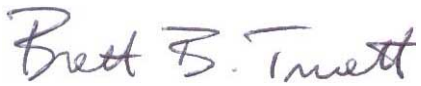
SOFTNOZE USA, INC.

Quality Manual

ISSUED JANUARY 2004

Approved By:



_____ January 12, 2004

(President & Chief Executive Officer) (Date)

Quality Policy

“To be the industrial control industry's most preferred supplier
of sensor integration devices by demonstrating leadership
in quality, service, value and technology.”

Introduction to the SoftNoze Quality Manaual

What We Do

Millions of sensors are used within production and processing equipment throughout global industries. Sensors come in a wide variety of types, shapes and sizes. As a reference one type of industrial sensor is very similar to those used to keep automatic garage doors from accidentally closing when an object, perhaps a child, is in the closing path. In this application the sensor is an electronic device about the size of a cell phone, which emits a beam of light to detects if an oject is in the path of the closing door. SoftNoze does not make sensors, but manufacturers and markets the components used to integrate the sensors into industrial machinery. Such machinery is found in manufacturering plants producing automobiles, appliances, pipes, computers, furniture, chemicals and more. It is within these settings that SoftNoze's products are used to "Mount, Apply, Position and Protect (or "MAPP" for short) sensors.

Company Profile

SoftNoze was founded in 1991 with a single patented mount and has grown to offer over 30 different product lines. Product is brand labeled for many leading sensor manufacturers as well as being sold under the SoftNoze name through our own qualified distributors. Since its inception, the firm has prospered by providing quality products, service, and support to its customers. Our past success can be attributed to recognizing customer problems and providing solutions that demonstrate real value. The challenge is to maintain this success as we grow. As the firm begins to compete in larger markets we must improve or perish. There can be no place for a "maintain the status quo" attitude.

The key factor is the constant pursuit of excellence. While absolute excellence may not be achievable, and setbacks do happen, this company must strive for continual improvement in the quality of its customers, products, employees, and service.

The ISO 9000 Quality Management System

Everyone in the SoftNoze organization shall understand the relationship between quality and their own self interest. It is in the collective interest of all members of the SoftNoze organization to understand, implement and apply this quality management system.

The quality management system defined by this quality manual is not an end in itself, but rather a process that the Management Team of SoftNoze USA, Inc. has designed with great care. I hereby authorize and require its use.

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(President)

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1. Purpose

This manual is the authorizing document for the Softnoze quality management system. It defines all company policies and objectives related to the quality of products and services provided to customers, identifies the managers assigned the authority and responsibility for implementing and maintaining these policies and objectives, and authorizes the procedures that define plans and processes established and maintained in support of these policies and objectives.

2. Scope

The Softnoze quality management system consists of the organizational structure, procedures, processes and resources needed to provide customers with quality products and services. This manual together with the specified procedures define a system compliant with the requirements of the American National Standard ANSI/ISO/ASQ Q9001-2000.

3. Definitions

Management: The President/Chief Executive Officer, Chief Operating Officer and managers who report directly to the Chief Operating Officer .

4. Quality Management System

4.1 General Requirements

A quality management system shall be established, documented, maintained and continually improved in accordance with the American National Standard ANSI/ISO/ASQ Q9001-2000. The processes needed to implement the quality management system shall be identified and their application defined throughout Softnoze For these processes, the sequencing, interactions, criteria and methods needed to ensure effective operation and monitoring shall be provided, and the monitoring, measurement, analyses and other actions required to achieve planned results and continual improvement shall be implemented.

Refer to Quality Plan QP-0010.

4.2 Documentation Requirements

Quality management system documentation shall include: documented statements of quality policy and objectives, this quality manual, documented procedures and records required by the American National Standard ANSI/ISO/ASQ Q9001-2000, and documents needed to ensure effective planning, operation and control of its processes.

Refer to Quality Policy QP-0001.

This quality manual shall identify the scope of the quality management system, reference established documented procedures, and by reference to a Quality Plan, provide a description of the interaction of the system's processes.

Quality management system documents shall be controlled. These controls shall include approval for adequacy prior to use and review and update as necessary to re-approve. In addition, controls shall ensure that: changes and current revision status are identified, relevant versions are available at points of use, they remain legible and readily identifiable, documents of external origin are identified and their distribution controlled and obsolete documents are prevented from unintended use or appropriately identified.

Refer to Document Management QP-0004.

Records shall be established and maintained to provide evidence of conformity to requirements and effective operation of the quality management system. All records shall be legible, readily identifiable and retrievable. Controls shall be established and documented for identification, storage, protection, retrieval, retention time and disposition of records.

Refer to Records Management QP-0008.

5. Management Responsibility

5.1 Management Commitment

Management shall be responsible for the development, implementation and continual improvement of the quality management system. Management shall establish quality policy and objectives, conduct management reviews and ensure the availability of resources. Each member of management shall be responsible for ensuring their personnel understand the importance of meeting customer as well as statutory and regulatory requirements.

Refer to Quality Policy QP-0001 & Management Reviews QP-0003.

5.2 Customer Focus

Customer requirements shall be determined and shall be met with the aim of enhancing customer satisfaction.

Refer to Customer Communications QP-0011.

5.3 Quality Policy

A quality policy shall be established and maintained that: is appropriate to the purpose of Softnoze, includes a commitment to comply with requirements and continually improve the effectiveness of the quality management system, provides a framework for establishing and reviewing quality objectives, is communicated and understood within the company and is reviewed for continuing suitability.

Refer to Quality Policy QP-0001 & Management Reviews QP-0003.

5.4 Planning

Quality objectives, including those needed to meet requirements for product, shall be established at relevant functions and levels within Softnoze These objectives shall be measurable and consistent with the quality policy.

Refer to Quality Policy QP-0001.

Planning for the quality management system shall be carried out to meet all the requirements of American National Standard ANSI/ISO/ASQ Q9001-2000 and the quality objectives. The integrity of the quality management system shall be maintained when changes are planned and implemented.

Refer to Quality Plan QP-0010.

5.5 Responsibility, Authority and Communication

Responsibilities and authorities shall be defined and communicated within Softnoze A member of management shall be appointed who, irrespective of other responsibilities shall have responsibility and authority that includes: ensuring that processes needed for the quality management system are established, implemented and maintained; reporting to management

on the performance of the quality management system and any need for improvement; and ensuring the promotion of awareness of customer requirements throughout Softnoze

Refer to Organization QP-0002.

Management, through postings, publications, document circulations and employee meetings, shall communicate appropriate information regarding the effectiveness of the quality management system. Appropriate information may include the results of internal and external audits, customer feedback, results of monitoring, measurement and analyses and the status of continual improvement and preventive action activities.

5.6 Management Review

The Softnoze quality management system shall be reviewed by management at planned intervals to ensure its continuing suitability, adequacy and effectiveness. These reviews shall include assessing opportunities for improvement and the need for changes to the system, including quality policy and quality objectives. Inputs to the reviews shall be appropriate to the purpose of the reviews and the outputs shall include the decisions and actions necessary to continually improve the quality management system, product and customer satisfaction.

Refer to Management Reviews QP-0003.

6. Resource Management

6.1 Provision Of Resources

Management shall determine and provide the resources needed to implement and maintain the quality management system, continually improve its effectiveness and to enhance customer satisfaction by meeting customer requirements.

Refer to Management Reviews QP-0003.

6.2 Human Resources

The competence of personnel performing work, affecting quality, shall be demonstrated on the basis of appropriate education, training, skills and experience. Management shall determine the necessary competence for personnel performing work affecting quality, provide training or take other actions to satisfy these needs and maintain records of education, training, skills and experience. Management shall also evaluate the effectiveness of all actions taken and ensure that personnel are aware of the relevance, importance of their activities and how they contribute to the achievement of quality objectives.

Refer to Organization QP-0002,
Quality Plan QP-0010
& Training QP-0009.

6.3 Infrastructure

Management shall determine, provide and maintain the infrastructure needed to achieve conformity to product requirements. Infrastructure shall include, as applicable, buildings, workspace, associated utilities, process equipment, computers and supporting services. Each member of management shall be responsible for identifying these needs in advance through the business planning processes and as they occur, if unplanned.

Refer to Management Reviews QP-0003.

6.4 Work Environment

Each member of management shall be responsible for determining and managing their work environment to achieve conformity to product requirements.

Refer to Management Reviews QP-0003.

7. Product Realization

7.1 Planning of Product Realization

Processes needed for product realization shall be planned, developed and consistent with other processes of the quality management system. The planning shall determine: the quality objectives and requirements for the product; the need to establish processes, documents and provide resources specific to the product; required verification, monitoring, inspection and test activities specific to the product and the criteria for product acceptance; and records needed to provide evidence that the realization processes and resulting product meet requirements.

Refer to Quality Plan QP-0010.

7.2 Customer-Related Processes

Requirements related to product shall be determined including: those specified by the customer, those not stated by the customer but necessary for intended use, statutory, regulatory and any determined to be appropriate by Softnoze

Refer to Customer Communications QP-0011,
Contract Review QP-0012
& Develop Product QP-0013

Requirements related to product shall be reviewed prior to commitment to supply the product to the customer. The review shall ensure that: requirements are defined, requirements differing from those previously expressed are resolved and Softnoze can satisfy all the requirements. Changes to the requirements shall be reviewed, documented and communicated to relevant personnel. Records of the reviews and associated actions shall be maintained.

Refer to Contract Review QP-0012.

Management shall establish effective customer communication arrangements and/or processes relative to installation and service information, enquires, contracts, order handling, contract amendments and customer feedback including customer complaints.

Refer to Customer Communications QP-0011.

7.3 Design and Development

Design and development of product shall be planned to include: the design and development stages; reviews, verifications and validation appropriate to each stage; and corresponding responsibilities and authorities. Interfaces between different people involved in the design and development shall be managed to ensure effective communications and assignments of responsibilities.

Inputs related to product requirements shall be determined and reviewed for adequacy and completeness. These inputs shall include functional and performance requirements, stuatory and regulatory requirements, information derived from previous similar designs, and any other requirements essential to design and development.

Outputs of design and development shall be provided in a form that enables verification against the corresponding inputs. These outputs shall satisfy the input requirements and provide appropriate information essential for safe and proper use and maintenance of the product.

Reviews shall be planned and conducted at suitable stages in the development processes and shall include, as applicable, personnel concerned with the production, use and service of the product.

Appropriate verification and validation shall be planned and conducted to ensure that design and development outputs satisfy inputs requirements, and that the resulting design is capable of meeting the requirements for the specified application or intended use. Validation shall be completed prior to release of the design for production and/or service.

Changes in design shall be reviewed, verified, and validated, as appropriate before implementation of such changes. Records shall be maintained on all appropriate design and development activities.

Refer to Develop Product QP-0013.

7.4 Purchasing

Controls shall be placed on suppliers and/or purchased product to the extent necessary to ensure conformance to specified requirements. Suppliers shall be evaluated and selected based on their ability to supply product in accordance with the established requirements. Criteria for selection, evaluation and re-evaluation shall be established and corresponding records shall be maintained.

Purchasing information shall describe the product to be purchased including, where appropriate, requirements for: approval of product, procedures and equipment; qualification of personnel; and the quality management system. Adequacy of the purchase requirements shall be reviewed prior to their communication to the supplier.

Inspection and/or other activities shall be established and implemented to ensure that purchased product meets the specified purchase requirements. These inspections and/or verification activities are performed at the customer's premises or at Softnoze. Due to the nature of Softnoze product, verification of suppliers' products are never performed at a supplier's premises by Softnoze or by Softnoze's customer.

Refer to Purchasing QP-0015
& Inventory Management QP-0017.

7.5 Product and Service Provisions

Manufacturing shall be planned and carried out under controlled conditions to include, as applicable: the availability of information that describes the characteristics of the product, the availability of work instructions where needed, the use of suitable equipment and

monitoring and measuring devices, the implementation of monitoring and measuring, and release, delivery and post-delivery activities. Processes for manufacturing with resulting outputs, which cannot be verified by subsequent monitoring or measurement, shall be appropriately validated. Applicable controls shall be placed on these processes.

Refer to Manufacture Product QP-0014.

Products shall be identifiable by suitable means throughout manufacturing, as shall the test and inspection status. Tracability is not a requirment for Softnoze products.

**Refer to Inventory Management QP-0017,
Manufacture Product QP-0014
& Quality Plan QP-0010.**

Customer property provided for design development or to be used in manufacturing shall be handled with care while in the control of Softnoze. It shall be identified, verified and protected at all times. If it is lost, damaged or otherwise found to be unsuitable for use, it shall be reported to the customer.

Refer to Receiving QP-0016.

The conformity of products shall be preserved during internal processing and delivery. This shall include identification, handling, packaging, storage and protection.

**Refer to Receiving QP-0016,
Inventory Management QP-0017
& Manufacture Product QP-0014.**

7.6 Control of Monitoring and Measuring Devices

The monitoring and measuring to be undertaken and the monitoring and measurement devices required to provide evidence of conformity of product to established requirements shall be determined. Processes shall be established to ensure this monitoring and measurement can be carried out in a manner consistent with requirements.

Measuring equipment shall be: calibrated at specific intervals or prior to use against standards traceable to international or national standards or, where no such standard exists, the basis for verification or calibration shall be recorded; adjusted or re-adjusted as necessary; identified to enable calibration status to be determined; safeguarded from adjustments that would invalidate the measurement result; and protected from damage and deterioration during handling, maintenance and storage.

When equipment is found to be nonconforming to requirements, previous measuring results shall be assessed and appropriate action taken on the equipment and any product or service affected. Computer software, when used in monitoring and measurement of specified requirements, shall be verified as satisfactory for the intended operation.

Refer to Control of Inspection, Measuring and Test Equipment QP-0021.

8. Measurement, Analysis and Improvement

8.1 General

Monitoring, measurement, analysis and improvement processes shall be planned and

implemented to: demonstrate conformity of product, ensure conformity of the quality management system and continually improve the effectiveness of the quality management system. Applicable methods shall be determined and applied, including statistical techniques.

Refer to Quality Plan QP-0010, Measurement and Analysis QP-0018 & Management Reviews QP-0003.

8.2 Monitoring and Measurement

Information related to customer perception shall be monitored to determine if customer requirements are being met.

Refer to Measurement and Analysis QP-0018 & Customer Communications QP-0011.

Internal audits shall be conducted at planned intervals to determine whether the quality management system conforms to the requirements of American National Standard ANSI/ISO/ASQ Q9001-2000 and to the requirements established by Softnoze and is effectively implemented and maintained. Audit criteria, scope, frequency and methods shall be defined. Auditors shall be objective, impartial and shall not audit their own work. Management responsible for areas audited shall take timely action to eliminate detected nonconformities and their causes. Actions taken to correct nonconformities shall be verified and the results reported.

Refer to Internal Quality Audits QP-0007.

The quality management system processes shall be monitored and, where applicable, measured to assure planned results are being achieved. When planned results are not achieved, corrective action shall be taken, as appropriate, to assure conformity of the service. Characteristics of the service shall be monitored and measured at appropriate stages of the service realization process in accordance with planned arrangements to verify requirements are being met. Evidence of conformity to acceptance criteria shall be maintained and indicate the person(s) authorizing release of the service provided. Release shall not proceed until planned arrangements have been satisfactorily completed.

Refer to Quality Plan QP-0010 & Measurement and Analysis QP-0018.

8.3 Control of Nonconformity

Material that does not conform to requirements shall be identified and controlled to prevent its unintended use or delivery. Controls and related responsibilities and authorities for dealing with nonconforming material shall be defined and documented. Nonconforming material shall be dealt with by one or more of the following: taking action to eliminate the nonconformity; authorizing its use, release or acceptance under concession by the appropriate authority; taking action to preclude its original intended use or application. When nonconforming material is corrected, it shall be re-verified to demonstrate conformance to requirements. When detected after delivery, actions shall be taken appropriate to the potential effects of the nonconformity.

Refer to Control of Nonconforming Product QP-0019.

8.4 Analysis of Data

Appropriate data shall be determined, collected and analyzed to demonstrate the suitability

and effectiveness of the quality management system and to evaluate where continual improvement of the system can be made. Analysis of data shall provide information relating to: customer satisfaction, conformity to product requirements, suppliers, and characteristics and trends of processes and product including opportunities for preventive action.

Refer to Preventive Action QP-0006
& Measurement and Analysis QP-0018.

8.5 Improvement

The effectiveness of the quality management system shall be continually improved through the use of the quality policy, quality objectives, audit results, analysis of data, corrective and preventive actions and management reviews.

Refer to Management Reviews QP-0003.

Actions shall be taken to eliminate the cause of nonconformities in order to prevent recurrence. Requirements for a corrective action system shall be documented to include: reviewing nonconformities and customer complaints, determine the causes of nonconformities, evaluating the need for action to ensure nonconformities do not recur, determining and implementing action needed, recording results of actions taken, and verifying the results of corrective actions taken.

Refer to Corrective Action QP-0005.

Action shall be determined to eliminate the causes of potential nonconformities to prevent their occurrence. Preventive actions shall be appropriate to the effects of the potential problems. Requirements for a preventive action system shall be documented to include: 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, and verifying the results of preventive actions taken.

Refer to Preventive Action QP-0006.

9. Quality System Procedures

The Procedures and Responsibilities Matrix provided in Exhibit "A" lists all of Softnoze quality management system procedures. These procedures define how the policies and objectives specified in Sections 4,5,6,7and 8 of this Quality Manual shall be implemented and maintained.

10. Quality System Responsibilities

The Procedure and Responsibilities Matrix provided in Exhibit "A" identifies the managers assigned the authority and responsibility for implementing and maintaining the policies and objectives specified in Sections 4,5,6,7 and 8 of this Quality Manual.

11. References

American National Standard Quality Management Systems-Requirements ANSI//ISO/ASQ Q9001-2000

The following documents are not referenced in this Quality Manual but are embedded within the Quality Management System. They are listed here for reference purposes.

- Master List Of Procedures
- Master List Of Work Instructions

- Master List Of Forms
- Quality Records Master List

12. Revision Record

Revision	Date	Description of Change	Approved By

Exhibit A- Procedures And Responsibilities Matrix

Procedure Number	Procedure Title	Responsible Manager	Manual Paragraph References
QP-0001	Quality Policy	President	4.2, 5.1, 5.3, 5.4
QP-0002	Organization	President	5.5, 6.2
QP-0003	Management Reviews		5.1, 5.3, 5.6, 6.1, 6.3, 6.4, 8.1, 8.5
QP-0004	Documentation Management	Quality Manager	4.2
QP-0005	Corrective Action	Quality Manager	8.5
QP-0006	Preventive Action	Quality Manager	8.4, 8.5
QP-0007	Internal Quality Audits	Quality Manager	8.2
QP-0008	Records Management	Quality Manager	4.2
QP-0009	Training		6.2
QP-0010	Quality Plan	Quality Manager	4.1, 5.4, 6.2, 7.1, 7.5, 8.1, 8.2
QP-0011	Customer Communications		5.2, 7.2, 8.2
QP-0012	Contract Review		5.2, 7.2
QP-0013	Develop Product		7.3, 7.2
QP-0014	Manufacture Product		7.5
QP-0015	Purchasing		7.4
QP-0016	Receiving		7.5
QP-0017	Inventory Management		7.4, 7.5
QP-0018	Measurement And Analysis	Quality Manager	8.1, 8.2, 8.4
QP-0019	Control Of Nonconforming Product	Quality Manager	8.3
QP-0020	Product Planning		7.5
QP-0021	Control Of IM&TE	Quality Manager	7.6