PRECISE INDUSTRIES, INC.

QUALITY MANUAL

This manual has been written to the
ISO 9001:2008 International Quality Standard
Revision J

APPROVED:

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Revision History

Revision	Date	Description
A	12/13/2004	Initial Release
B	1/26/2005	Grammar changes, and adds new procedures to table of contents.
C	2/28/2005	Made changes to the organization chart Modified quality objectives. Grammar changes.
D	3/9/2005	Grammar changes. Modified organization chart. Modified section 5.1 management commitment.
E	5/9/2005	Added approved signatures Added control document number Removed G.M. from organization chart. Quality Manual signed.
F	6/22/2005	Grammar Changes Removed Quality Objectives Added relevant process numbers to table of contents
G	7/7/2005 8/30/2005	Added to management review section input “Recommendations for improvement. Added procedure 7.4-01 to table of contents.
H	8-6-2008	8-6-2008 Removed second sentence on page 19 regarding customer satisfaction surveys.
J	9-10-2009	Added changes to conform to ISO 9001-2008

Introduction

Scope:

The quality manual of Precise Industries is the basis for managing all activities Associated with our Quality Management Systems. This manual describes the policies of Precise Industries Quality Management System as required by ISO 9001:2008

Purpose:

This quality manual is intended to describe and provide control over activities that impact customer satisfaction. Our quality manual is based on ISO 9001:2008 standard. This document contains all the requirements of the ISO 9001:2008 standard except for Product Design.

Exclusions:

Precise Industries performs all activities associated with ISO 9001:2008 except Product Design and Development, clause 7.3

Normative Reference:

This quality manual defines the policies and principles applied against each of the requirements of ISO 9001-2008 and relates to all activities carried out by Precise Industries that determine quality.

Distribution:

The ISO 9001 management representative is responsible for the controlled distribution of this manual.

Uncontrolled Manual:

Uncontrolled hard copy manuals may be issued to outside organizations, customers, etc. These copies will be clearly marked “Reference Only”

4. QUALITY MANAGEMENT SYSTEM

4.1 General Requirements

Precise Industries has established, documented and implemented a Quality Management System which will be maintained and continually improved in accordance with the requirements of ISO 9001-2008 to implement the Quality Management System Precise Industries has,

- Identified the processes needed for the Quality Management System and their application throughout the company.
- Identified the sequence and interaction of processes related to the Quality Management System.
- Determined criteria and methods required to ensure effective operation and control of these processes.
- Ensured the availability of resources and information necessary to support the operation and control of these processes.
- Implemented actions necessary to achieve planned results and continual improvement of these processes.
- Ensure all outside services (Plating, Welding/Brazing, Painting, Marking and Grinding, etc.) are identified and controlled. Control of such outside Processes is identified within the Quality Management System.

Precise Industries will continue to monitor measure and analyze all processes involved.

4.2 DOCUMENTATION REQUIREMENTS

4.2.1 General

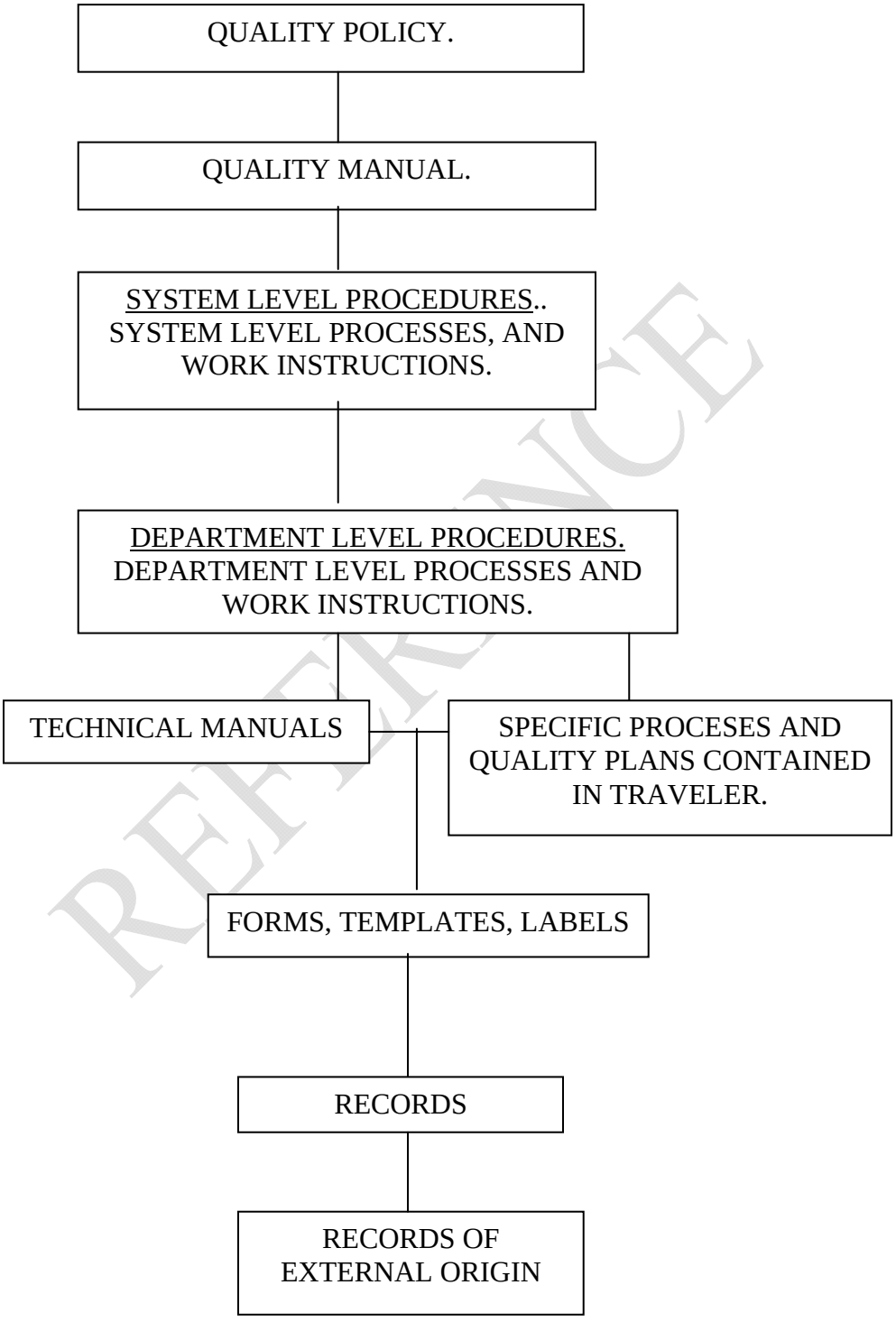
The Quality Management System documentation includes:

- Documented statements of a quality policy and quality objectives.
- A quality manual as required by the ISO international standard.
- Documented procedures required by ISO 9001:2008.
- Documents needed by Precise Industries to ensure effective planning, operation and control of its processes.
- Records required by ISO 9001:2008.

4.2.2 Quality Manual

A quality manual has been established which includes the scope of the quality management, including detail of any exclusions, with documented procedures describing the sequence and interaction of the processes included in the Quality Management System

4.2.3 & 4.2.4 CONTROL OF DOCUMENTS/ RECORDS



5.0 Management Responsibility

5.1 Management Commitment

The president and his senior management staff are committed to the development and implementation of the Quality Management System and to its continuous improvement. This commitment is demonstrated by:

- The establishment and continuous review of the quality policy and objectives.
- Conducting management reviews
- Communicating to the organization the importance of meeting customer as well as statutory and regulatory requirements.
- Ensuring the availability of resources necessary to attain all identified goals.

5.2 Customer Focus

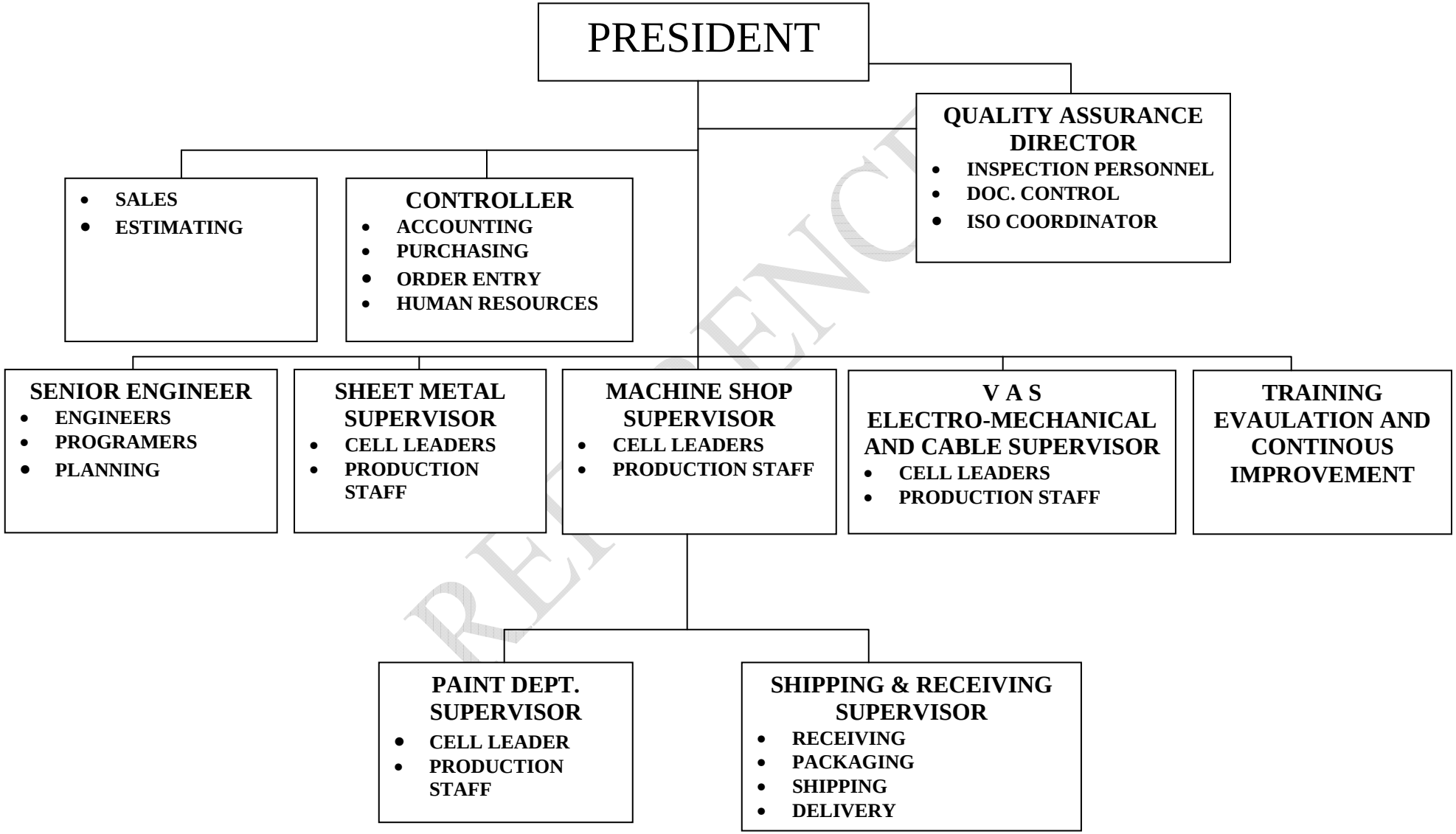
Precise Industries senior management ensures that customer requirements are determined and met. This is accomplished through management reviews, which include, but are not limited to customer satisfaction surveys, audits at customer site and other customer feedback.
The Sales Manager is the management representative responsible for ensuring promotion of awareness of customer requirements throughout the organization.

5.3 Quality Policy

Quality Policy

Precise Industries recognizes that Quality is everyone's responsibility. Our future is dependant upon customer satisfaction. Toward that goal, all employees will strive to generate zero defects, 100% on time deliveries, and work to continually improve all aspects of Precise Industries

5.5.1 Responsibility, Authority and communication



5.5.2 Management Representative

The president has appointed the Quality Assurance Director as the management representative with the authority and responsibility for the development, overall implementation and maintenance of the Quality Management System together with the control and issuance of all quality documentation.

The Quality Assurance Director is responsible for the following:

- Monitoring the system, including advising and training other personnel in the system.
- Continually seeking improvement in the system
- Ensuring that internal quality audits are carried out in detail on the audit schedule, and that corrective and preventive actions arising from audits are completed.
- Reporting to senior management on the performance of the Quality Management System including needs for improvement.

The Sales Manager is the management representative for ensuring promotion of awareness of customer requirements throughout the organization.

5.5.3 Internal Communication

The President of Precise Industries ensures that appropriate communication processes are established with the organization regarding the effectiveness of the Quality Management System. The communication may be one on one, group briefing, in house memos, or other forms of correspondence. Communication is welcomed at any function or level within the organization.

5.6 Management Review

5.6.1 General

The President of Precise Industries in conjunction with top management, reviews the organization's Quality Management System on an annual basis or more frequently as appropriate. The review includes assessing opportunities for improvement and the need for changes to the system and verifying that the quality policy and objectives are being satisfied.

5.6.2 Management review input

Input to management review will consist of, but not be limited to the following:

- Results of internal and external audits of the Quality Management System.
- Feedback provided by customers. This feedback may be formally solicited or initiated by the customer and may be in any format.
- Process performance and product conformity.
- Status of preventive and corrective action.
- Follow-up actions from previous management reviews contained in records of previous management reviews.
- Changes that could affect the Quality Management System including but not limited to, personnel, equipment, product or customer changes.
- Recommendations for improvement

5.6.3 Management review output

Management review output includes any decisions and actions related to:

- Improvement to the Quality Management System, and its processes.
- Improvement of product related to customer requirements
- Resource requirements.

6.1 Provision of Resources

Precise Industries will provide resources necessary for the organization to implement and maintain the Quality Management System, continually improve its effectiveness and enhance customer satisfaction by meeting customer requirements.

These resources will include but, are not limited to:

- Time
- Equipment
- Budget
- Tools
- Supplies

6.2 Human Resources

6.2.1 General

Precise Industries ensures that personnel performing work affecting conformity to product shall be competent. This is based on appropriate:

- Education – Formal education provided by an educational institution.
- Training – OJT or coaching.
- Skills – Previous work activities.
- Experience – Result of activities performed inside and outside the organization.

6.2.2 Competence, Awareness, and Training.

Precise Industries determines the need for competence, awareness, and training of personnel. These needs are approved by the appropriate manager or designate with the intent of ensuring that customer requirements are met. Steps in this process ensure that:

- Necessary competence for personnel performing work affecting product quality is determined.
- Training is provided or other actions are taken to ensure that the necessary skills are acquired.
- Ensure that personnel are aware of the relevance and importance of their activities and how they contribute to the achievement of the quality objectives.
- Records of education, training, and experience are maintained in the training files
- Provide proper supervision for all personnel activities as appropriate

6.3 Infrastructure

Precise Industries has provided for and arranged maintenance for the infrastructure needed to achieve what is required by our Quality Management System, including building, workspace, process equipment, computer hardware and software, communications, transport and supporting services.

A maintenance software program specifies the type and frequency of needed maintenance, the method, and the verification of its completion.

6.4 Work Environment

In order to meet Quality Objectives, Precise Industries senior management maintains a suitable working environment. Environmental issues considered include adequate lighting, heating and cooling, overall cleanliness, acceptable noise levels, health and safety issues and proper business ethics.

7.1 Planning of Product Realization

Within each unique job traveler, processes and documents are established to insure proper results and customer satisfaction. This includes any required verification, validation, monitoring, inspection and test activities required by the customer or determined to be necessary for customer satisfaction. Precise Industries job traveler provides a record of the tasks associated with each job and documents the manufacturing process.

7.2.1 Determination of Requirements Related to the Product

Product requirements specified by the customer are determined, and special consideration is given to:

- All customer requirements specified, including all delivery and post-delivery activities.
- Obligations related to product, including statutory and regulatory.
- Any other additional requirements determined by Precise Industries.

7.2.2 Review of Requirements Related to Product

Upon receipt of customer requirements, a review is conducted by Precise Industries prior to commitment to supply product. This review will include the following:

- All customer-supplied documentation is adequately defined and documented. This documentation may include specifications, drawings, or written descriptions of the product and will be incorporated on the job traveler as appropriate.
- Any inconsistencies or differences between customer supplied requirements, Precise Industries notes, and verbal communications well be identified. Resolutions of these differences will be resolved by e-mail, phone, or face to face as necessary and documented.
- When product requirements change, these changes will be reviewed and, if acceptable, incorporated into the product as appropriate.
- Precise Industries will not accept orders that it cannot produce.
- The President or his appointees will be responsible for amending and, as necessary, approving any product changes by the customer.

7.3. Design and Development

Precise Industries does not perform design activities. Precise Industries may, however, provide input and assistance as requested by the customer.

7.4 Purchasing

7.4.1 Purchasing Processes

Precise Industries ensures that purchased product conforms to specified purchase requirements. The type and extent of control exercised by Precise Industries over suppliers is dependent on the effect of the purchased product on the final product.

Evaluation and selection criteria for suppliers are based on either:

- A supplier's previous and continuous record for providing product and /or services to Precise Industries satisfactory standards.
- An evaluation of a suppliers Quality Management System, to determine their ability to satisfy Precise Industries purchase requirements.

7.4.2 Purchasing Information

Purchasing documents will contain information clearly describing the product or service ordered including where appropriate:

- Requirements for the approval of the product ordered, procedures, processes, equipment and personnel.
- Requirements of the Quality Management System.

Each order is reviewed for accuracy prior to submission to the supplier or subcontractor.

7.4.3 Verification of Purchased Product

Precise Industries has identified and implemented the activities necessary for verification of purchased product or service.

Where Precise Industries or its customer intends to perform verification at the supplier's premises, Precise Industries shall state the intended verification arrangements and method of product release in the purchasing information.

7.5.1 Control Of Product and Service Provision

Precise Industries plans and carries out production activities under controlled conditions. These controlled conditions include:

- Information that describes the characteristics of the product provided on customer drawings and other supporting documents included in the Precise Industries traveler.
- Work instructions incorporated in the job traveler.
- Suitable equipment specified on the job traveler.
- Implementation of required monitoring and measurement activities designated in the traveler.
- Release of products as described on the job traveler.

7.5.2 Validation of Processes for Production and Service Provision

Production is planned, taking into account key characteristics of the product. In-process verification points will be incorporated when adequate verification of conformance cannot be performed at a later process stage.

7.5.3 Identification and Traceability

Precise Industries uniquely identifies materials and products in order to prevent the inadvertent use of an inappropriate item in the final product. Quality Records are maintained, when required by customer agreements.

7.5.4 Customer Property

Precise Industries exercises care with customer property while it is under our control. We identify, protect and safeguard customer property provided for use or incorporation in the product. The customer is notified of any lost, damaged, or unsuitable property.

7.5.5 Preservation of Product

Precise Industries preserves the conformity of product with customer requirements during internal processing and delivery to the intended destination. This preservation includes identification, handling, packaging and storage.

7.6 Control Of Monitoring and Measuring Devices

Measuring and monitoring equipment is used and controlled to ensure that measurement capability is consistent with the monitoring and measurement requirements of ISO 9001:2000 and customer requirements.

Measuring and monitoring equipment is:

- Calibrated at appropriate intervals to ensure its accuracy and availability for use.
- Calibrated against requirements that are traceable to international standards.
- Adjusted/readjusted as necessary to maintain status.
- Identified to include calibration status.
- Safeguarded to prevent adjustments that would invalidate measurements.
- Protected from damage and deterioration during handling, maintenance and storage.

8 Measurement, Analysis and Improvement

8.1 General

Precise Industries plans and implements the monitoring, measurement, analysis and improvement processes needed to:

- Demonstrate conformity of the product.
- Ensure conformity of the Quality Management System.
- Continually improve the effectiveness of the Quality Management System.

Precise Industries conducts internal audits as a measure of the effectiveness of the Quality Management System. The results are used as part of the company's continuous improvement process and are part of the management review process.

8.2 Monitoring and Measurement

8.2.1 Customer Satisfaction

Information and data on customer satisfaction are acquired from customer feedback and by analyzing customer behavior. This includes:

- Customer complaints
- Spontaneous expressions of customer satisfaction or dissatisfaction or other unsolicited feedback.
- Awards and recognitions from customers.
- Customer satisfaction surveys.

Customer complaints, spontaneous expression of satisfaction or dissatisfaction and other unsolicited customer feedback are collected and processed by the Sales/Marketing Department.

8.2.2 Internal Audits

Comprehensive planned and documented internal quality audits are scheduled and performed to verify compliance with elements of the appropriate ISO standard and to ensure the effectiveness and continuous improvement of the quality system.

Each quality system audit is developed and scheduled based on the status and significance of the quality activity and its potential to adversely affect the quality of the product or service provided. An audit schedule is maintained and monitored against activity as part of the quality records.

Documented procedures detail how to conduct audits and monitor follow-up actions, including the use of corrective action forms and reporting criteria.
Results of internal quality audits are documented and communicated to the Management and personnel of the area audited. A schedule for implementation of actions in accordance with the guidelines established for timely corrective action will be determined

Trained internal auditors will perform all internal quality audits. These auditors will be independent of the areas being reviewed.

The Quality Assurance Director has the authority to ensure that comprehensive internal quality audits are performed according to documented procedures and in accordance with quality system planning. It is the responsibility of The Quality Assurance Director to ensure that auditors are adequately trained.

The Quality Assurance Director establishes, documents, schedules, maintains and monitors the compliance of the internal quality audit system. The Quality Assurance Director provides and documents evidence of system performance and effectiveness as required for Management review.

The schedule of audits shall be evaluated and maintained to address the status and significance of quality activity. As the system matures, audit frequencies will be adjusted accordingly.

8.2.3 Monitoring and Measurement of Process

Monitoring and measurement of process takes place as determined by the Quality Director or as requested by the customer. These measurements are unique to each customer's requirements and may include, but are not limited to:

- Data analysis
- Approved process included as part of the job Traveler.

Measurements are designed to demonstrate the ability of the processes to achieve planned results. If planned results are not met then corrective actions will be taken to achieve desired results.

8.2.4 Monitoring and Measurement of Product

Monitoring and measurement of product takes place as determined by the customer or by Precise Industry's Engineering staff, Planning staff, Manufacturing staff and/or Quality Assurance Director. This process is unique to each customer's product and may include, but not be limited to:

- An approved quality plan.
- 1st article inspection data
- Critical characteristic measurement data.

Measurements are designed to demonstrate the conformance of the product to specified requirements. Results of measurement are used to provide feedback on the manufacturing process and determine if corrective action is required when product non conformance is detected.

8.3 Control of Nonconforming Product

It is the policy of Precise Industries that all product nonconformities be documented Nonconformity reports are an invaluable tool in tracking performance trends that may give an indication where and when cost effective improvement may be implemented. Nonconforming product will be reviewed at the management review meeting.

8.4 Analysis of Data

Precise Industries uses data analysis as a means for demonstrating the suitability and the effectiveness of its Quality Management System. The data gathered will include:

- Customer feedback regarding satisfaction level of our products and services.
- Conformity to product requirements.
- Characteristics or trends of processes and products including those that led to preventive actions.
- Evaluation of suppliers and subcontractors performance.

8.5 Improvement

8.5.1 Continual Improvement

Continual improvement of the Quality Management System is facilitated through the use of the quality policy, quality objectives, audit results, analysis of data, corrective and preventive actions and management review.

8.5.2 Corrective Action

A corrective action program is maintained to eliminate the cause of nonconformities in order to prevent recurrence. The documented procedure for corrective action defines requirements for:

- Identifying and reviewing nonconformities including customer complaints.
- Determining the cause of nonconformities.
- Evaluating the need for action to ensure that nonconformities do not recur.
- Implementing any action needed.
- Records of the results of action taken.
- Reviewing corrective action taken.
- Reviewing the effectiveness of the corrective action taken.

8.5.3 Preventive Action

A documented procedure has been established and maintained for implementing preventive action to eliminate the causes of potential nonconformities.
The documented procedure for preventive action defines the requirements for:

- Determining potential nonconformities and their causes.
- Evaluating the need for action to prevent occurrence of nonconformities.
- Determining and implementing action needed.
- Recording results of actions taken.
- Reviewing preventive action taken.
- Reviewing the effectiveness of the preventive action taken.