

OUR POLICIES

EXCHANGE PROGRAM & CORE RETURN POLICY

A. Program

Upon receipt of a purchase order, a "Reman Exchange Unit" will be sent, as stipulated in our written quotation. The purchaser will be invoiced for the cost of the "Reman Exchange Unit", plus a "Core Deposit" to secure the return of an old "Core Unit" to our Reman Center. Upon reception of the "Old Core", if the unit meets our "Core Return Criteria", a full or partial credit note or refund, for the "Core Deposit" will be issued to the purchaser.

The Reman-Exchange unit will include all the parts shown, or described in the manufacturer's parts manual. If some fittings, hoses or accessories are shown in the manual, they will be included as well, with our remanufactured unit. Any fitting, hose, etc not thus shown as part of the assembly sold, will not be provided.

B. Core Return Criteria

a) It is not an option for the purchaser to keep the "Old Core" by paying the "Core Deposit" unless agreed by the manufacturer at the time of order.

An "Old Core" must always be returned. b) The "Old Core" must carry the same part number, or, subject to approval of the manufacturer, the unit may be a substitute of the Reman unit purchased.

c) Unit must be returned complete as per the "Reman Unit" received, unopened, within 30 days from the date of purchase.

If the "Core Unit" is returned disassembled, 10% of the "Core Credit" will be retained.

d) Any items initially installed on the unit purchased that are found to be missing on the returned "Core Unit" and/or non-reusable parts, such as: main housing, covers, pump heads, accessory pumps, servo controls, trunnions and physically damaged electro-mechanical devices such as probes, sensors and solenoids will be deducted from the "Core Deposit".

DETAILED WARRANTY POLICIES (2005)

A. General Provisions

-In the event, that purchaser notifies the vendors within ten days of failure, that ADH product has failed to function properly during the warranty period, and under correct use and normal operating conditions, ADh will inspect any allegeable defective component

upon return to ADH Reman Center, in Laval, Quebec, "Freight Prepaid", using ADH's approved carrier.

-Our exclusive liability and buyer's exclusive remedy, if the inspection of the allegeable defective unit demonstrates that there is a defect in material and/or workmanship, ADH will, at our absolute option, either repair or replace, any defective parts or unit, without charge. There will be no credit or refund whatsoever issued for any reasons.

-For remanufactured units purchased from ADH's exchange program only, that failed during the first 30 days of operation, ADH will replaced the defective unit, with a second remanufactured unit, at no cost, subject to product availability.

-ADh will not provide a replacement unit after this 30-day period, unless compensation is established and agreed to, between the seller and the purchaser, before shipment.

-The repair or the replacement of a unit subject to warranty does not extend the initial warranty period.

-The foregoing obligations are in lieu of all other obligations and liabilities including negligence and all warranties, of merchantability or otherwise, express or implied in fact or by law, and state our entire and exclusive liability and buyer's exclusive remedy for any claim of damages in connection with the sale or furnishing of goods or parts, their design, suitability for use, installation or operation.

-We will in no event be liable for any special or consequential damages whatsoever, and our liability under no circumstances will never exceed the contract price for the goods for which liability is claimed

B. Warranty Period

-Fully remanufactured components only, will be warranted for twelve (12) months for construction application and six (6) months for forestry and mining application, from date of shipment, or for resellers, from the date of resale to his customer.

-Copy of invoice to your customer will be required in the event of any claim subject to warranty.

C. Exclusions

-Due to the fact that the diesel engine and machine condition are not consistent, all adjustments related to horsepower setting are not covered by our warranty. ADH will not be responsible for the cost incurred for final adjustment that may be required at site.

-Any electronic devices mounted on remanufactured components such as pressure or position sensor and solenoids.

-Any equipment that have been opened without the written consent of ADh, altered or repaired after shipment by anyone.

ADvanced Hydraulics Detailed Warranty Policy (2004)

-The warranty will not apply in any event of alterations or repairs except those made with Adh written consent. Further, our warranty do not cover depreciation or damage caused by normal wear, lack of reasonable and proper maintenance, failure to follow operating instructions, misuse, lack of proper protection during storage, or accident.

D. Warranty Procedure

-Claims submitted for warranty must contain detailed support information, as a minimum: model number, serial number of unit, date of installation, hours in service and detailed description of failure or problem.

-Units or parts may be returned for repair or replacement to ADH, "Prepaid", using one of ADH approved carrier, only after receipt of our "Return Authorization number", which can be obtained from our customer service department.

-The R/A number must appear on the packing list and should be on a tag attached to the unit.

-ADH will pay the surface freight to and from the purchaser's place, only if warranty is accepted.

E. Warranty Inspection and Repair

-All units returned for warranty repair are considered to be purchaser's property, at all times, and are not to be charged to ADH by means of a debit memo.

-Any pump or motor returned for warranty and found, not to be defective, will be reassembled with new seals. A charge will be billed to the purchaser for disassembly and inspection.

-Any pump or motor found, upon inspection, to be the purchaser's responsibility for the failure, will be remanufactured at the expense of the purchaser, or scrapped at ADH, or returned to the purchaser in the disassembled condition.

-In the event that the purchaser elects to have the pump scrapped at ADH, no charges will be applied.

-If the purchaser elects to have the pump or motor returned in the disassembled condition, a disassembly and inspection charge will apply and return freight will be at the purchaser's expense.

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TERMS AND CONDITIONS OF SALES

A. Entire Contract

The Purchase Order of which these Terms and Conditions form part of, constitutes the entire contract between ADvanced Hydraulic (the Seller) and the corporation, partnership or other entity (the Buyer) designated on the purchase Order as the person to whom the product described in the Purchase Order are being sold, or from whom the product herein described are being repaired. The Purchase Order sets forth all of the covenants, promises, agreements, conditions and understandings between the Seller and the Buyer relating to the sales or repair of the product by the Seller. There are no covenants, promises, agreements, conditions or understandings either verbally or written between the Seller and the Buyer other than as herein set forth. No modification, alteration, amendment, change or addition to the Purchase Order shall be binding upon the Seller or the Buyer unless in writing and signed by each party.

B. Governing Law and Interpretation

Each party agrees to comply with all laws, ordinances, rules and regulations applicable to such party and pertaining to the sales, installation, use and operation of the component and to hold the other party harmless from and against any fine, penalty or damage arising out of the failure to comply with any such laws, ordinances, rules or regulations. Each party shall notify the other party of any such laws, ordinances, rules or regulations of which such party is aware.

C. Price

Except as otherwise expressly provided herein, all prices quoted are F.O.B. shipping point as indicated on the first page of the Quotation and include standard packaging. Prices do not include applicable sales tax, use, exercise, ad valorem, value added or other taxes imposed by any governmental authority. All such taxes will be added to Seller's invoice as a separate charge to be paid by the Buyer.

D. Payment

Unless otherwise stipulated on the first page of the Quotation, the purchase price for the replacement parts and components shall be the price specified on the first page of the Quotation and shall be due and payable upon reception of the invoice for the purchased Goods and in accordance with the payment terms specified on the first page of the Quotation.

E. Title

Legal title to each parts or components shall be transferred to the Buyer when such Goods are made available for pick up by the carrier, at its selling point. The purchaser agrees that any and all liability resulting from and during the shipping process will be borne by the purchaser. The purchaser holds harmless Adh for any damages or liabilities resulting from the shipping process.

F. Partial Shipment

Seller may ship the components in partial shipments, and reserves the rights to invoice for such partial shipment. Payment for partial shipments shall be made in accordance with the Payment Terms set forth in section 4 above.

G. Warranties of the Seller

Unless otherwise stipulated in the Quotation document, the Seller warrants that under normal use and service, each fully remanufactured component, shall comply with the applicable technical specifications set forth in the Quotation and shall be free of defects in

material and workmanship, ordinary wear and tear for a period of twelve (12) months for construction application and six (6) months for forestry and mining application, provided that such components will be installed, maintained and operated in strict compliance with the O.E.M. specifications and recommendations, under normal operating conditions and in an application for which they were originally designed. The Warranty shall take effect from the day that the product will be shipped to the purchaser, or for resellers, from the date of resale. Proof or copy of original invoice to end-user may be required to validate warranty claim.

All Sales are final.

There will be no credit or refund whatsoever, for the purchase of any product of the seller, even if the product was found to be defective during the warranty period.

Should any component covered by this Warranty prove defective during the warranty period, Buyer shall notify Seller at least by phone. The ADh Warranty Claim form should be filled and should be given promptly, but in no event later than ten (10) working days after the expiration of the warranty period. The current "Detailed Warranty Policy" will apply. Seller's sole obligation, and Buyer's exclusive remedy, under this warranty shall be limited to the repair or replacement, at Seller's option, of any parts or components covered by this warranty which proves defective in material or workmanship, or fails to comply with the technical specifications, during the warranty period provided, however, that Seller shall have no obligation with respect to any such defect unless Seller is given notice of the defect in the manner within the time provided above. If any defective components covered by this warranty requires repair or replacement, Buyer shall at Seller's expense and direction, deliver the defective Component to Seller at the place of manufacture or to such other destination as Seller may direct. Seller shall be responsible for all transportation costs and charges incurred in connection with the repair or replacement of any component covered by this warranty. The repair or replacement of any component pursuant to the foregoing warranty shall not extend the term of such warranty beyond the warranty period set forth above.

EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION (8), AND AS STIPULATED IN A DOCUMENT CALLED: DETAILED WARRANTY POLICY IN FORCE AT THE TIME, SELLER MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, NATURE OR DESCRIPTION, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY OF THE COMPONENTS FOR ANY PARTICULAR PURPOSE AND HEREBY DISCLAIM THE SAME.

H. Exclusion from Warranty

The warranty provided in section 8 shall not apply to the repair or replacement of any parts or Components required in connection with the regular normal maintenance of the components and shall not apply to any damage to or any failure of components resulting from acts of God or conditions beyond the control of Seller, including but not limited to, accidents, fire, misuse, improper installation or adjustments, the failure of any electronic

devices, including those mounted on remanufactured components such as pressure or position sensor and solenoids, modifications not approved by the manufacturer, alterations, tampering, disconnection, vandalism, or failure to properly maintain or operate the components as per the manufacturer's recommendations.

I. Limitation of Liability

In no event shall ADvanced Hydraulics or their respective distributors and suppliers be liable for any damages whatsoever, including, without limitation, material damages, damages for loss of production, business interruption and/or any other financial loss, including any direct or indirect variable labor cost arising out of the use or the inability to use the ADvanced Hydraulics product being the object of the present contract.

The customer consents that all legal action relative to the sale, repairs, replacement or other of any goods or equipment by ADh Advanced Hydraulics from this invoice to be processed in the judiciary district of Laval and in conformity with the laws of the Province of Quebec. Any claim of any nature whatsoever shall never exceed the amount of the purchase price for the product or for the services set forth in the quotation.

Unless pre-approved by ADh, any component or parts returned without valid justification will carry a charge of 15% calculated on the net sales price".

This limitation of liability must be acknowledged by the buyer by signing and returning by fax, the ADh's quotation form for each remanufactured pump and motor purchase from ADh's Exchange Program, or for any buyer's owned units repaired by ADh prior shipment.