A Company with Depth

Quality Assurance Manual

QAM-01
Revision D
May 1, 2006

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1 Introduction

Flotation Technologies recognizes its responsibility as a manufacturer of quality products/provider of quality services. To this end, Flotation Technologies has developed and documented a Quality Management System (QMS). The QMS covers the design and production of the company's products and services.

This manual provides comprehensive evidence to all customers, suppliers and employees of what specific controls are implemented to ensure product/service quality. It will be revised, as necessary, to reflect the quality system currently in use. It is issued on a controlled copy basis to all internal functions affected by the quality system and on an uncontrolled copy basis to customers and suppliers.

2 Company Overview

Mission Statement

To provide state-of-the-art syntactic foam and polyurethane elastomer products for the Oceanographic, Gas & Oil, and Industrial markets.

To provide solutions to our customers' needs through design, engineering and sales of products that fit their unique applications.

To provide products and services that meet our customers' expectations while achieving a reasonable profit for our stakeholders.

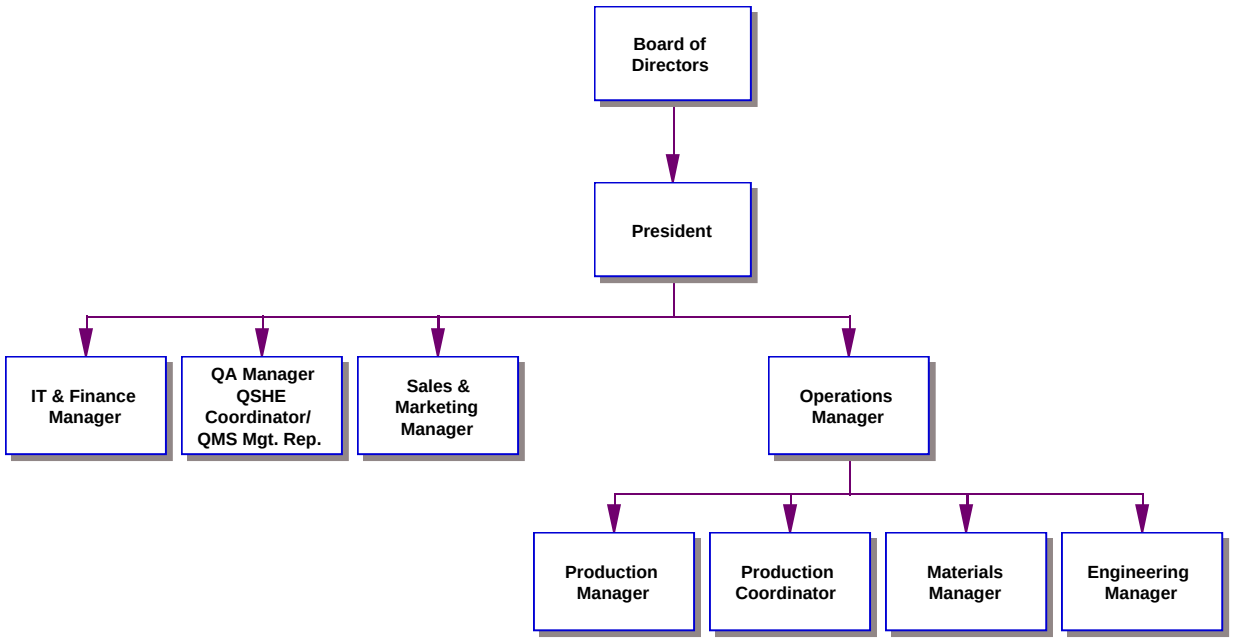
To provide a challenging, rewarding environment where individuals want to work.

To create and maintain harmonious relationships with our customers, vendors and co-workers.

Vision Statement

To be the first choice in the industry for the design and manufacture of subsurface buoyancy, elastomer and mooring products for contracts within our manufacturing capability.

Organization



3 Quality Policy

Flotation Technologies Inc. is dedicated to satisfying our customers' cost, quality and delivery requirements the first time on every order through excellence in its technology, products and services.

Flotation Technologies Inc. is committed to improving the quality, consistency and cost-effectiveness of its products and processes through continual improvement of the effectiveness of its ISO9001:2000 compliant Quality Management System.

4 Quality Management System

Flotation Technologies Inc. has established a QMS. This QMS is documented, implemented, and maintained. Associated activities are directed to continual improvement of its effectiveness in accordance with the requirements of the referenced Standard. In executing this system, Flotation Technologies Inc.:

1. Determines the criteria and methods needed to ensure that both the operation and control of these processes are effective,
2. Ensures the availability of resources and information necessary to support the operation and monitoring of these processes,
3. Monitors, measures, and analyzes these processes, and
4. Implements actions necessary to achieve planned results and continual improvement of these processes.

Flotation Technologies Inc. manages these processes in accordance with the requirements of the referenced Standard.

Where Flotation Technologies Inc. chooses to outsource any process that affects the quality of product and its conformance with requirements, Flotation Technologies Inc. ensures control over such outsource process. Such outsourcing is appropriately identified and documented within the QMS.

5 Scope of the QMS

The QMS is established for the design and manufacture of buoyancy and urethane elastomer products. All such activities are housed at the main facility located at:

432 Elm Street
Biddeford, Maine 04005
U.S.A

All requirements of the referenced Standard, as represented in QMS, apply to all units of Flotation Technologies Inc., which are responsible for the design, development, definition, production, and delivery of products specific to Flotation Technologies Inc.

6 Normative Reference

The Flotation Technologies Inc. QMS complies with the requirements of the following references:

ANSI /ISO/ASQ Q9001-2000 Quality Standard

7 Terms and Definitions

The terms and definitions given in the referenced Standard apply for the purposes of the Flotation Technologies Inc. QMS.

8 Exclusions

Service

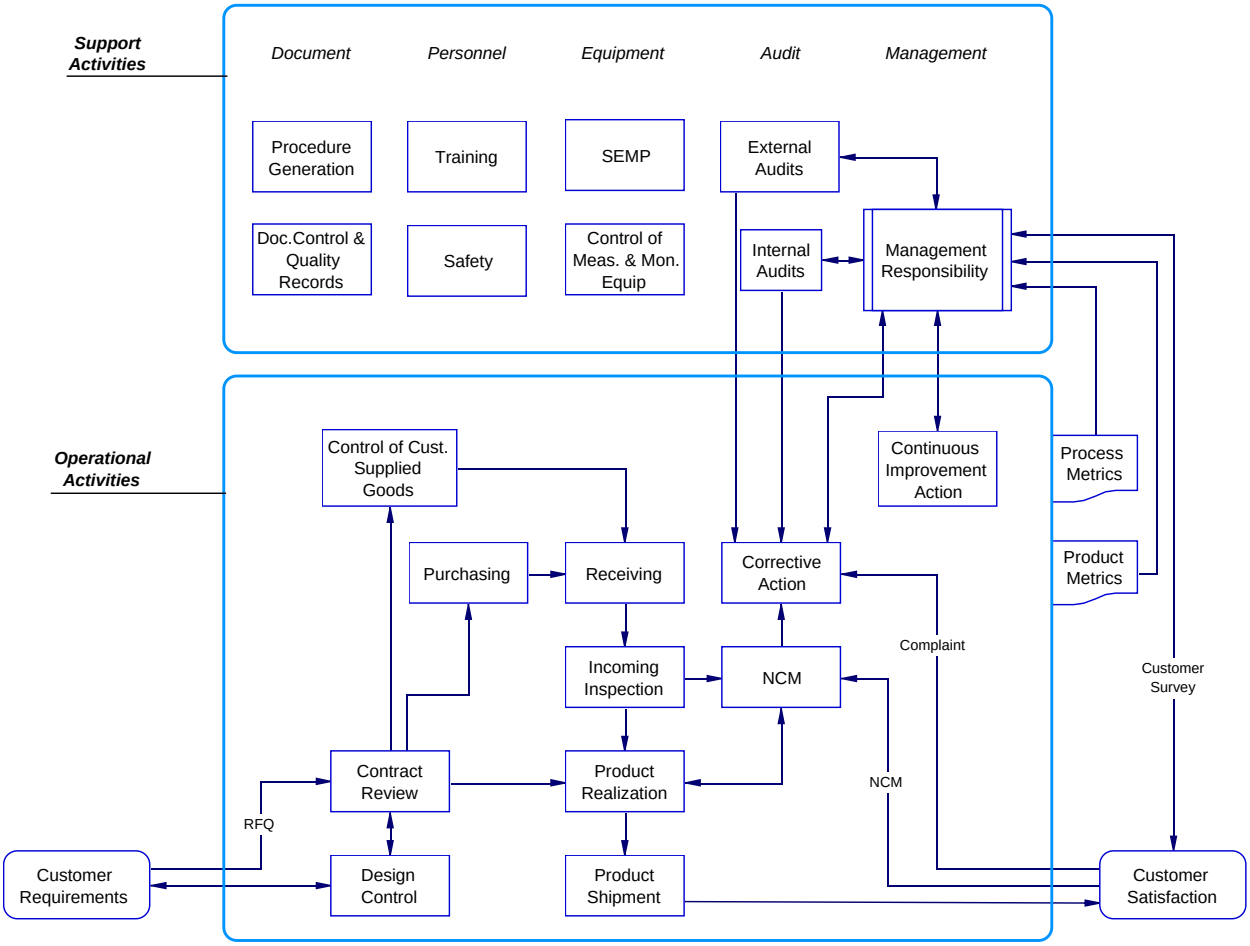
Servicing (Section 7.5 of the Standard) does not apply to Flotation Technologies Inc. Servicing of product is not a subject of contracts with Flotation Technologies Inc.'s customers.

Flotation Technologies Inc. products are usually incorporated by the customer into his product or processes. Flotation Technologies Inc. generally delivers material FOB point of manufacture and does not service material in the customer's applications. Sales and Marketing personnel, with help from Functional Managers, do respond to customer's needs and requests dealing with technical, engineering, and applications inquiries. Such responses may include visits (at Flotation Technologies Inc.'s expense) to the customer's facilities to evaluate the customer's applications of the Flotation Technologies Inc. products. Such visits are not considered "servicing", as visits are not part of a contractual agreement between buyer and seller, nor is functionality of the product dependent upon regular maintenance.

Design and Development Validation

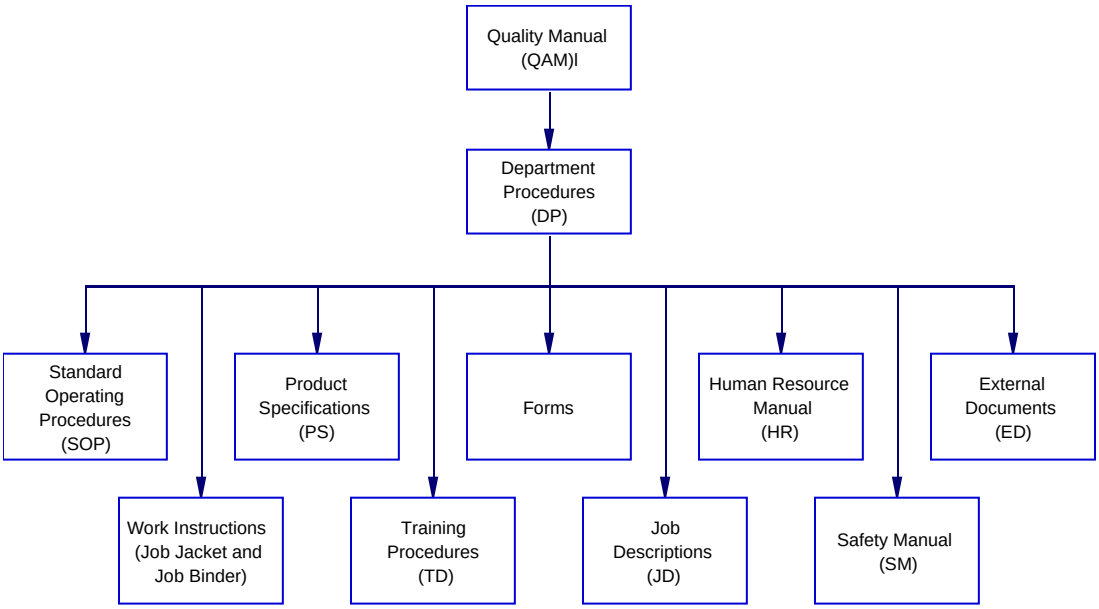
Exclusion is taken for Design and Development Validation (Section 7.3.6 of the Standard) on the basis that our designs can only be verified by customer use. This is due to the size and nature of our products and their interaction with our customers' systems.

9 QMS Process Flow



10 Documentation

The documentation structure of the QMS is as follows:



Department procedures are listed in the table below. All other documents (Forms, SOPs, etc.) are related to and referenced in the Department Procedures.

DP-OP-001	Receiving
DP-OP-002	Product Realization
DP-OP-003	Control of Customer Supplied Goods
DP-OP-004	Product Shipment
DP-OP-005	Product Identification and Traceability
DP-MF-001	Purchasing
DP-MF-002	Design Control
DP-MF-003	Contract *Generation &* Review
DP-MF-004	Safety & Health
DP-MF-005	Management Responsibility
DP-MF-006	Training
DP-QA-001	Procedure Generation
DP-QA-002	Document Control & Quality Records
DP-QA-003	Nonconforming Materials – Received/In Process
DP-QA-004	Nonconforming Materials – Customer Initiated
DP-QA-005	Corrective Action
DP-QA-006	In-coming, *In-process, & Final* Inspection
DP-QA-007	Sample Inspection Plan
DP-QA-008	Control of Measuring and Monitoring Equipment
DP-QA-009	Internal Audits
DP-QA-010	Preventative Action

11 Revisions

Rev. #	Rev. Date	Revised By:	Pages Affected	Description
A	3/25/03	DAC	All	Major revision from pre-assessment
B	7/14/03	DAC	3,4,5,8	Updated org chart to include Mgt. Rep.; Added address and description of scope to Scope section; Removed exclusion to 7.5.2; Removed Registrar from Approval
C	2/18/05	PLP	3,6,7	Update flowcharts to CIA and QSHE Coordinator/QA Manager/Engineering Manager
D	5/1/06	PLP	3,7,8	Update flowchart to include Operations Manager and add Approval signoff for Operations Manager. Updated procedure names in table on page 7.
E				
F				

12 Approval

(Printed copies of this document may not contain signatures.)

_____ President

_____ QSHE Coordinator/QA Manager

_____ Operations Manager

_____ Sales Manager

_____ Marketing Manager

_____ IT/Finance Manager

_____ Materials Manager

_____ Production Manager

_____ Production Coordinator

_____ Engineering Manager