CENOSTAR CORPORATION

Quality Manual
Level 1

Approvals:

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2.1 Management Responsibility

2.1.1 Quality Policy

Our quality effort is based upon a belief of Total Quality Management, with both internal and external focus. We value innovation, excellence, accountability, diligence, and our dedication to customers. By instilling these values in our employees and by giving them the right tools and the power to do their jobs, our vision of a transformed Cenosphere marketplace will become a reality. Everyone who comes in contact with CenoStar must see a commonality of purpose. We all must say what we mean and mean what we say.

2.1.2.1 Responsibility and Authority

The Senior Management Team is responsible for defining the quality objectives and strategies of the corporation.

The Senior Management Team is comprised of the President, Source manager, Director of Sales and Marketing, and Manager of Quality Assurance.

2.1.2.2 Verification Resources and Personnel

CenoStar management allocates and identifies the appropriate resources required to verify that the performance of activities which affect the quality of the product are performed to specification and/or plan. These personnel resources do not have direct responsibility for the performance of the task itself.

2.1.2.3 Management Representative

The President has the ultimate authority and responsibility for ensuring that the requirements of this standard are implemented and maintained. The Manager of Quality Assurance is the Management Representative who is responsible for the coordinating and leading audits of the Quality System's level of implementation and adherence, and reporting the status to Management and the President.

2.1.2.4 Management Review

Planned audits of the Quality System at appropriate intervals are conducted by internal personnel To insure it's continuing suitability and effectiveness. Audit findings, conclusions and recommendations are reviewed with the appropriate management to insure corrective action. The audit records are centrally stored in the Quality Department and used as a basis for follow-up audits.

2.2 Quality System

CenoStar's Quality System is based on a Total Quality Management approach. This approach states that every individual is responsible for the quality of their actions. The Quality System is outlined in this documentation. Specific documentation is held at a departmental level for the control of procedures and processes within that department.

2.3 Contract Review

CenoStar has established procedures to insure that the products we supply conform to the requirements of the customer's Purchase Order. Procedures have been established to cover the types of purchases or contracts by which CenoStar conducts it's business. These procedures detail the steps necessary to accept an order and the review of the customers confirming Purchase Order.

2.4 Design Control

2.4.1 General

CenoStar follows established procedures to control and verify the design of all it's products.

2.4.2 Design and Development Planning

New products have a Project Plan which identifies the activities to be performed and the associated responsibilities. The Project Plans are dynamic documents that are updated periodically To reflect the actual activity steps and their status.

2.4.2.1 Activity Assignment

Design and verification activities are planned and assigned to qualified personnel equipped with the required resources.

2.4.2.2 Organizational and Technical interfaces

Organizational and Technical interfaces take place on both formal and informal bases. When appropriate, relevant information is documented and reviewed according to CenoStar's documentation guidelines.

2.4.3 Design Input

All new products are developed around a Product Functional Specification or Special Request From. Design input requirements are identified and documented. Suppliers are asked to review our design input and agree to meet our cost, quality and functional requirements.

2.4 Design Control

2.4.4 Design Output

CenoStar's design output is documented and expressed in terms of requirements, verified by calculations and analysis.

2.4.5 Design Verification

New designs and design changes are qualified to the appropriate Design Verification Procedure to demonstrate the validity of the design to the input requirements.

2.4.6 Design Changes

Design changes are controlled via the ECO Procedure which requires the appropriate approval and review for the level of product release.

2.5 Document Control

The Documentation Control Department is the custodian of the master documentation. Change information is submitted to Documentation Control which maintains a master of the file.

The process for control of documents are: The Engineering Change Order Process, Variation Notice Process, Master List Process and Distribution and Retrieval Process.

2.6 Purchasing

2.6.1 General

The Materials Group is responsible for controlling suppliers of components and materials used in CenoStar's operations. These purchases are made to insure the effective supply of material which conforms to CenoStar requires supporting evidence of the it's proven

The purchase of components new to CenoStar needs and contract requirements. capability to meet CenoStar specification. This evidence is gathered from the supplier and by in-house evaluation. Components purchased from manufacturers new to CenoStar may require, depending on the economics involved and quantity of products, an assessment of the new manufacturers' capability. This assessement reviews commercial stability, general technical competence and production capability.

2.6.2 Assesment of Sub-Contractor

CenoStar Sub-Contractors are all suppliers that supply Direct Material. All suppliers will be assessed on their quality and delivery performance.

2.6.3 Purchasing Data

The Purchasing Department will supply the latest revision for all Direct Material that is required by CenoStar's manufacturing.

The Purchasing Department will create, maintain and store Purchase Orders. These Purchase Orders will state and/or reference information to procure Direct Material.

2.6.4 Verification of Purchased Product

On occasion, our customers require inspections to be performed at our facilities by themselves or their customer. As inspection requirements vary, CenoStar deals with these requests on a case by case basis.

2.7 Purchaser Supplied Product

CenoStar does not normally utilize purchaser supplied material. In the event that purchaser supplied material is utilized, CenoStar will follow documented procedures for receiving, inspecting and storing this material

2.8 Product Identification and Traceability

CenoStar identifies products by product number through all stages of manufacturing and storage. Serial number identification is used where appropriate. Traceability is limited and may be subject to a review and approval process.

2.9 Process Control

2.9.1 General

Products Manufactured by CenoStar are built in accordance with a process plan for each product or product family or product configuration. The process plan is assembled from documentation and procedures drawn from specific technical and managerial resources within CenoStar.

The process is monitored and maintained via the execution of specific procedures, calibration and maintenance outlined in the process plan. The procedures and calibration,periodic maintenance, approved equipment, and training levels...etc, are employed at each step of the process.

A directory of the current process plans is available to all CenoStar employees. The directory and it's attachements are controlled and updated as required per the Engineering Change Order Procedure.

A successfully manufactured product is built per the process plan and meets or exceeds all requirements of the pertinent product specifications.

2.9.2 Special Processes

It is the policy of CenoStar to perform tests of products to verify specific functionalities are present and process are in control. In a very narrow range of cases, direct testing is not possible or practical.

2.10 Inspection and Testing

All incoming material is documented. Deliveries are checked against purchase orders and/or other supporting documentation. Material is routed to the Incoming Inspection Area via CenoStar's material management system.

The inspection level is dependent on the status of the supplier, current quality level, and the type of the material.

2.10.2 In-process Inspection and Testing

Inspection:

CenoStar's manufacturing personnel are trained in workmanship and the production processes. The responsibility for the inspection of all product lies with every person in the process. The implementation of these quality standards falls with the department supervisor. Training is performed in an ongoing basis.

Test:

IN-process testing is performed on a 100% basis automated as well as manual tests and procedures verify specifications.

2.10.3 Final Inspection and Testing

Final inspection is carried out in accordance with documented and/or computer based procedures for product. Test specifications for product are controlled by documentation control and test engineering.

2.10.4 Inspection and Test Records

Evidence of conformance/rejection of the product in process is maintained. Inspection and Test data is retained in accordance to the CenoStar Test Data Retention Schedule.

2.11 Inspection, Measurement, and Test Equipment

Inspection, measuring and test equipment are purchased and/or constructed according to established test procedures.

All instruments and test equipment requiring calibration are identified, categorized and registered in the Equipment Calibration System.

Primary and secondary, mechanical and physical measurement standards used by CenoStar are traceable to National Standards through a scheduled system of re-certification, managed by an outside calibration lab.

2.12 Inspection and Test Status

The inspection and test status of a product in process is identified by the person responsible for moving the product to the next destination. The status (accept/reject) is indicated.

2.13 Control of Non-Conforming Material

Any material considered to be non-conforming to CenoStar specifications will either be corrected locally, or if under local control, categorized as non-conforming.

2.14 Corrective Action

CenoStar's corrective actions are the result of good business practices, internal and external audits, statistical methods, customer, and employee inputs. The result of this corrective action process are communicated to the appropriate individuals, documentated and implemented.

2.15 Handling, Storage, packaging, and delivery

CenoStar provides methods of handling, storing, packaging, and delivering a product that prevents damage and deterioration.

2.16 Quality Records

CenoStar operations create, maintain and retain records which are applicable to it's successful functioning, contractual responsibilities, and coporate commitments.

2.17 Internal Quality Audits

CenoStar conducts internal quality audits to verify whether quality activities comply with stated practices and to determine the effectiveness of the system. The frequency of the audits are determined by the importance of the activity. Results of audits are given to the personnel who are responsible for the area audited. Audit findings are submitted to the company management. Management personnel for the audited area are responsible for timely corrective action for the deficiencies found by the audit.

2.18 Training

CenoStar's training requirements consist of external and/or internal education programs. It is the responsibility of the management to ensure that the necessary training and development needed for each of their employees takes place. Recognized training consists of pre-approved external educational programs approved and in-house approved training programs.
CenoStar maintains and monitors records for in-house training.

2.19 Service

Due to the nature of our products, CenoStar does not maintain, implement or install it's products at customer sites. Returns form customers are handled within the CenoStar Return Material (RMA) process. Material is returned for a variety of reasons and conditions. Returned material is normally adjusted and returned to the customer, replaced with new product which is returned to the customer

2.20 Stastical Techniques

Statistical methods are use at CenoStar to establish a standard approach toward continuous process improvement. Specifically, control charts, Reproducibility Studies, Machine capability and Process capability studies are used to analyze and present data.

Six Sigma Methodology:
Control Charts are used to maintain processes under tight statistical control to enhance quality and reduce scrap through identification of process variation and through the reduction of variation by means of real time corrective action.Reproducibility Studies are conducted to determine the variation of a given measurement system. Machine capability Studies are used to determine the variability of the equipment in a compressed time period. Process capability studies are performed to determine the capability over a longer time period.