

manufacturing (COM), where applicable, to account for our change in the treatment of foreign exchange gains and losses. We also revised Isibars' interest expense calculation methodology. We adjusted COM for Isibars to include certain lease and hire charges that were not included in reported costs. We adjusted G&A for Isinox to deduct certain selling expenses. We also adjusted COM for Zenstar to adjust for differences from the submitted reconciliation. As Isibars did not provide COP data for one product control number, we assigned that product control number the costs of a similar product. For a detailed discussion of the above-mentioned adjustments, see Memorandum from Nancy Decker through Michael Martin to Neal Halper, "Isibars Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results' memorandum dated February 28, 2003.

#### Venus

We made the following adjustments to Venus' reported costs: (1) We adjusted Venus' fixed overhead to account for the incorrect reporting period used for depreciation; (2) we adjusted direct material cost to eliminate the scrap realization amount because Venus could not explain the methodology behind the percentage used for the process loss calculation; (3) we adjusted Venus' interest expense ratio to include interest attributed to export invoices and our change in the treatment of foreign exchange gains and losses (as discussed above); (4) we adjusted G&A for Venus to include donations, prior year adjustments, and loss on sale of assets; and (5) we adjusted G&A for Venus to include all G&A costs after deduction of selling expenses. For a detailed discussion of the above-mentioned adjustments, see Memorandum from Margaret Pusey through Michael Martin to Neal Halper "Venus Wire Industries Limited Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results' dated February 28, 2003.

#### Viraj

We made the following adjustments to Viraj's reported costs: (1) VIL calculated its yield losses based on the quantity of scrap and wastage produced as a percentage of the quantity of bright bar output produced. We revised VIL's yield losses calculation to reflect the input quantity of raw material instead of the quantity of bright bar produced; (2) VAL excluded certain depreciation expense from the cost of sales ("COS") which is used as denominator of the G&A

expense rate calculation. We revised VAL's COS to include the depreciation expense. We then divided VAL's reported G&A expenses by the revised COS to calculate the revised G&A expense rate; (3) VIL excluded certain interest and bank charges from the reported financial expense rate calculation which it claims are reflective of the imputed finance charges used to adjust price. We revised VIL's financial expense to include the interest charges and bank charges. We then divided VIL's revised interest expense by the cost of sales to calculate the revised financial expense rate; (4) VAL calculated its financial expense rate to include all of the interest expenses and the COS of Viraj group companies. Because Viraj group companies do not prepare consolidated financial statements, we revised VAL's financial expense rate calculation to reflect only VAL's interest expense and the COS. In addition we revised VAL's interest expense to include waived interest expense. We then divided VIL's revised interest expense by the VAL's cost of sales to calculate the revised financial expense rate. For a detailed discussion of the above-mentioned adjustments, see Memorandum from Ji Young Oh through Michael Martin to Neal Halper, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results' dated February 28, 2003. We also created temporary control numbers which include ranged sizes for cost matching purposes (see *Viraj Calculation Memorandum*).

#### 1. Test of Home Market Prices

On a product-specific basis, we compared the adjusted weighted-average COP to the home market sales of the foreign like product during the POR, as required under section 773(b) of the Act, in order to determine whether sales had been made at prices below the COP. The prices were exclusive of any applicable movement charges, billing adjustments, commissions, discounts and indirect selling expenses. In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether such sales were made (1) within an extended period of time in substantial quantities and (2) at prices which did not permit the recovery of costs within a reasonable period of time.

#### 2. Results of the COP Test

Pursuant to section 773(b)(1) of the Act, where less than 20 percent of a respondent's sales of a given product during the POR were at prices less than

the COP, we do not disregard any below-cost sales of that product because we determine that in such instances the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard those sales of that product because we determine that in such instances the below-cost sales represent "substantial quantities" within an extended period of time in accordance with section 773(b)(1)(A) of the Act. In such cases, we also determine whether such sales were made at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(1)(B) of the Act.

We found that, for each of the respondents, for certain specific products, more than 20 percent of the comparison market sales were at prices less than the COP and, thus, the below-cost sales were made within an extended period of time in substantial quantities. In addition, these sales were made at prices that did not provide for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1).

For U.S. sales of subject merchandise for which there were no comparable home market sales in the ordinary course of trade (e.g., sales that passed the cost test), we compared those sales to constructed value ("CV"), in accordance with section 773(a)(4) of the Act.

#### C. Calculation of Constructed Value

Section 773(a)(4) of the Act provides that where NV cannot be based on comparison-market sales, NV may be based on CV. Accordingly, when sales of comparison products could not be found, either because there were no sales of a comparable product or all sales of the comparable products failed the COP test, we based NV on CV.

In accordance with section 773(e)(1) and (e)(2)(A) of the Act, we calculated CV based on the sum of the cost of materials and fabrication for the subject merchandise, plus amounts for selling expenses, G&A, including interest, profit and U.S. packing costs. We made the same adjustments to the CV costs as described in the "Calculation of COP" section of this notice. In accordance with section 773(e)(2)(A) of the Act, we based selling expenses, G&A and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like