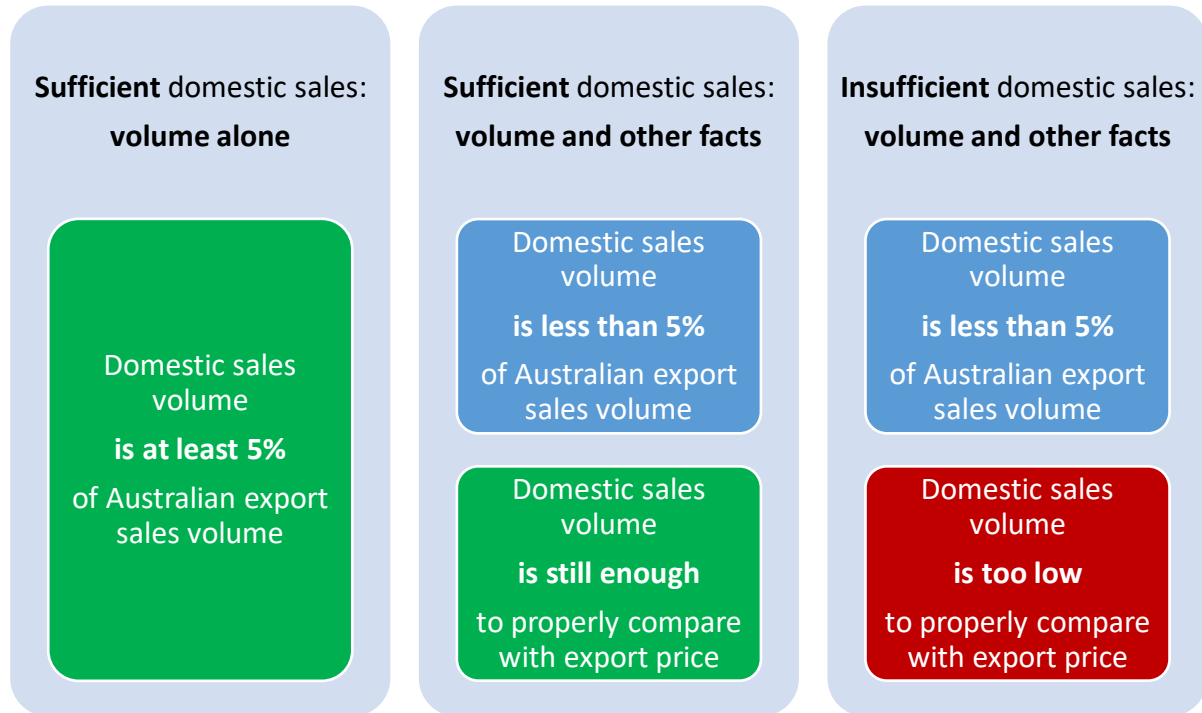


Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

Method to verify information

A valid exporter questionnaire response includes data listings about sales, costs and subsidy programs (where relevant).

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.

[ADN 2016/30](#) describes the commission's standard procedure to verify and validate stakeholder information.

General method to verify information as complete and relevant

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

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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.

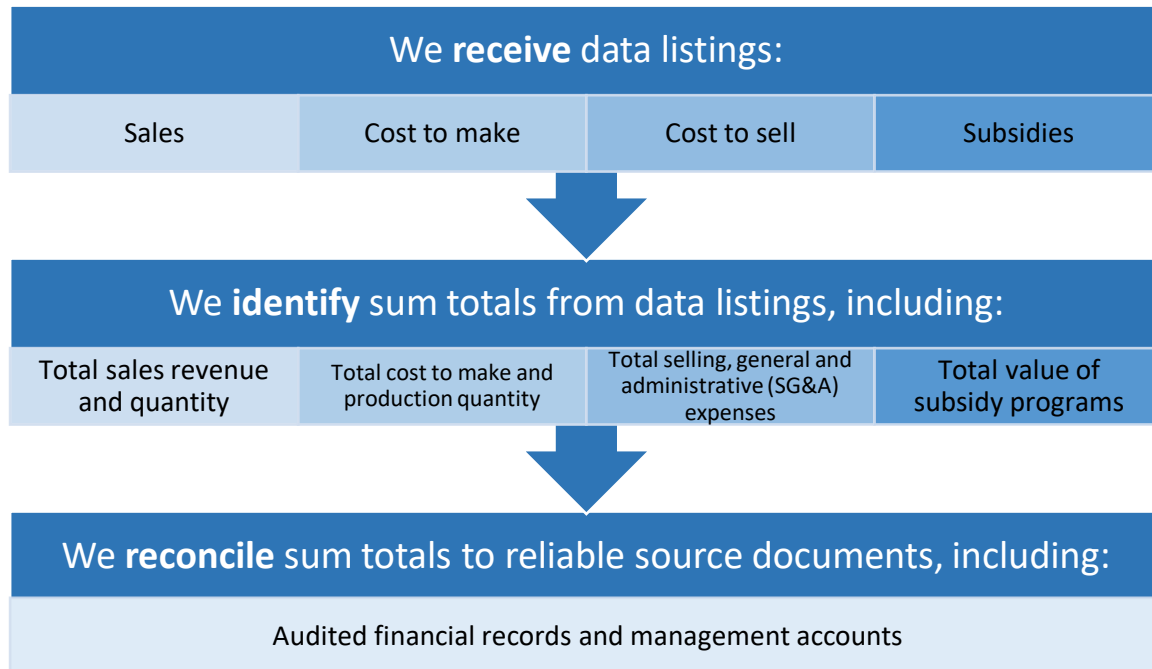


Figure 2 How the commission verifies data as complete and relevant

General method to verify information as accurate

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.

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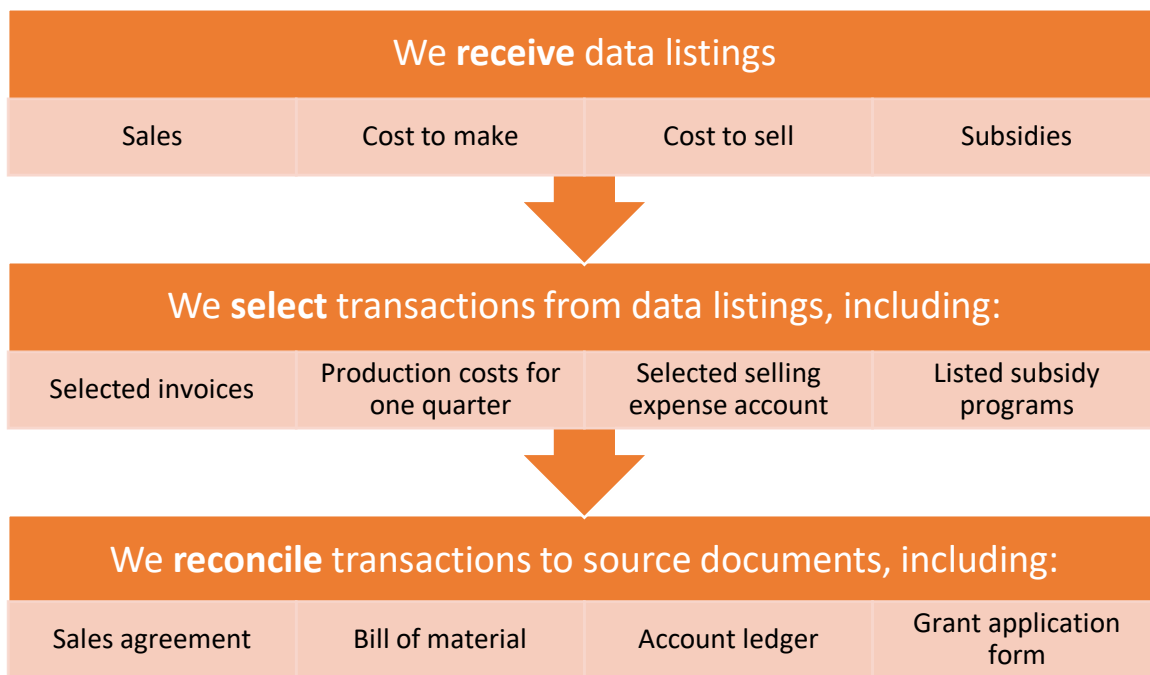


Figure 3 How the commission verifies data as accurate