

***The 6th Michael Kirby Contract Law Moot
Melbourne, Australia***

26 - 29 September 2016

THE MOOT PROBLEM

With clarifications and corrections

Organised by:
College of Law and Justice, Victoria University

Moot Coordinator
Vivi.Tan@vu.edu.au
Ph: (03) 9919 1872



B E T W E E N

CAMAIRE PTY LTD

Claimant

and

RECESSAIR PTY LTD

Respondent

Table of Contents

Letter Claimant to Victorian Arbitration Centre dated 6 May 2016	1
Notice of Arbitration and Statement of Claim	2
Claimant's Exhibits	
<i>C1 - Contract</i>	<i>7</i>
<i>C2 - Email RecessAir to Camaire dated 1 December 2015.....</i>	<i>11</i>
<i>C3 - Letter RecessAir to Camaire dated 22 January 2016.....</i>	<i>12</i>
<i>C4 - Email Camaire to RecessAir dated 28 January 2016.....</i>	<i>15</i>
<i>C5 - Email RecessAir to Camaire dated 29 January 2016.....</i>	<i>17</i>
<i>C6 - Company search RecessAir Pty Ltd.....</i>	<i>18</i>
<i>C7 - Company search ASAC Pty Ltd</i>	<i>20</i>
<i>C8 - Letter Doe Good & Associates to RecessAir dated 7 March 2016</i>	<i>22</i>
<i>C9 - Email Camaire to RecessAir dated 9 March 2016.....</i>	<i>23</i>
<i>C10 - Email Great Southern Law to Camaire dated 20 August 2015</i>	<i>24</i>
<i>C11 - Letter GasTro to Camaire dated 29 March 2016.....</i>	<i>25</i>
Letter Respondent to Victorian Arbitration Centre dated 3 June 2016	26
Answer to Notice of Arbitration and Statement of Defence and Counterclaim	27
Respondent's Exhibits	
<i>R1 - Witness statement of Mr Anthony Yonge.....</i>	<i>29</i>
<i>R2 - Email Camaire to RecessAir dated 2 December 2015.....</i>	<i>30</i>
<i>R3 - Email RecessAir to Camaire dated 15 January 2015.....</i>	<i>32</i>
Procedural Order No 1	33
Expert Determination of Dr Peta Paul.....	35

6 May 2016

Victorian Arbitration Centre
295 Queen Street
MELBOURNE VIC 3000

Dear Sirs

Request for Arbitration: Camaire Pty Ltd v RecessAir Pty Ltd

We act on behalf of Camaire Pty Ltd.

A Notice of Arbitration and Statement of Claim is enclosed herewith.

A copy of the Notice of Arbitration and Statement of Claim was served today on RecessAir Pty Ltd, Respondent in this matter, by email to its representatives.

Pursuant to Article 12 of the VAC Rules, Camaire nominates Ms Amy Rutger as its party-appointed arbitrator.

We enclose the requisite fee.

Yours faithfully



DOE GOOD & ASSOCIATES

P Janofsky
Principal
Ref: 00001/2016

Enc.
Cc RoBio Pty Ltd c/- WilferHale

NOTICE OF ARBITRATION

- A. Camaire Pty Ltd (**Camaire**), the Claimant in this arbitration, is a company incorporated under the laws of Australia. Its registered office is at Level 38, 390 St Kilda Road, Melbourne Victoria 3000.
- B. Camaire is represented in this arbitration by:
Doe Good & Associates
Level 39, 270 Queen Street
Melbourne Victoria 3000
Telephone: 03 9229 2020 Facsimile: 03 9229 5833
email: pj@dgalaw.com.au Attention: Peter Janofsky
- C. RecessAir Pty Ltd (**RecessAir**), the Respondent in this arbitration, is a company incorporated under the laws of Australia. Its registered office is at 2 Swan Street, Perth Western Australia 6001.
- D. RecessAir is represented in this arbitration by:
WilferHale
Level 20, 300 Queen Street
Melbourne Victoria 3000
Telephone: 03 9223 3333 Facsimile: 03 9223 3009
email: fresk@wh.com Attention: Fiona Resk
- E. The dispute arises in relation to a contract between Camaire and RecessAir (**Parties**) dated 2 July 2015 (**Contract**). A copy of the Contract is annexed and marked “C1”.
- F. The Contract provided for RecessAir to develop and supply and Camaire to purchase certain products. The required products were never delivered. Camaire now claims \$2,302,000.00, being the cost of the alternative products it was compelled to purchase, the costs of this arbitration and interest.
- G. Camaire demands that the dispute be referred to arbitration pursuant to Clause 22 of the Contract. That clause provides that:

Any dispute, controversy or claim arising out of, relating to or in connection with this contract, including any question regarding its existence, validity or termination, shall be resolved by arbitration at the Victorian Arbitration Centre in accordance with the Victorian Arbitration Centre Rules. The seat of arbitration shall be Melbourne, Australia. The language of the arbitration shall be English.

STATEMENT OF CLAIM

Facts

Parties

1. Camaire manufactures and sells high technology 'smart beds' to private and commercial consumers.
2. RecessAir develops and manufactures gas supply and pressure regulation technology for medical hyperbaric and, more recently, commercial diving applications.

AirBed

3. In May 2015, Camaire's research and development team finalised the initial design of a new product, "AirBed". AirBed is a fully enclosed sleeping pod that uses an innovative air pressure and directional flow system to levitate a sleeper in an envelope of specially mixed breathing gas. Sound and light are manipulated to create optimal sleeping conditions. By way of an extensive monitoring and feedback system, AirBed autonomously controls the "three sleep factors" – air, sound, and light – in response to physical characteristics, movements and sleep stages.
4. AirBed was originally intended to be sold to hotels and government bodies. As it is classed a "pressure vessel" and "hyperbaric oxygen facility" under relevant mandatory Australian Standards (**AS**), before it could be sold for such use it, and several of its components, required AS certification. Camaire formed the view that the regulator sets and controller sets – the products responsible for gas mixing and supply (together the **air supply products**) – would require far more substantial work in development and in attaining AS certification than other components.
5. Once the design was finalised, Camaire began to scour the globe for suppliers. Camaire quickly located suppliers of the sound, light and structural components and contracted with them. The search for a supplier of the air supply products was significantly more difficult. To ensure quality control given the particular complexity of their development and the foreseen difficulty obtaining AS certification, Camaire required that the supplier:
 - (a) be capable of designing and manufacturing both the regulator sets and the controller sets, i.e. the entire air supply product chain;
 - (b) be capable of taking the air supply products through AS testing; and
 - (c) be able to stay in close contact during the development and testing of the AirBed itself.
6. RecessAir was the only supplier that met all of Camaire's requirements.

The Contract

7. By clauses 5 and 6 of the Contract [**Exhibit C1**], RecessAir agreed to develop the air supply products. A key part of this was to take them through testing and certification, and give Camaire copies of certificates of compliance:
 - (a) in respect of the regulator sets, within three months of the date of the contract (i.e. by 5 October 2015); and
 - (b) in respect of the controller sets, within seven months of the date of the contract (i.e. by 2 February 2016).
8. By 2 December 2015, RecessAir was required to deliver 1,500 regulator sets and two controller sets for testing (**the first tranche**). A second delivery of 1,500 controller sets (**the second tranche**) was required by 4 July 2016.
9. Camaire paid the required deposit of \$85,200 on 6 July 2015. RecessAir provided the regulator certificates of compliance on 5 October 2015. On 26 November 2015, the same day Camaire took delivery of the first tranche, it paid the required instalment of \$239,600.
10. On 30 November 2015, Camaire began installing the regulator sets and first tranche controller sets to second-stage prototype AirBeds for testing.

RecessAir provides faulty AS certificates for the controllers

11. On 1 December 2015, Camaire received notice from RecessAir that controllers had been delivered to a laboratory for AS testing against AS/NZS 1200 and AS 4774.2 [**Exhibit C2**].
12. On 26 January 2016, Camaire received a letter from RecessAir dated 22 January 2016 [**Exhibit C3**]. That letter purported to enclose the required certificates of compliance with current AS in respect of the controllers. It enclosed an apparently valid certificate of compliance with AS 4774.2-2002. However:
 - (a) the publication of AS/NZS 1200:2015 on 3 December 2015 had seemingly gone ignored by RecessAir, and the letter enclosed a certificate attesting to compliance with the superseded AS/NZS 1200:2000; and
 - (b) RecessAir did not provide any certification that testing had been conducted in accordance with AS 3920.1-1993, as required by the Contract.

Camaire issues Notice to Remedy

13. On 28 January 2016, Camaire issued a Notice to Remedy in accordance with clause 20(2) of the Contract. The Notice to Remedy provided RecessAir a 28-day time frame to provide certificates of compliance against the then-current standards, as required [**Exhibit C4**].

14. On 29 January 2016, RecessAir emailed Camaire in response to the Notice to Remedy **[Exhibit C5]**. It protested that the time period granted for remediation would be “difficult” to meet, despite that period being wholly in accordance with clause 20(2) of the Contract and having the effect of extending the original time for performance, and without providing any substantial reason why it could not be met.

Camaire exercises its right to terminate the Contract

15. Ultimately, and despite the time afforded, Camaire did not receive compliant certificates as required by the Contract or the Notice to Remedy.
16. Camaire also conducted searches of ASIC’s database to check ASAC Pty Ltd (**ASAC**), the company which issued every certificate of compliance provided by RecessAir, was independent as required by the Contract. Those searches revealed that RecessAir and ASAC had shared a director **[Exhibits C6 and C7]**.
17. On 7 March 2016, Camaire served a Notice of Termination **[Exhibits C8]**.
18. The next day, RecessAir made it abundantly clear it was no longer willing or able to perform the Contract **[Exhibit C9]**.

Camaire compelled to purchase replacement controller units

19. Camaire had entered into a contract for sale of the first 1,500 AirBeds well prior to their completion **[Exhibit C10]**. Accordingly, it was compelled to ensure they went to market in a timely fashion.
20. After substantial time and effort spent locating an alternative supplier, Camaire sourced replacement controller units from GasTro Controller Corporation (**GasTro**). GasTro is a Taiwanese company that specialises in manufacturing controllers for commercial diving applications. There was no other possible source of replacement controllers.
21. The alternative controller units cost \$2,302,000.00. This price was higher than that set by the Contract due in part to the scarcity of certain components, the majority in existence having been bought up by RecessAir, and the requirement for GasTro to tool and program the controllers from scratch in a short lead time **[Exhibit C11]**. The short lead time was due to the contract for sale of the first 1,500 AirBeds requiring delivery of 750 AirBeds on 29 July 2016, less than five months after RecessAir’s breaches forced termination of the Contract **[Exhibit C10]**.
22. Further, due to those contracts, Camaire was unable to recover the higher cost of the alternative controller units by increasing the sale price of the AirBed. The ultimate effect of RecessAir’s breaches of the contract was that in selling the first 1,500 AirBeds Camaire suffered a net loss of \$200,360.66.
23. Camaire now claims the cost of the alternative controller units.

Points at Issue

24. The points at issue are:

(a) Whether RecessAir breached the Contract by:

- i. providing a certificate of compliance with the superseded AS/NZS 1200:2000;
- ii. failing to provide certification that testing was conducted in accordance with AS 3920.1;
- iii. obtaining certificates of compliance from a related and non-independent body;

(b) If the answer to any of (a)(i)-(iii) is yes:

- i. whether such breach entitled Camaire to issue the Notice to Remedy; and
- ii. whether RecessAir failed to remedy its breach by not providing certificates timely, and not providing certificates issued by an independent body at all;

(c) If the answer to both of (b)(i) and (ii) is yes, whether Camaire was entitled to terminate the Contract;

(d) Whether Camaire is entitled to damages to put it in the position it would be in if the contract was performed.

Relief Sought

25. Damages in the amount of \$2,302,000.00.

26. Costs.

27. Interest.

6 May 2016

DOE GOOD & ASSOCIATES
Solicitors for the Claimant

EXTRACTS OF CONTRACT

Parties

Name Camaire Pty Ltd
ABN: 61 001 627 627
Address Level 38, 390 St Kilda Road, Melbourne Victoria 3000
Contract name Buyer

Name RecessAir Pty Ltd
ABN: 42 002 390 329
Address 2 Swan Street, Perth Western Australia 6001
Contract name Supplier

1. Background

- (1) The Buyer requires the provision of the Air Supply Products.
- (2) The Supplier has the capacity to develop and manufacture the Air Supply Products, including managing their AS certification.
- (3) The Buyer has agreed to engage the Supplier, and the Supplier has agreed to be engaged, to provide the Air Supply Products on the terms and conditions of this Contract.

2. Definitions

- (1) Defined terms

Where used in this contract, the word:

“Air Supply Products” means controller sets and regulator sets;

“Controller Sets” means the items listed in Schedule 1 to this contract; ...

“Regulator Sets” means the items listed in Schedule 2 to this contract; ...

“the first tranche” means the goods required to be delivered under clause 12(1);

“the second tranche” means the goods required to be delivered under clause 12(2); ...

- (2) Time for performance

(a) A reference to “day” means a day other than a Saturday, Sunday or public holiday.

(b) Any reference to a time period for performance includes the day on which the time period starts.

(c) If a time set by this contract for performance falls on a day other than a business day, the time for performance shall be the next business day.

...

5. Product development and certification

- (1) The Supplier must develop the Controller Sets to the specifications set out in Schedule 1 to this contract.
- (2) The Supplier must develop the regulator sets to the specifications set out in Schedule 2 to this contract.
- (3) The Supplier must obtain certificates of compliance with:
 - (a) AS 4774.2; and
 - (b) AS/NZS 1200;as in force at the time of testing, such certificates having been issued by an independent, NATA-accredited body following testing carried out in accordance with AS 3920.1.
- (4) The Supplier must obtain the certificates of compliance referred to in paragraph (2) above:
 - (a) in respect of the Regulator Sets, within three months of the date of the Contract;
and
 - (b) in respect of the Controller Sets, within seven months of the date of the Contract.
- (5) In circumstances where certification may be delayed beyond such dates, the Supplier must immediately notify the Buyer. The Buyer may, at its discretion, extend the time for certification and, if necessary, delivery of the first and/or second tranche.

...

12. Delivery

- (1) Within five months of the date of this contract, the Supplier will deliver 1,500 Regulator Sets and two Controller Sets (the first tranche).
- (2) Within twelve months of the date of this contract, the Supplier will deliver 1,500 Controller Sets (the second tranche).

13. Payment

- (1) The Buyer will pay:
 - (a) \$85,200, due five days after the date of this contract;
 - (b) \$129,600, due five days after delivery of the first tranche;
 - (c) \$637,200, due five days after delivery of the second tranche;
 - (d) 12.2% of all proceeds of AirBed sales for which money is received in the year following the date of delivery of the second tranche, due five days after the anniversary of the date of delivery of the second tranche;
 - (e) 6.2% of all proceeds of AirBed sales for which money is received in each subsequent year, due five days after each subsequent anniversary of the date of delivery.
- (2) Payment may be made by electronic funds transfer or any other means acceptable to the seller.

14. Option on further units

- (1) The Buyer may place orders for further Regulator Sets and/or Controller Sets.
- (2) For such orders, the Buyer will pay:
 - (a) for Regulator Sets, \$120/piece;
 - (b) for Controller Sets, \$590/piece.
- (3) Purchase prices may be amended once annually by written notice from the Supplier to the Buyer. The first such amendment may be made on the first anniversary of delivery of the second tranche. Purchase prices may not be increased by more than 10% in any year. Amendments do not have retrospective effect.
- (4) Where the Buyer agrees to pay the purchase price, as set by clause 14(2) or as amended in accordance with clause 14(3), the Supplier must accept the order and make delivery.
- (5) The time for delivery shall be 2 months from the date of the order or as set by agreement.
- (6) Payment must be made in accordance with clause 13(2) above.

...

20. Breach and termination

- (1) In case of breach of any of clauses 12 and/or 13, other than where the time for performance is extended in accordance with any other clause of this Contract, the non-breaching party may terminate the contract by written notice.
- (2) In case of substantive breach of any of clauses 5, 6, 8 or 10(2), the non-breaching party may elect to issue a Notice to Remedy, which sets a time period for rectification or performance of no less than 28 business days.
- (3) If, a Notice of Remedy having been issued under clause 20(2) above, the breaching party fails to remedy the breach in accordance with such Notice, the non-breaching party may terminate the contract.

21. Applicable Law

This contract is governed by the law of Victoria.

22. Dispute resolution

Any dispute, controversy or claim arising out of, relating to or in connection with this contract, including any question regarding its existence, validity or termination, shall be resolved by arbitration at the Victorian Arbitration Centre in Melbourne, Victoria in accordance with the Victorian Arbitration Centre Rules. Three arbitrators shall be appointed in accordance with the Victoria Arbitration Centre Rules. The language of the arbitration shall be English.

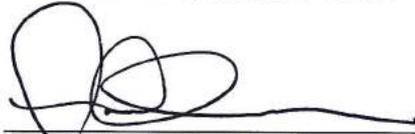
EXECUTED as an Agreement

Executed by **Camaire Pty Ltd** (ACN 001 627 627) in accordance with Section 127 of the Corporations Act 2001



DAVID PETER BRINKHOFF, *Director*

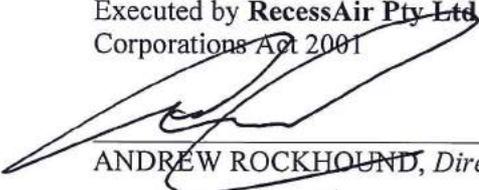
30 JUNE 2015
Date



ANDREA DARLING, *Director*

30.6.2015
Date

Executed by **RecessAir Pty Ltd** (ACN 002 390 329) in accordance with Section 127 of the Corporations Act 2001



ANDREW ROCKHOUND, *Director*

2/7/15
Date



GERTRUDE BALL, *Director*

2/7/15
Date

Omitted:

Schedule 1 – list of parts comprising controller sets

Schedule 2 – list of parts comprising regulator sets

Schedule 3 – technical performance specifications for controller sets

From: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Sent: Tuesday, 1 December 2015 11:41 AM

To: David Brinkhoff

Subject: Re: Airbed - Controllers

Hi David,

We've just dropped off the controllers to Intair for AS testing. This will be a bit longer than the regs as it's likely we'll have to fine tune the programming and maybe substitute some of the disposable parts. We'll keep a close eye on things – fingers crossed. Regs Andrew

Best regards,

Andrew Rockhound

Chief Executive Officer, RecessAir Pty Ltd

ceo@recessair.com.au | EA: Mathew Rockhound (d) 03 9320 3902 (e) ceoea@recessair.com.au

On 2 July 2015, at 14:29, David Brinkhoff <brinkhoff@camaire.com> wrote:

Fantastic! D

From: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Sent: Tuesday, 2 July 2015 4:20 PM

To: David Brinkhoff

Subject: Airbed

Contract signed – in post now!

Best regards,

Andrew Rockhound

Chief Executive Officer, RecessAir Pty Ltd

ceo@recessair.com.au | EA: Mathew Rockhound (d) 03 9320 3902 (e) ceoea@recessair.com.au

RecessAir

AIR SUPPLY | LIFE SUPPORT

22 January 2016

Mr David Brinkhoff
Managing Director
Camaire Pty Ltd
Level 38, 390 St Kilda Road
Melbourne Victoria 3000

Dear Mr Brinkhoff,

Re: AirBed controllers – Certificates of Compliance

Testing of the controllers has now been finalised and compliance with the relevant Australian Standards has been certified.

We enclose copy Certificates of Compliance with:

- AS 4744.2-2002; and
- AS/NZS 1200:2000.

You will note there are no findings of non-compliance.

Yours sincerely,



Andrew Rockhound

Enc.

NATA CERTIFICATE OF COMPLIANCE

AS 4774.2-2002 Work in compressed air and hyperbaric facilities

Product: AirBed controllers (Part no RA-AB-C11X)
Sponsor: RecessAir Pty Ltd (contact Andrew Rockhound 03 9320 3902)
Test dates: 1/12/15 – 14/12/15
Test lab: IntairLab Pty Ltd (Ref 2015:19209B)

Findings as against standards:

Standard	Compliant (range)	Result	Finding
1.1	0.90 < Var < 1.10	0.922	Compliant
1.2	0.88 < Var < 1.12	0.923	Compliant
1.3	FMECA WCS Var < 0.10	0.12	Compliant (discretionary)
2.1	PTP < 125 cmH2O.sec/minute	92cmH20.sec/min	Compliant
2.2	PTP < 125 cmH2O.sec/minute	112cmH20.sec/min	Compliant
3.1	PEEP < 10cmH20	Not applicable	Compliant
4.1	RR/VT resp < 0.2sec	0.1sec	Compliant
4.2	RR/VT alarm	Present	Compliant

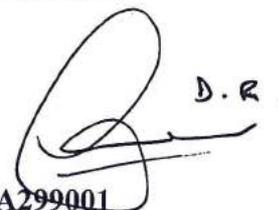
Notes:

*Data confirming testing conducted at 1 Bar (± 0.01) bracketed 20.3-28.1°C sighted
 Standard 1.3 is a discretionary standard; finding of compliance in this instance*

Certificate no. AS4774.2:19374092

Issued by ASAC Pty Ltd, NATA accreditation no. A299001

Issue date: 21 January 2016



NATA CERTIFICATE OF COMPLIANCE

AS/NZS 1200:2000 Pressure equipment

Product: AirBed controllers (Part no RA-AB-C11X)
Sponsor: RecessAir Pty Ltd (contact Andrew Rockhound 03 9320 3902)
Test dates: 1/12/15 – 11/1/16
Test lab: IntairLab Pty Ltd (Ref 2015:19209A)

Findings as against standards:

Standard	Compliant (range)	Result	Finding
1.1	< 5mm exp at 200mBar OP	3mm exp	Compliant
1.2	< 8mm exp at 400mBar OP	5mm exp	Compliant
2.1	Yield strength > 310mPa	Disl 422mPa	Compliant
3.1	< 3 failures per 1m cycles	2 failures	Compliant
3.2	< 3 failures per 1m cycles	1 failures	Compliant

4.1 Materials compliant

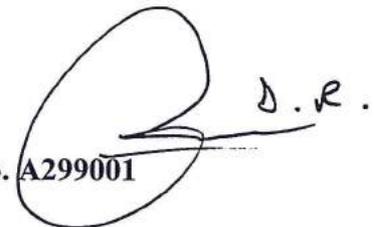
Notes:

Data confirming testing conducted at 1 Bar (± 0.01) bracketed 20.3-28.1°C sighted

Certificate no. AS1200:97311518

Issued by ASAC Pty Ltd, NATA accreditation no. A299001

Issue date: 21 January 2016



From: David Brinkhoff [<mailto:brinkhoff@camaire.com>]

Sent: Tuesday, 1 December 2015 11:41 AM

To: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Subject: Breach of contract with Camaire Pty Ltd – Notice to Remedy

Attached files: NoticetoRemedy.pdf

Dear Mr Rockhound

See attached Notice to Remedy of instant date.

This requires your immediate attention and action within 28 days. Failure to comply could result in termination of the contract.

Yours faithfully

David Brinkhoff

MD, Camaire Pty Ltd | 03 9209 3293 | brinkhoff@camaire.com

camaire

sleep.

28 January 2016

RecessAir Pty Ltd

PO Box 2901

Perth WA 6000

Notice to Remedy

YOU ARE HEREBY ON NOTICE THAT you are in breach of your obligation under clause 5(2)(b) of your contract with Camaire Pty Ltd dated 2 July 2015 (**the Contract**).

Camaire Pty Ltd may terminate the contract without further notice unless the breach is remedied by provision of compliant Certificates of Compliance **within 28 days of the date of this Notice**.

This notice is issued pursuant to clause 20(2) of the Contract.

Yours faithfully



CAMAIRE PTY LTD

David Brinkhoff

*Camaire Pty Ltd (ABN 61 001 627 627)
Level 38, 390 St Kilda Road, MELBOURNE 3000*

From: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Sent: Friday, 29 January 2016, 09:16 AM

To: David Brinkhoff

Subject: Airbed

Hi David. I just read your email and the notice to remedy. We'll get there but it will be difficult to get you certificates within the time you set. The new standard has a (in my opinion, unnecessary) threshold requirement for FMECA analysis that will make testing an even more protracted exercise. We'll still meet ultimate delivery date. Regs Andrew

Best regards,

Andrew Rockhound

Chief Executive Officer, RecessAir Pty Ltd

ceo@recessair.com.au | EA: Mathew Rockhound (d) 03 9320 3902 (e) ceoea@recessair.com.au

Current & Historical Company Extract

RECESSAIR PTY LTD
ACN 002 390 329

Organisation Details	Document Number
Current Organisation Details	
Name: RecessAir Pty Ltd	093283K
ACN: 002 390 329	
ABN: 42002390329	
Registered in: WESTERN AUSTRALIA	
Registration date: 29/10/1990	
Next review date: 29/10/2016	
Name start date: UNKNOWN	
Previous state number: 6389201	
Status: Registered	
Company type: Australian Proprietary Company	
Class: Limited by Shares	
Subclass: Proprietary Company	

Address Details	Document Number
Current	
Registered Address: 2 Swan Street, PERTH WA 6001	1F9032883
Start date: 01/07/2003	
Principal Place of Business address: 2 Swan Street, PERTH WA 6001	1F2893229
Start date: UNKNOWN	
Historical	
Registered Address: 14 Emu Way, PERTH WA 6000	1F2893229
Start date: UNKNOWN	
Cease date: 01/07/2003	

Officeholders and Other Roles	Document Number
Director	
Name: GERTRUDE BALL	1F2893229
Address: 10 Kangaroo Crescent, PERTH WA 6001	
Born: 10/08/1970	
Appointment date: 29/10/1990	
Name: ANDREW ROCKHOUND	1F2893229
Address: 28 Koala Drive, PERTH WA 6001	
Born: 26/02/1972	
Appointment date: 29/10/1990	

Name: STOTT ANTHONY SMITH	0302939K
Address: 52 Dingo Road, PERTH WA 6000	
Born: 05/05/1979	
Appointment date: 01/07/2001	
Secretary	
Name: MITCHELL JAMES RUPERT NATHAN	1F2893229
Address: 201 Cockatoo Avenue, PERTH WA 6001	
Born: 11/06/1968	
Appointment date: 29/10/1990	
Previous Director	
Name: MICHAEL ANDREW DADDO	046629334
Address: 14 Emu Way, PERTH WA 6000	
Born: 02/11/1961	
Appointment date: 29/10/1990	
Cease date: 01/07/2003	
Name: JAYTHAN NAYLOR	046629334
Address: 14 Emu Way, PERTH WA 6000	
Born: 10/09/1952	
Appointment date: 29/10/1990	
Cease date: 01/07/2003	

Documents	Document Number
*DOCUMENTS OMITTED FROM THIS EXTRACT	

Note: Where the expression 'Unknown' is shown, the precise date may be available from records taken over on 1 January 1991 and held in paper or microfiche.

End of Extract of 2 Pages

Current & Historical Company Extract

ASAC PTY LTD
ACN 001 233 756

Organisation Details	Document Number
Current Organisation Details	
Name: ASAC Pty Ltd	897412J
ACN: 001 233 756	
ABN: 42001233756	
Registered in: WESTERN AUSTRALIA	
Registration date: 02/03/1995	
Next review date: 02/03/2021	
Name start date: 02/03/1995	
Previous state number: 8587643	
Status: Registered	
Company type: Australian Proprietary Company	
Class: Limited by Shares	
Subclass: Proprietary Company	

Address Details	Document Number
Current	
Registered Address: 87 Wombat Drive, PERTH WA 6000	1Z8976500
Start date: 10/03/2008	
Principal Place of Business address: 87 Wombat Drive, PERTH WA 6000	1Z8976500
Start date: 10/03/2008	
Historical	
Principal Place of Business address: 23 Kowari Road, PERTH WA 6000	1A7898767
Start date: 07/04/2000	
Principal Place of Business address: 2/393 Numbat Crescent, PERTH WA 6001	6Z6432768
Start date: 03/02/1996	
Registered Address: 2/393 Numbat Crescent, PERTH WA 6001	6Z6432768
Start date:	
Cease date: 03/02/1996	

Officeholders and Other Roles	Document Number
Director	
Name: ANDREW SOW LIN	5C5780090
Address: 91 Crocodile Grove, PERTH WA 6002	
Born: 13/01/1978	

Appointment date:	15/08/2005	
Name:	JACOB FREDRICK HART	5N7860090
Address:	31 Platypus Boulevard, PERTH WA, 6000	
Born:	27/02/1969	
Appointment date:	18/06/2006	
Name:	EMILY JANE VAMEER	5B8940381
Address:	62 Echidna Street, PERTH WA 6000	
Born:	12/03/1980	
Appointment date:	22/04/2007	
Name:	CLAIRE SIGRID CLARKE	7Z9054407
Address:	81 Wallaby Road, PERTH WA 6000	
Born:	19/12/1981	
Appointment date:	01/05/2007	
Secretary		
Name:	RICHARD GARY PITMAN	7F1959404
Address:	201 Yabby Way, PERTH WA 6001\	
Born:	21/08/1975	
Appointment date:	01/09/2003	
Previous Director		
Name:	ANN ELIZABETH VANDASOKE	043970697
Address:	11 Bilby Avenue, PERTH WA 6001	
Born:	15/05/1965	
Appointment date:	02/03/1995	
Cease date:	17/06/2006	
Name:	WESLEY JAY PARKER	056798300
Address:	59 Galah Road, PERTH WA 6000	
Born:	01/11/1972	
Appointment date:	10/08/1996	
Cease date:	21/04/2007	
Previous Secretary		
Name:	MICHAEL ANDREW DADDO	078694003
Address:	14 Emu Way, PERTH WA 6000	
Born:	02/11/1961	
Appointment date:	02/03/2001	
Cease date:	31/08/2003	

Documents	Document Number
*DOCUMENTS OMITTED FROM THIS EXTRACT	

Note: Where the expression 'Unknown' is shown, the precise date may be available from records taken over on 1 January 1991 and held in paper or microfiche.

End of Extract of 2 Pages

D O E G O O D
& A S S O C I A T E S

LEVEL 39, 270 QUEEN STREET MELBOURNE 3000 | DX 1920 MELBOURNE | +61 3 9229 2020 | melbourne@dgalaw.com.au

7 March 2016

RecessAir Pty Ltd
PO Box 2901
Perth WA 6000

by courier

Dear Sirs

Your contract with Camaire Pty Ltd

NOTICE OF TERMINATION

We act on behalf of Camaire Pty Ltd.

We refer to the Notice to Remedy issued 28 January 2016 and note that the period for remediation has today expired.

As our client has not received compliant certificates, your breaches of the Contract dated 2 July 2015 remain unremedied.

Accordingly, and pursuant to clause 20(3) of the Contract, that Contract is hereby terminated.

Our client will hold you liable for the cost of replacement parts required to ensure contracts for the sale of AirBeds to consumers can be performed.

Our client reserves all rights.

Yours faithfully



DOE GOOD & ASSOCIATES

P Janofsky
Principal
Ref: 00001/2016

From: "David Brinkhoff" <brinkhoff@camaire.com>

Subject: Re: Airbed

Date: 9 March 2016 at 14:22:08 AEST

To: Andrew Rockhound <ceo@recessair.com.au>

Andrew, as we said, if you're not willing to carry on and perform according to the contract, we'll find alternative controllers and hold you accountable. We gave you a chance to fix your breaches and you didn't. We've been trying to keep things going this whole time, but if you want to throw in the towel, it's best we move on.

David Brinkhoff

MD, Camaire Pty Ltd | 03 9209 3293 | brinkhoff@camaire.com

From: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Sent: Tuesday, 8 March 2016, 10:23 AM

To: David Brinkhoff

Subject: Airbed

Just got back in to work to see your Notice of Termination. What's that about??
Testing is underway, as I promised it would be. We're stopping work until you tell us the contract is still on foot. REgs Andrew

On 7 March 2016, at 07:04, P Janofsky <pj@dgalaw.com.au> wrote:

Notice of Termination attached.

Peter Janofsky

Principal

E: pj@dgalaw.com.au | D: 03 9229 2021 | M: 0499 289 999

Level 39, 270 Queen Street Melbourne 3000 | DX 1920

From: Willie Nielsen [<mailto:deanpa@greatsouthernlawschool.com.au>]

Sent: Thursday, 20 August 2015 11:41 AM

To: David Brinkhoff

Subject: Re: Airbed – Controllers

Attachments: AirbedContract-signed0000001.pdf

Hi David,

As discussed, I attach scan of the signed contract. I'll post the original in the next couple of days.

To confirm, it provides that we will:

- take delivery of 750 AirBeds by 29 July 2016, which will see them installed in time for Semester 2 swot vac;
- Take delivery of 750 AirBeds by 16 September 2016, which will see them installed for our summer semester intake; and
- Pay \$7,250 per unit on delivery of each lot, less 10% on account of the 10% deposit on the total payable by 30 September 2015.

I'll have accounts transfer the 10% deposit (\$108,750) tomorrow.

Thanks again for your help sorting this out. Having these sort of facilities for unconscious students will really set us apart. We'll run the marketing material past you before it goes out but it's looking fantastic!

All best,

Anna

Dean, Great Southern Law School

PA: Willie Nielsen (03) 9111 8020 | deanpa@greatsouthernlawschool.com.au

GasTRO
24, Songshou Road
Taipei, Taiwan, 11051
+886 2 2720 1500

Mr David Brinkhoff
Managing Director
Camaire Pty Ltd
brinkhoff@camaire.com

29 MARCH 2016

Dear Mr Brinkhoff,

I refer to our telephone discussion yesterday.

To confirm, the total price for development, manufacture and testing of the required 1,500 processor/controller units is **\$2,302,000** payable 20% deposit and remainder on delivery.

As discussed, the increased cost is due to scarcity of components which means we will have to manufacture many ourselves and due to the short lead time to tool and program the housings and controllers.

As discussed, if further units are required, the per unit price will be dramatically lower.

Yours truly,

Chiu Chen

WILFERHALE

LEVEL 20, 300 QUEEN STREET
MELBOURNE VICTORIA 3000
TELEPHONE: 03 9223 3333
FACSIMILE: 03 9223 3009

3 June 2016

Your ref: CA001/2016 | Our ref: FR:DW203-290421

Victorian Arbitration Centre
295 Queen Street
MELBOURNE VIC 3000

Dear Sir/Madam,

CAMAIRE PTY LTD V RECESSAIR PTY LTD (NO. CA001/2016)

We act on behalf of RecessAir Pty Ltd, respondent to this proceeding.

We enclose Answer to Notice of Arbitration and Statement of Defence and Counterclaim dated 3 June 2016.

We today served a copy of the enclosed document on Camaire Pty Ltd, claimant, by hand to its representatives.

Pursuant to Article 12 of the VAC Rules, Camaire nominates Mr Paul Parsons as its party-appointed arbitrator.

Yours sincerely,



WilferHale

Partner: Fiona Resk | fresk@wh.com | 03 9223 3362

Enc.

ANSWER TO NOTICE OF ARBITRATION

- A. This Answer to Notice of Arbitration and Statement of Defence and Counterclaim will use the same definitions as used in the Notice of Arbitration and Statement of Claim dated 6 May 2016.
- B. While making no admission in relation to the assertions set out in paragraph F, RecessAir takes no issue with the particulars set forth in the Notice of Arbitration.
- C. RecessAir accepts that the Tribunal has jurisdiction.
- D. By this Answer to Notice of Arbitration and Statement of Defence and Counterclaim, RecessAir:
 - (a) refutes any basis for the relief sought by Camaire; and
 - (b) makes a counterclaim for restitution and/or contractual damages in the amount of \$1,682,520.60.

STATEMENT OF DEFENCE

- 28. To the Statement of Claim dated 6 May 2016, RecessAir says:
 - (a) Camaire wrongfully terminated in that it had no right to terminate in the circumstances, as:
 - i. there was no breach of the Contract enlivening the clause 20(2) procedure; and
 - ii. even if the Notice to Remedy was validly issued, the purported termination was invalid as the time for remediation had not passed;
 - (b) Further, and in the alternative, the purported termination was invalid for want of good faith;
 - (c) Even if the purported termination was valid, Camaire is responsible for the cost of the alternative products it chose to purchase, as:
 - i. it was not compelled to purchase alternative products from another supplier; and
 - ii. recovery of the cost of the alternative products would result in a profit to Camaire above the benefit it stood to gain from the bargain; and
 - iii. in any event, recovery of damages would be limited to a sum reduced by the portion of the contract price already paid.

COUNTERCLAIM

- 29. RecessAir makes the following claim as a counterclaim or as a claim relied on for the purposes of a setoff.
- 30. In the course of developing the air supply products, RecessAir incurred substantial costs. In fact, its costs exceeded the total purchase price set by the Contract. RecessAir now

WILFERHALE

produces evidence of its accountant, Mr Anthony Yonge, to the effect that those costs totalled \$1,682,520.60 (Exhibit R1 annexed).

31. In addition to taking delivery of the full requirement of regulator units, Camaire took the benefit of RecessAir's development of the controller units in multiple ways, including:
 - (a) first, taking the benefit of development generally through its possession of the test units delivered with the first tranche;
 - (b) second, taking the benefit of RecessAir's knowledge and input in the course of testing other AirBed components (Exhibit R2 annexed); and
 - (c) third, taking the benefit of RecessAir's skill and expertise in selecting parts and technological approaches which avoided and responded to situations that would have resulted in greater complexity and higher cost (Exhibits R2 and R3 annexed).
32. Therefore, even in circumstances where the deposit and first tranche payment were made – a total payment of \$214,800 – those payments go only a small way to compensate RecessAir for its work done and of which Camaire took the benefit.
33. In circumstances of invalid termination made in want of good faith, that Camaire continues to take the benefit of that work done by RecessAir is unjust. RecessAir counterclaims for restitution.

Points at Issue in Counterclaim

34. The points at issue in this Counterclaim are:
 - (a) Whether Camaire took and retains the benefit of work done by RecessAir in the course of the life of the Contract; and
 - (b) Whether RecessAir is entitled to compensation by way of restitution and/or damages on account of such work.

Relief Sought by Counterclaim

The Respondent counterclaims:

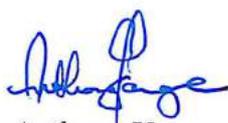
- (a) restitution, in the amount of \$1,682,520.60;
- (b) in the alternative, damages in the amount of the remainder of the contract price, including shares in profits as if the alternative controllers had not been purchased;
- (c) costs of the proceeding;
- (d) interest according to statute.

DATED 3 June 2016

Witness Statement of Anthony Yonge

- 1 I am an accountant in the sole and permanent employ of RecessAir Pty Ltd.
- 2 On 6 June 2016 I reviewed the company's invoices, timesheets and other records to assess the cost to the company of engagement in the development and production of components for Camaire Pty Ltd and the 'AirBed' project.
- 3 Those costs were as follows:

a. Executive costs:	\$	72,309.40
b. Purchases:	\$	140,205.33
c. Engineering costs:	\$	329,502.02
d. Manufacture:	\$	561,590.30
e. Software development:	\$	359,239.22
f. Testing:	\$	206,662.83
g. Sundries:	\$	13,011.50
Total:	\$	1,682,520.60
- 4 That total does not include contract negotiation, internal correspondence or correspondence with Camaire Pty Ltd.



Anthony Yonge

2 June 2016

On 2 December 2015, at 13:10, David Brinkhoff <brinkhoff@camaire.com> wrote:

What I can understand of that sounds promising – get your man on the flight. Now that's bringing value! D

From: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Sent: Wednesday, 2 December 2015 10:22 AM

To: David Brinkhoff

Subject: Re: Airbed - Controllers

Solution might be to program the controllers to flutter the solenoids which means you'll have turbulent flow through the anti-rotation bars instead of laminar, as is the case at the moment. Untested as yet, but comes to mind as a benefit of our decision to go with the XE solenoid-integrated regulators. We started doing that after a bit of a Eureka moment in a recent project, where we used them (& their fail open mechanic) to avoid an issue under the AS regarding failure modes, which otherwise needs a lengthy workaround. The typical separate solenoid fails closed, which obviously isn't great for life support! Reducing the complexity of AS testing would be a side benefit.

We could send someone over for the start of next week to program the test controllers. Regs
Andrew

On 2 December 2015, at 06:58, David Brinkhoff <brinkhoff@camaire.com> wrote:

Great. Keep us posted on progress.

Hope it's smoother sailing than we've experienced with the anti-rotation bars. Apparently the curvature of the inner walls of the AirBed is interfering with the flow they're putting out and creating some sort of vortex. In the most recent test the sleeper dummy ended up spinning 230 times a minute. That's 26 G's. Fighter pilots do about 10... Not the type of relaxation we're going for. D

From: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Sent: Tuesday, 1 December 2015 11:41 AM

To: David Brinkhoff

Subject: Re: Airbed - Controllers

Hi David,

We've just dropped off the controllers to Intair for AS testing. This will take a bit longer than the regs as it's likely we'll have to fine tune the programming and maybe substitute some of the disposable parts. We'll keep a close eye on things – fingers crossed. Regs Andrew

Best regards,

Andrew Rockhound

Chief Executive Officer, RecessAir Pty Ltd

ceo@recessair.com.au | EA: Mathew Rockhound (d) 03 9320 3902 (e) ceo@recessair.com.au

On 2 July 2015, at 14:29, David Brinkhoff <brinkhoff@camaire.com> wrote:

Fantastic! D

From: Andrew Rockhound [<mailto:ceo@recessair.com.au>]

Sent: Tuesday, 2 July 2015 4:20 PM

To: David Brinkhoff

Subject: Airbed

Hi David,

Contract signed – in post now!

Best regards,

Andrew Rockhound

Chief Executive Officer, RecessAir Pty Ltd

ceo@recessair.com.au | EA: Mathew Rockhound (d) 03 9320 3902 (e) ceo@recessair.com.au

From: "David Brinkhoff" <brinkhoff@camaire.com>

Subject: Re: AirBed – another little win

Date: 5 January 2016 at 11:11:06 AEST

To: Andrew Rockhound <ceo@recessair.com.au>

That is excellent. Great help. Anything that cuts red tape is a win now and in the long term. Good man. D

On 4 January 2016, at 16:10, Andrew Rockhound <ceo@recessair.com.au> wrote:

We've had the OK on the turbulent flow solution I proposed on 2 December last year. Yet another benefit popped up - it will mean one of the AS requirements (one of the trickiest!) is out of your hair too, as the anti-rotation bars no longer qualify as constant breathing gas supply lines. Therefore we're only required to test one sample unit, not every single air supply set we produce over the Airbed's lifetime. Regs Andrew

PROCEDURAL ORDER NO 1

At the preliminary meeting held on 10 June 2016, the Tribunal adopted the following procedures for the conduct of the arbitration:

1. The Tribunal will not hear any arguments as to:
 - (a) any matters of arbitral procedure, including the appointment or jurisdiction of the Tribunal;
 - (b) the validity and proper execution of the Contract dated 2 July 2015;
 - (c) the compliance of the goods delivered with the specifications of the Schedules to the Contract dated 2 July 2015;
 - (d) the accuracy of the accounting in the witness statement of Mr Anthony Yonge dated 2 June 2016; or
 - (e) the authenticity of any documents produced as evidence;there being no dispute between the parties as to those matters.
2. The parties may seek further particulars and clarifications of factual matters and the issues in dispute in accordance with the following procedure:
 - 2.1. Each party may email such requests to vivi.tan@vu.edu.au before **11:59pm 18 July 2016 AEST**;
 - 2.2. The Tribunal will resolve such queries as it considers appropriate;
 - 2.3. The Tribunal will publish a further Procedural Order as expeditiously as possible.
3. For the purposes of the hearing, the Procedural Order made in accordance with Order 2.3 above will be taken to be a further and agreed Statement of Facts.
4. Pursuant to Article 32 of the VAC Rules, the Tribunal appoints Dr Peta Paul as an expert to determine the question of the substantive validity of AS Compliance Certificate number AS4774.2:19374092 dated 21 January 2016.
5. Pursuant to Article 29 of the VAC Rules, the Tribunal requires that:
 - 5.1. The Claimant file written submissions setting out its arguments in support of the claims made in its Statement of Claim before **11:59pm 22 August 2016 AEST**;

- 5.2. The Respondent file written submissions setting out its arguments in support of the defences and counterclaim made in its Statement of Defence and Counterclaim before **11:59pm 9 September 2016 AEST**.
6. Oral arguments will be heard at a place in Melbourne to be determined, from **26 to 29 September 2016 inclusive**.
7. The documents filed by the Claimant and Respondent to date and the Procedural Order made in accordance with Order 2.3 above constitute the whole evidence. No further evidence may be adduced. No oral evidence will be called.

Be it ordered by the Arbitral Tribunal



10 June 2016

EXPERT DETERMINATION OF DR PETA PAUL

Validity of discretionary finding in NATA AS Certificate AS4774.2:19374092

20 June 2016

1. I am appointed to determine the question of the substantive validity of AS Compliance Certificate number AS4774.2:19374092 dated 21 January 2016. I have not sighted the original product and have a limited understanding of its intended application. I make this report on the basis of my experience and the Certificate and test reports.
2. My expertise and experience is set out in my curriculum vitae (attached). In summary, I have worked in NATA-Accredited testing laboratories and certifying bodies for over 45 years in a variety of roles. Between 2005 and 2015 I was the head of the Australian Standards Bureau.
3. The certificate makes a discretionary finding of compliance against Standard 1.3 of AS4774.2-2002 Work in compressed air and hyperbaric facilities. That Standard refers to the reliability of failure modes of electronic controllers of air supply to hyperbaric vessels (that is, where pressure inside the vessel is above that normally experienced in the atmosphere). It requires that if the controller being tested fails, it should not permit the pressure inside the hyperbaric vessel to drop by more than 0.10 Bar.
4. However, the Standard is discretionary. Certifying bodies may certify compliance against discretionary Standards where the allowable range is exceeded in circumstances where the particular failure is unlikely or in light of the particular application of the product being tested.
5. The findings in this case were as follows:

FMECA WCS Var < 0.10 Bar discretionary	0.12	Discretionary compliant
---	------	-------------------------

6. This means the pressure inside the test hyperbaric vessel varied a mean of 0.12 Bar across the 100 failure (FMECA WCS) tests conducted. The relevance of the excess of 0.02 Bar is entirely application dependent.
7. In the circumstances it appears ASAC Pty Ltd has been satisfied of either or both of those scenarios. Without conducting testing myself, I have no basis to suggest the exercise of its discretion was flawed.
8. Prior to assessing the findings in the certificate and test reports, I checked the validity of the NATA accreditation of the issuing body, ASAC Pty Ltd. Its accreditation appears to be unconditional and up to date. I have no reason to question its ability or entitlement to issue such certificates.



DR PETA PAUL

PROCEDURAL ORDER NO 2

The following answers to questions for clarification are provided:

- 1. Does Michael Andrew Daddo have any ongoing involvement with, or shareholding in, either ASAC Pty Ltd or RecessAir Pty Ltd?**

Michael Daddo continues to serve as a consultant to ASAC Pty Ltd, working an average of four days a month. He owns 2% of the company's shares. He divested his 1.5% shareholding in RecessAir on ending his tenure as Director.

- 2. Are the terms of the Contract not included in the provided extracts relevant to resolving the dispute?**

The extracts provided are agreed to be the clauses relevant to the dispute. There is no clause, for example, expressly requiring the exercise of good faith.

In respect to the clauses referred to within clause 5:

- (a) clauses 6 and 8 of the Contract contained performance requirements for the controller sets and regulator sets respectively;
- (b) clause 10(2) related to operating manuals for the controller sets.

Neither of those matters come to issue.

- 3. Is the content of the relevant Standards relevant and/or able to be produced pursuant to rule 15 of the Rules or otherwise?**

References to the Standards in the case file are taken to be factually accurate. There is no need for the parties to refer to or to produce the Standards themselves. In the interest of fairness the Tribunal will not refer to or accept any reference to their content beyond the contents of the case file.

- 4. What dates was the AS1200 testing carried out by the Respondent (e.g were there multiple test of compliance undertaken in the 6 week period, or was it one test that took 6 weeks)? If there were multiple tests, was it the same test each time or did the testing environment change each time a test was conducted?**

The testing process, including set up, commenced 1 December 2015. Testing involves multiple and repeated tests conducted over multiple days in multiple testing environments. Testing first focuses on physical characteristics then on operational and software factors.

5. **How long would it have taken, and how much would it have cost, to undertake testing under AS1200:2015?**

Both versions of AS1200 required similar testing. The additional FMECA testing involved four further days testing, at the end of the process. The extra laboratory/testing fees would amount to an estimated \$132,000. Further work was required in reprogramming the controller sets to respond to the FMECA requirements; that could have been done in the time available before FMECA testing would begin. That process, and testing, were underway as 7 March 2016.

6. **How did the parties become aware of the new AS1200:2015?**

The Claimant's lawyers checked the certificates against the standards on 27 January 2016. The Respondent became aware of AS1200:2015 on receiving the Claimant's Notice to Remedy.

7. **What costs did the Respondent incur in preparing for testing under AS/NZS 1200:2000 before 1 December 2015?**

As compliance with the Standards was required, the Respondent was effectively "preparing for testing" through all development, programming and testing it carried out. Of the costs detailed in Mr Yonge's witness statement dated 2 June 2016, \$287,390 is attributed to work conducted post 1 December 2015.

8. **Did the person mentioned by the Respondent in its email of 2 December 2015 (Exhibit R2) travel to program the test controllers? Is this included in any of the costs detailed in Mr Yonge's witness statement?**

Yes, the Respondent dispatched an engineer to program the test controllers. The costs of that exercise are included in items (c) and (e) of Mr Yonge's witness statement.

9. **According to the Witness Statement of Anthony Yonge, the Respondent's costs in relation to the AirBed project include executive costs totaling \$72,309.40 and sundries totaling \$13,011.50. What specifically does the executive costs and sundries include?**

Executive costs refer to the costs associated with participation of the Respondent's executive and management teams in the project, for example, meeting time and project management arrangements. Sundries refers to disbursements not included in the 'purchases' category, including printing and shipping.

10. Does item 1(d) of the Procedural Order No. 1 preclude arguments about any potential conflict of interest in Mr Yonge’s report and/or arguments about the independence of Mr Yonge’s statements?

Yes.

11. Did the Claimant receive certificates of compliance with AS/NZS 1200:2015 for the controller sets from GasTRO or any other body?

The Claimant now holds certificates of compliance with AS/NZS 1200:2015, issued by a third party accrediting body.

12. Is the Claimant’s net loss of \$200,360.66 (Statement of Claim, ¶ 22) included in the Claimant’s damages claim of \$2,302,000?

No. The net loss is calculated in accordance with the following formula:

Income from sale of AirBeds – cost of alternative Air Supply products = net loss
--

13. Is the statement that “[t]here was no other possible source of replacement controllers” accurate?

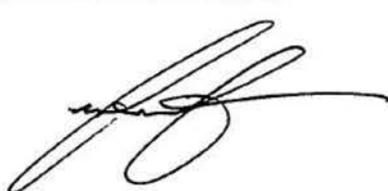
Yes. Theoretically, it would have been possible to contract with multiple parties to provide subcomponents, but this would have involved significantly higher costs and extravagant delay.

14. Will Arbitrators hear arguments not originally pleaded in the Statement of Claim, Statement of Defence and Counterclaim?

Advocates may forward any argument in support of the relief sought.

Corrections are made in accordance with the attached table.

Be it ordered by the Arbitral Tribunal



1 August 2016

TABLE OF CORRECTIONS

Page	¶	Correction
4	9	Reference to instalment of \$239,600 corrected to \$129,600
8	13	Clause 13(1)(d) and (e) references to “all proceeds of” corrected to “ net profit on ”
15		Date and time of email corrected
16	1	Reference to clause 5(2)(b) of the Contract corrected to 5(3)(b)
17		Time of email corrected
24		Subject line corrected
27-28		Paragraph numbering corrected
29	2	Date reference to 6 June 2016 corrected to 2 June 2016