<u>OTC MARKETS GROUP</u>
Aluf Holdings, Inc.
(*Formerly COREwafer Industries, Inc.)*
(A Nevada Company)

QUARTERLY REPORT
As of September 30, 2015

All information in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of rule 15c2-11 (a) promulgated under the Securities and Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format set forth in the rule.

No Dealer, salesmen or any other person has been authorized to give any information, or to make any representations, not contained herein in connection with the issuer. Such information or representations, if made, must not be relied upon as having been authorized by the issuer, and:

Delivery of this information file does not any time imply that the information contained herein is correct as of any time subsequent to the date first written above.

The undersigned hereby certifies that the information herein is true and correct to the best of their knowledge and belief.

Date: November 9, 2015

ALUF HOLDINGS, INC.

By: /s/ Ms. Teresa McWilliams

Name: Ms. Teresa McWilliams
Position: Interim President/CEO
Phone: (866) 793-1110
E-mail: t.mcwilliams@alufinc.com
Web-Page: http://alufinc.com/

1. The name of the issuer and its predecessors (if any):

The exact name of the Issuer is Aluf Holdings, Inc. (formerly COREwafer Industries, Inc. and Action Products International, Inc.)

2. Address of the issuer's principal executive offices:

The principal executive offices are located at:

<u>Company Headquarters</u>

1801 Polk Street, #2677
Hollywood, FL 33022
Phone: (866) 793-1110
Fax: (954) 206-0487

<u>IR Contact</u>

High Point Communication, Inc.
2135 Deerpark Blvd.
San Diego, CA 32110
Phone: (858) 351-4677

3. Security Information:

Trading Symbol: WAFR

CUSIP: 022167100

Par Value: $.001

<u>Transfer Agent</u>
VStock Transfer, LLC
18 Lafayette Place
Woodmere, NY 11598

Phone: 212-828-8436

<u>The transfer agent is registered under the Exchange Act.</u>

Title and class of securities outstanding:	12/31/2014	09/30/2015
Number of Shares Authorized – Common	8,964,324,990	946,821,999
Number of Preferred Shares Authorized –	35,675,010	53,178,001
Number of Shares Outstanding – Common	8,545,207,089	60,833,407
Number of Shares Outstanding – Pref. Ser. A	175,000	175,000
Number of Shares Outstanding – Pref. Ser. B	11,903,254	11,555,156
Number of Shares Outstanding – Pref. Ser. D	3,001	3,001
Freely Tradable Shares – Common	3,010,933,956	1,183,107
Total Number of Beneficial Shareholders	2	2
Total Number of Shareholders of Record	155	159

Certain common shares have been issued with restrictive legend.

During the past 12 months we have not been issued any trading suspension orders by the SEC.

4. Issuance History:

On January 7, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware.

On January 16, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware.

On January 29, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware.

On February 14, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware.

On March 4, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware.

The total number of shares sold was 681,400,000. The shares were offed at a discount off market and the total proceeds paid to the issuer/company was $193,000. These shares were all issued as freely tradable without restrictive legend stating that the shares have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Common shares issued in private placement under Rule 504:

Table 1.

Number of Shares issued	Class	Date of Issuance	Proceeds from Sale	Relationship to the Company	Name
12,400,000	Common	01/07/14	$10,000.00	Investor	Deer Valley Management LLC
14,500,000	Common	01/14/14	$12,000.00	Investor	Deer Valley Management LLC
38,000,000	Common	01/30/14	$22,000.00	Investor	Deer Valley Management LLC
55,000,000	Common	02/20/14	$12,000.00	Investor	Deer Valley Management LLC
61,500,000	Common	03/04/14	$12,000.00	Investor	Deer Valley Management LLC
62,500,000	Common	03/13/14	$25,000.00	Investor	Macallan Partners
62,500,000	Common	04/02/14	$25,000.00	Investor	Macallan Partners
375,000,000	Common	04/11/14	$75,000.00	Investor	Macallan Partners

Common shares of stock issued in settlement of debt:

Table 2.

Number of Shares issued	Class	Date of Issuance	Proceeds from Sale or Description of Consideration	Relationship to the Company	Name
45,000,000	Common	01/16/14	Settlement of Debt	Investor	Beaufort Ventures
45,000,000	Common	01/21/14	Settlement of Debt	Investor	Beaufort Ventures
207,500,000	Common	01/21/14	Settlement of Debt	Investor	Various
22,500,000	Common	01/21/14	Settlement of Debt	Investor	Robert Cox
12,900,000	Common	01/21/14	Settlement of Debt	Investor	WHC Capital
15,000,000	Common	01/24/14	Settlement of Debt	Investor	Kell Kim
15,240,000	Common	02/04/14	Settlement of Debt	Investor	WHC Capital
16,934,000	Common	02/14/14	Settlement of Debt	Investor	WHC Capital
18,800,000	Common	03/04/14	Settlement of Debt	Investor	WHC Capital
75,000,000	Common	03/10/14	Settlement of Debt	Investor	Beaufort Ventures
75,000,000	Common	03/10/14	Settlement of Debt	Investor	Clark Equities
75,000,000	Common	03/19/14	Settlement of Debt	Investor	Beaufort Ventures
75,000,000	Common	04/01/14	Settlement of Debt	Investor	Beaufort Ventures
87,520,000	Common	04/03/14	Settlement of Debt	Investor	Maremanno
269,831,943	Common	04/07/14	Settlement of Debt	Investor	WHC Capital
165,343,750	Common	04/09/14	Settlement of Debt	Investor	Maremanno
264,550,000	Common	04/30/14	Settlement of Debt	Investor	Maremanno
476,190,476	Common	05/12/14	Settlement of Debt	Investor	Kell Kim
450,000,000	Common	05/13/14	Settlement of Debt	Investor	Maremanno
714,285,714	Common	06/06/14	Settlement of Debt	Investor	Kell Kim
500,000,000	Common	08/04/14	Settlement of Debt	Investor	Kell Kim
14,000,000	Common	08/28/14	Settlement of Debt	Investor	Kell Kim
2,500,000,000	Common	09/05/14	Settlement of Debt	Officer	Cyril Moreau
2,500,000,000	Common	09/05/14	Settlement of Debt	Officer	Teresa McWilliams
25,000,000	Common	09/29/14	Settlement of Debt	Investor	Kell Kim
500,000,000	Common	09/29/14	Settlement of Debt	Investor	Mark Fisher
500,000,000	Common	09/29/14	Settlement of Debt	Investor	Ruben Macedo
96,666,666	Common	10/01/14	Settlement of Debt	Investor	EKO Corporate Serv.
100,000,000	Common	10/03/14	Settlement of Debt	Investor	Green LED Tech
300,000,000	Common	10/03/14	Settlement of Debt	Investor	Green LED Tech
100,000,000	Common	10/03/14	Settlement of Debt	Investor	Green LED Tech
53,333,333	Common	10/07/14	Settlement of Debt	Investor	Quail Mgmt LLC
495,000,000	Common	10/20/14	Settlement of Debt	Investor	JPC Advisors
200,000,000	Common	10/22/14	Settlement of Debt	Investor	Estrategias
300,000,000	Common	10/03/14	Settlement of Debt	Investor	Green LED Tech
376,417,363	Common	11/06/14	Settlement of Debt	Officer	Gary Polistena
400,000,000	Common	11/21/14	Settlement of Debt	Investor	Istval Elek
75,000,000	Common	12/31/14	Settlement of Debt	Investor	Beaufort Capital Ptnrs
(2,000,000,000)	Common	05/08/15	Canceled Settlement of Debt/shares returned	Officer	Cyril Moreau

Restricted Common Stock issued to Officers, Directors and Consultants as compensation:

Table 3.

Number of Shares issued	Class	Date of Issuance	Proceeds from Sale or Description of Consideration	Relationship to the Company	Name
8,976,660	Common	01/31/14	Officer or Director Compensation	Directors	Various
15,000,000	Common	03/05/14	Provided Consulting Services	Consultant	Jump Television
135,000,000	Common	03/18/14	Provided Consulting Services	Consultant	Jump Television
50,000,000	Common	03/31/14	Officer or Director Compensation	Directors	Various
20,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Donald C. Bennett
20,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Dale Churchill
20,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Jerald Wrightsil
20,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Yonghun Kim
20,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Cyril Moreau
20,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Teresa McWilliams
16,666,667	Common	11/06/14	Officer or Director Compensation	Officer	Gary Polistena
3,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Cyril Moreau
3,000,000	Common	11/06/14	Officer or Director Compensation	Officer	Teresa McWilliams
2,500,000	Common	09/23/15	Officer or Director Compensation	Officer	Teresa McWilliams
16,715,088	Common	09/23/15	Officer or Director Compensation	Officer	Teresa McWilliams
1,000,000	Common	09/23/15	Officer or Director Compensation	Director	Jonathan Baker
6,000,000	Common	09/23/15	Officer or Director Compensation	Director	Donald C. Bennett
1,000,000	Common	09/23/15	Officer or Director Compensation	Director	Michael T. Brauner
6,000,000	Common	09/23/15	Officer or Director Compensation	Director	Dale Churchill
14,000,000	Common	09/23/15	Officer or Director Compensation	Director	Yonghun Kim
6,000,000	Common	09/23/15	Officer or Director Compensation	Director	Teresa McWilliams
2,000,000	Common	09/23/15	Officer or Director Compensation	Director	Gary Polistena
1,000,000	Common	09/23/15	Officer or Director Compensation	Director	Larry G. Striggles
2,000,000	Common	09/23/15	Officer or Director Compensation	Director	Jerald Wrightsil

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Preferred Series B shares issued to Officers, Directors, and Consultants and in the acquisition of subsidiary company:

Table 4.

Number of Shares Issued	Class	Date of Issuance	Description of Consideration	Name
635,230	B Preferred	03/31/14	Provided Consulting Services	Dianne Bodenstein
200,000	B Preferred	09/05/14	Provided Consulting Services	Jordan Schur
105,840	B Preferred	12/03/14	Acquisition of CWS	Jeffrey Bruessel
105,840	B Preferred	12/03/14	Acquisition of CWS	Roxanne Goetz

Preferred Series D issued in exchange for 102,034 shares of restricted common stock during Company's Share Exchange Program:

Table 5.

Number of Shares Issued	Class	Date of Issuance	Description of Consideration	Name
3,001	D Preferred	06/30/14	Exchange Common for Preferred	Gregory Miller

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Authorized

The Company is authorized to issue 946,821,999 shares of $0.001 par value common stock and 53,178,001 shares of $0.001 par value preferred stock. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company. The preferred shares may be issued in series, with the powers, rights and limitations of the preferred shares to be determined by the Board.

On May 11, 2015 the Nevada Secretary of State accepted for filing a Certificate of Amendment decreasing the Company's authorized common stock from 8,964,324,990 with a par value of $0.00001 to 946,821,999 with a par value of $0.001, to increase the Company's authorized preferred stock from 35,675,010 to 53,178,001 with a par value of $0.001, and to cancel and retire the Company's Series F and Series G Preferred Stock. The amendment was approved by the shareholders and directors on March 23, 2015.

On March 23, 2015 the Board of Directors adopted and approved a resolution to amend the Articles of Incorporation of the Company to decrease its capital stock from 9,000,000,000 to 1,000,000,000 with a par value of $.001, to effect a reverse split of its common stock at a ratio of 2500:1, and to cancel and retire the Company's Series F and Series G Preferred Stock.

On March 19, 2014 the Nevada Secretary of State accepted for filing a Certificate of Amendment increasing the Company's authorized common stock from 1,964,324,990 to 8,964,324,990 with a par value of $0.00001. The amendment was approved by the shareholders and directors on January 30, 2014.

On February 27, 2014 the Nevada Secretary of State accepted for filing a Certificate of Amendment increasing the Company's authorized common stock from 700,000,000 with a par value of $0.001 to 1,964,324,990 with a par value of $0.00001, and to decrease the Company's authorized preferred stock from 75,000,000 to 35,675,010 with a par value of $0.00001. The amendment was approved by the shareholders and directors on January 30, 2014.

On January 30, 2014 the Board of Directors adopted and approved a resolution to amend the Articles of Incorporation of the Company to establish the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions of the shares of Series F Convertible Preferred Stock of the Company. Ten (10) shares of the authorized shares of preferred stock were thereby designated "Series F Convertible Preferred Stock" (Series F Stock) at a par value of $0.00001 per share.

On January 30, 2014 the Board of Directors adopted and approved a resolution to amend the Articles of Incorporation of the Company to establish the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions of the shares of Series G Convertible Preferred Stock of the Company. Ten million (10,000,000) shares of the authorized shares of preferred stock were thereby designated "Series G Convertible Preferred Stock" (Series G Stock) at a par value of $0.00001 per share.

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3. Financial Statements

The Company's financial statements are attached at the end of this interim filing as

Exhibit A. CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	PAGE
Condensed Consolidated Balance Sheets as of September 30, 2015 and 2014	13
Condensed Consolidated Statements of Operations as of September 30, 2015 and 2014	14
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6. Description of Issuer's Business, Products and Services

Originally incorporated in New York in 1977, the Company relocated its operations and state of incorporation to Florida in 1981. In 1984 the Company went public on the NASDAQ market place. The Company began as a distributor of education-oriented toys, children's books, stationery and souvenirs, supplying to museum gift shops exclusively.

In 1997, the Company shifted focus from being a distributor of other manufacturers' toys, gifts, souvenirs, promotional premiums and published products towards the development, establishment and distribution of our own proprietary brands and products. In 2001, the Company shifted to a manufacturer model and licensed products to other entities as a principal source of income. Historically, the principal source of revenues had been the sale of products to retailers.

In 2007, more than 20 million children's toys imported from China were recalled which had a devastating effect on the Company's sales from which it did not recover. As a result, the Company decided that it would restructure rather than file bankruptcy and on December 4, 2009, announced plans to exit the failing toy business and seek a new venture.

In 2010, the company temporarily relocated the corporate office to New York and changed its focus from toy manufacturer/distributor to a holding company whose focus is to acquire and manage business with strong growth potential across various industries.

In 2012, the Company changed its name from Action Products International, Inc.to COREwafer Industries, Inc., relocated its state of incorporation to Nevada, and on October 25, 2012, completed its acquisition of Core Wafer Systems, Inc.

On or about July 22, 2013, the Company consolidated its corporate headquarters, operations and subsidiary operations to its South Florida office.

On July 13, 2015, the Company changed its name from COREwafer Industries, Inc. to Aluf Holdings, Inc.

On July 27, 2015, the Company entered into a Non-binding Letter of Intent to acquire the assets of a biometric software innovator formed in 2004, whose software products include "undefeatable" FIPS 140-2 Suite B military grade encryption. This technology is used for the purpose of identifying and authenticating an individual using his unique physical characteristics. Biometrics measure and analyze both physiological and behavioral characteristics such as DNA, fingerprints, eye retinas and irises, voice patterns, facial patterns, vein and signature patterns and hand measurements for authentication or identification purposes of a human being. The Company plans to form a new operating entity for this acquisition.

<u>The Company's primary and secondary SIC Codes are</u>:

551114 – Holding companies that manage
541511 – Software development and sales

Products and Services:

Software Development and Sales: The Company develops and manages software, technology and cyber security companies as subsidiaries, through strategic acquisitions. To this, the Company has launched a very intensive campaign to target multiple strategic partnerships, business and software asset acquisitions and will rapidly develop a robust portfolio of technology assets over the next several years, allowing us to increase strategic partnerships, market share and profitability.

The Company has selected a number of potential candidates in order to enable the success of this software and technology vertical; however, there are currently no products being sold.

On July 27, 2015, the Company entered into a Non-binding Letter of Intent to acquire the assets of a biometric software innovator formed in 2004The Company plans to form a new operating entity for this acquisition.

7. Facilities

The Company does not presently have a brick and mortar presence. We have entered into month to month rental agreements for office space and do not currently have any operating leases.

8. Officers and Directors:

Name	Position with Company
Teresa McWilliams	Interim President and Chief Executive Officer
Teresa McWilliams	Chief Financial Officer
Larry W Hawkes	Chief Operations and Technology Officer
Yonghun Kim	Director
Dale Churchill	Director
Jonathan Baker	Director
Michael Brauner	Director
Larry G. Striggles	Director
Donald Bennett	Board Advisor

Control persons: beneficial owners of more than 10% of any class of the issuer's securities:

Name of Beneficial Owner	Title	Amount of Beneficial Ownership	% Ownership
Teresa McWilliams	CEO/CFO	26,226,984 - Common	43.128%
Yonghun Kim	Director	14,008,053 - Common	23.03 %

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9. Third Party Providers

Legal Counsel
Matthew McMurdo, Esq.
Attorney-At-Law
28 West 44th Street
16th Floor
New York, New York 10036
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Investor Relations
High Point Communication, Inc.
2135 Deer Park Drive
San Diego, CA 92110
Phone: (858) 381-4677
Email: info@alufinc.com

10. Issuer Certification - CEO

The issuer shall include certifications by the Chief Executive Officer and Chief Financial Officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format

below: I, TERESA MCWILLIAMS certify

that:

1. I have reviewed this Quarterly Disclosure Statement of ALUF HOLDINGS, INC.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 9, 2015

/s/ Teresa McWilliams, Interim President/CEO
[Signature]

10a) Issuer Certification - CFO

The issuer shall include certifications by the Chief Executive Officer and Chief Financial Officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format

below: I, TERESA McWILLIAMS, certify

that:

1. I have reviewed this Quarterly Disclosure Statement of ALUF HOLDINGS, INC.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 9, 2015

/s/ Teresa McWilliams, Chief Financial Officer
[Signature]

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Exhibit A

SUPPLEMENTAL INFORMATION

CONSOLIDATED FINANCIAL INFORMATION

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ALUF HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEET

	Sept 30, 2015	Sept 30, 2014
Current Assets		
Cash	0	148
Accounts receivable	59,564	34,833
Prepaid expenses and other current assets	197,552	987,446
Total current assets	257,117	1,022,427
Other Assets	3,064,224	807,097
Fixed Assets, net	-	-
Total assets	3,321,341	1,829,524
Current Liabilities		
Accounts payable and accrued expenses	954,536	2,166,803
Convertible Promissory Notes - short term	420,647	-
Total current liabilities	1,375,183	2,166,803
Long Term Notes Payable	379,374	2,690,240
Commitments and Contingencies	1,955,992	505,900
Total Liabilities	3,710,548	5,362,943
Shareholders' Deficit		
Preferred stock, $.001 par value; 53,178,001 and 35,675,010 shares authorized Sept. 30, 2015 and 2014 respectively:		
Series A: 175,000 shares issued and outstanding at Sept. 30, 2015 and 2014, respectively	175	175
Series B: 11,555,000 and 16,782,000 shares issued and outstanding at Sept. 30, 2014 and 2013, respectively	11,555	16,782
Series D: 3,001 and .00 shares issued and outstanding at Sept. 30, 2015 and 2014, respectively	3	3
Common stock, $.001 par value; 964,324,990 shares authorized; 60,833,407 issued and outstanding Sept. 30, 2015 and $.00001 par value; 8,964,324,990 autohorized; 6,083,347,260 issued and outstanding Sept. 30, 2014.	60,833	60,833
Treasury stock, $.001 par value; 141,000 shares authorized at March 31, 2015 and 2014 , respectively	(141)	(141)
Additional paid-in-capital	19,895,680	16,748,953
Unearned compensation costs	(49,246)	(49,246)
Stock Dividend	(151,931)	(151,931)
Accumulated deficit	(20,156,136)	(20,158,847)
Total shareholders' equity/deficit	(389,208)	(3,533,420)
Total liabilities and shareholders' equity	3,321,341	1,829,524

See accompanying notes to condensed consolidated financial statements

ALUF HOLDINGS, INC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the nine months ended Sept 30,	
	2015	**2014**
Gross Sales	180,000	78
Cost of Sales	-	16,667
Net Sales	180,000	(16,589)
Operating expenses		
Marketing and advertising	995	153,369
General and administrative	887,300	695,628
Total operating expenses	888,295	848,997
Net loss before income taxes	(708,295)	(865,586)
Interest expense	20,924	94,084
Other income (expense)	12,746	911,226
Total other income (expense)	12,746	911,226
Net profit (loss)	$ (716,472)	$ (48,444)
Weighted average number of shares outstanding	(1,772,418,159)	4,556,044,099
Basic and diluted net loss per share	$ 0.0004	$ (0.00001)

See accompanying notes to condensed consolidated financial statements

ALUF HOLDINGS, INC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine months ended Sept 30, 2015	2014
Cash flow from operating activities:		
Net income (loss)	$ (716,473)	$ (48,444)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization		(405,635)
Changes in operating assets and liabilities:		
Increase in accounts receivable	59,564	(46,198)
Increase in prepaid expenses and other assets		(205,592)
Decrease in accounts payable, accrued expenses		626,924
Increase in accoumts payable, accrued expenses	(169,273)	
Increase in acrued expense	450,212	
Gain on disposal of property and equipment	-	611,227
Net cash provided by (used in) operating activities	(375,971)	532,282
Cash flows from investing activities:		
Website		(10,000)
Net cash used in investing activities	-	-
	-	(10,000)
Cash flows from financing activities:		
Proceeds from the issuance of stock		193,000
Increase in loans and notes payable	215,500	55,000
Decrease in loans and notes notes payable	160,503	(771,788)
Net cash used by financing activities	376,003	(523,788)
Net increase (decrease) in cash	33	(1,506)
Cash and cash equivalents at beginning of period	(469)	4,956
Cash and cash equivalents at end of period	(436)	3,450
Non-cash financing activities:		
Common stock issued in settlement of debt	$ -	$ 1,191,277
Stock issued for services	$ 431,715	$ 250,000
Accrued salaries and benefits	$ 259,341	$ 57,465

See accompanying notes to condensed consolidated financial statements

ALUF HOLDINGS, INC

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

	Preferred Stock $.001 Par Value Shares	Preferred Stock $.001 Par Value Amount	Common Stock $.001 Par Value Shares	Common Stock $.001 Par Value Amount	Treasury Stock $.001 Par Value Shares	Treasury Stock $.001 Par Value Amount	Unearned Comp Cost	Stock Dividend	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity/Deficit
Balance @ December 31, 2014	12,135,241	$ 12,135	8,545,207,089	$ 85,451	(140,541)	$ (141)	$ (49,246)	$ (151,931)	$ 19,429,347	$ (19,439,662)	$ (104,450)
Net Loss										$ (137,110)	$ (137,110)
Balance @ March 31, 2015	12,135,241	$ 12,135	8,545,207,089	$ 85,451	(140,541)	$ (141)	$ (49,246)	$ (151,931)	$ 19,429,347	$ (19,576,772)	$ (241,560)
Cancellation of common stock issued in settlement of debt			(3,000,000,000)	$ (30,000)					$ 30,000		$ -
Common stock issued for settlement of debt			1,000,000,000	$ 10,000					$ (10,000)		$ -
Net Loss										$ (304,050)	$ (304,050)
Balance @ June 30, 2015	12,135,241	$ 12,135	6,545,207,089	$ 65,451	(140,541)	$ (141)	$ (49,246)	$ (151,931)	$ 19,459,347	$ (19,743,712)	$ (408,500)
Common stock issued as compensation to Officers			19,215,008	$ 19,215					$ 22,500		$ 41,715
Common stock issued as compensation to Directors			39,000,000	$ 39,000					$ 351,000		$ 390,000
Adjustment to common stock and capital for reverse split			(6,542,588,772)	$ (62,833)					$ 62,833		$ (0)
Net Loss										$ (716,472)	$ (716,472)
Balance @ September 30, 2015	12,135,241	$ 12,135	60,833,325	$ 60,833		$ (141)		$ (151,931)	$ 19,895,680	$ (20,156,136)	$ (389,208)

See accompanying notes to condensed consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL ORGANIZATION AND BUSINESS

Organization. ALUF HOLDINGS, INC. (AHIX) is a holding company headquartered in Hollywood, FL. The goal of AHIX is to strategically acquire businesses with strong growth potential and a solid business plan primarily in the software and technologies industries.

Originally incorporated in New York in 1977, the Company relocated its operations and state of incorporation to Florida in 1981. In 1984 the Company went public on the NASDAQ market place. The Company began as a distributor of education-oriented toys, children's books, stationery and souvenirs, supplying to museum gift shops exclusively.

In 1997, the Company shifted focus from being a distributor of other manufacturers' toys, gifts, souvenirs, promotional premiums and published products towards the development, establishment and distribution of our own proprietary brands and products. In 2001, the Company shifted to a manufacturer model and licensed products to other entities as a principal source of income. Historically, the principal source of revenues had been the sale of products to retailers.

In 2007, more than 20 million children's toys imported from China were recalled which had a devastating effect on the Company's sales from which it did not recover. As a result, the Company decided that it would restructure rather than file bankruptcy and on December 4, 2009, announced plans to exit the failing toy business and seek a new venture.

In 2010, the company temporarily relocated the corporate office to New York and changed its focus from toy manufacturer/distributor to a holding company whose focus is to acquire and manage business with strong growth potential across various industries.

In 2012, the Company changed its name from Action Products International, Inc.to COREwafer Industries, Inc., relocated its state of incorporation to Nevada, and on October 25, 2012, and completed its acquisition of Core Wafer Systems, Inc.

On or about July 22, 2013, the Company consolidated its corporate headquarters, operations and subsidiary operations to its South Florida office.

On July 3, 2015, the Company changed its name from COREwafer Industries, Inc. to Aluf Holdings, Inc.

Historically, the principal source of revenues has been the sale of products to retailers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Basis of Presentation

Our condensed consolidated financial information included in this report has been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Actual amounts may differ from these estimated amounts. Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The principles for interim financial information do not require the inclusion of all the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with our Annual Report for the year ended December 31, 2012.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Principles of Consolidation

The consolidated financial statements include the accounts of Aluf Holdings, Inc. and its wholly-owned subsidiaries, Core Wafer Systems, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Property and Equipment

Fixed assets are comprised of furniture and fixtures, computer equipment, purchased software and major categories of property and equipment and are stated at cost and depreciated using the straight-line method, over the estimated useful lives of the various classes of assets, as follows:

Furniture, fixtures and equipment	3 – 10 years
Computers and purchased software	3 – 5 years

Intangible Assets

The Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144" or "ASC 360"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long- lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

The Company had a valuation performed on its wholly owned subsidiary, Core Wafer Systems, Inc. As a result of the analysis, it was determined that the fair values of the various intangible assets acquired from Core Wafer Systems, Inc. was $4,786,000 at October 25, 2012.

Fair Value of Financial Instruments

The Company's financial instrument consists of prepaid expenses, deposits, investments, customer deposits, accounts payable and accrued expenses, accrued interest, loans payable and loans payable to a related party. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where separately disclosed.

Revenue Recognition

We recognize revenue in accordance with generally accepted accounting principles as outlined in the Securities and Exchange Commission's Staff Accounting Bulletin No. 104, *Revenue Recognition* (SAB 104 or ASC 605-10), which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred or services have been rendered. Revenue from the sale of products is generally recognized after both the goods are shipped to the customer and acceptance has been received, if required. Our products are custom made for our customers, who primarily consist of original engineer manufacturers (OEMs), and we do not accept returns. Our products are shipped complete and ready to be incorporated into higher level assemblies by our customers. The terms of the customer arrangements generally pass title and risk of ownership to the customer at the time of shipment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123R, "Share Based Payment" (ASC 718). SFAS No. 123R establishes the accounting for grants of stock options and other transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. SFAS No. 123R (1) revises SFAS No. 123, "Accounting for Stock-Based Compensation," (2) supersedes Accounting Principles Bulletin ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and (3) establishes fair value as the measurement objective for share-based payment transactions. The Company is following the provisions of SFAS No. 123R and has recorded compensation expenses related to the granting of stock options to employees.

Income Taxes

The Company provides for income taxes using an asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. No provision for income taxes is included in the statement due to its immaterial amount, net of the allowance account, based on the likelihood of the Company to utilize the loss carry-forward.

Basic and Diluted Earnings (Loss) Per Share

Earnings/(Loss) per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128 or ASC 260), "Earnings per share". SFAS No. 128 superseded Accounting Principles Board Opinion No.15 (APB 15). Net income (loss) per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. Basic and diluted loss per share was $0.00 for the period ended September 30, 2015 and 2014 respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash, accounts receivable and other receivables arising from its normal business activities. The Company places its cash in what it believes to be credit- worthy financial institutions. The Company has a diversified customer base. The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is limited.

Impairment of Long-lived Assets

In accordance with ASC 360, "Property, Plant and Equipment", the Company reviews the carrying values of long-lived assets, including property, plant and equipment and other intangible assets, whenever facts and circumstances indicate that the assets may be impaired. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If an asset is considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs of disposal. The Company last performed annual reviews of its long-lived assets at December 31, 2013 and 2012. In 2013, the Company decided to impair the goodwill in total and further impair other intangible assets. The amount of impairment loss in 2012 was $3,400,000 (as restated).

Goodwill

The Company recognizes goodwill for the excess of the purchase price over the fair value of the identifiable net assets of the business acquired. ASC 350 "Intangible Assets-Goodwill and Other", an impairment test for goodwill is undertaken by the Company at the reporting unit level annually, or more frequently if events or changes in

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

circumstances indicate that goodwill might be impaired. The Company recorded impairment of goodwill related to its subsidiary, Core Wafer Systems, Inc.

Recent Accounting Pronouncements

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists ("ASU 2013-11"). ASU 2013-11 requires an entity to present an unrecognized tax benefit as a reduction of a deferred tax asset for an net operating loss ("NOL") carryforward, or similar tax loss or tax credit carryforward, rather than as a liability when (1) the uncertain tax position would reduce the NOL or other carryforward under the tax law of the applicable jurisdiction and (2) the entity intends to use the deferred tax asset for that purpose. ASU 2013-11 does not require new recurring disclosures. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. We will adopt ASU 2013-11 prospectively in the first quarter of fiscal 2015 and do not anticipate adoption will impact our statements of financial position or results of operations.

NOTE 3 – PROPERTY AND EQUIPMENT

The company did not have any depreciable fixed assets for the period ending September 30, 2015 and 2014.

NOTE 4 – VALUATION OF INTANGIBLE ASSETS AND GOODWILL

A valuation was done for the purposes of the October 25, 2012 purchase of Core Wafer Systems, Inc. the fair values of the various intangible assets acquired at October 25, 2012 are:

($ in thousands)		Fair Value
Working Capital		$ (1,364.3)
Tangible Proberty		56.9
Identifiable Intangible Property		
Trade Name	210.0	
Trademarks	402.9	
Software	2,416.7	
Customer Relations	101.4	
Total Identifiable Intangible Property		3,131.0
Assets Acquired in Excess of Enterprise Value		2,962.4
Value of consideration Paid		**$ 4,786.0**

The Company last performed annual reviews of its long-lived assets at December 31, 2013 and 2012. In 2013, the Company decided to impair the goodwill in total and further impair other intangible assets:

($ in thousands)		
Development Costs		495.0
Trademarks		2.1
Software		3,700.0
Value of Intangible Assets Before Impairment		**$ 4,197.1**

NOTE 5 – NOTES PAYABLE

On February 20, 2011, the Company entered into a Convertible Promissory Note as settlement of an old accounts payable amount incurred prior to 2008 with a certain vendor. The principal amount of the note is $487,773 with interest at 8% per annum. As of September 30, 2015, approximately $162,000 of the note's principal has been converted into shares of the company's common stock.

On November 30, 2011, the Company entered into an Installment Promissory Note with Magsamen Consulting, LLC in the principal sum of $195,000 without interest, as settlement of a default judgment. The initial payment of $20,000 was also paid on November 30, 2011, with an additional payment of $25,000 due on or before March 3, 2012 then quarterly payments of $18,750 thereafter, beginning June 15, 2012. On March 5, 2012 the company made a partial payment in the amount of $12,500 toward the first installment. As of September 30, 2015, no other payments have been made.

On October 31, 2011, the Company's wholly owned subsidiary, Core Wafer Systems, Inc. (CWS) entered into a Promissory Note for the acquisition of certain intellectual property and other expenses in the principal amount of $2,866,981 with interest at the rate of 4% annually. Payment is due upon demand at such time CWS retains adequate capital to sustain normal operations. As of September 30, 2014 the Company has paid approximately $13,296 and converted $700,000 into shares of the company's common stock toward the principal amount of the note. On September 30, 2014 the Company further reduced the principal balance of the note in accordance to an Asset Purchase Agreement in the amount of $715,000 for the sale of certain assets including testers, computers, and various items of office furniture and other equipment. The Agreement was executed between the note holder and the previous president and chief executive officer of CWS prior to the closing date of the acquisition between this Company and CWS, which had not been previously disclosed to the Company. Additionally, on or about November 1, 2014, the Company received evidence of an agreement between the previous CEO/President of CWS and the note holder, selling the IP back to the note holder prior to the closing of the acquisition of CWS by the Company. This agreement never disclosed to the Company at any time before or after the closing date of the acquisition; as such, as of March 31, 2015 the Company off set the remaining balance of the promissory note, accumulated interest payable, against the value of those certain IP assets listed in said agreement.

July 1, 2014, the Company entered into a Convertible Promissory Note as settlement of an old accounts payable amount incurred between March 19, 2012 and June 30, 2014 with a certain vendor. The principal amount of the note is $55,000 with interest at 8% per annum, on or before July 1, 2015, without penalty. As of September 30, 2015,no payments have been made and none of the note's principal has been converted into shares of the company's common stock.

Effective June 22, 2015, the Board of Directors voted not to renew the employment/consulting agreement with our interim chief executive officer. Under the terms of the agreement, employment continues until another chief executive officer is appointed by a majority of our Board of Directors or either party terminates in accordance with the provisions of the Agreement. Compensation under the agreement called for a minimum salary of $10,500 per month. The Company has not made certain cash payments due under the agreement, including an exit bonus and as of September 30, 2015. As of June 22, 2015 $215,500, had been accrued as compensation payable and was converted into a convertible debenture on July 31, 2015 with interest at 8% per annum, and payable on or before July 31, 2016.

On or about June 3, 2015 Goetz was sentenced in U.S. District Court in St. Paul, MN on two counts of federal wire fraud and was ordered to pay nearly $1.6 million dollars to the note holders who were identified in the proceedings as the victims of his fraud. As such, the company believes it is not liable for the payment of certain notes payable entered into by Roger Goetz; therefore, approximately $842,800 in CWS notes payable have been reclassed as contingent liabilities.

NOTE 5 – NOTES PAYABLE (CONTINUED)

The outstanding balances for notes payable is summarized as follows:

Description	09-30-2015	12-31-2014
Principal (beginning)	$ 4,975,350	$ 4,975,350
Less: Payments/Adjustments	(4,165,266)	(3,551,013)
Plus: Accumulated Interest	140,814	160,786
Total Notes Payable	950,898	1,585,123

NOTE 6 – GOING CONCERN

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has operating and liquidity concerns, current liabilities exceeded current assets by $ 548,342 at September 30, 2015, and has reported a net loss of $ 716,473 during the period ended September 30, 2015. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these uncertainties.

The Company's continued existence is dependent upon its ability to successfully execute its business plan and raise capital. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of liabilities that may result from the outcome of this uncertainty.

NOTE 7 – STOCKHOLDERS' EQUITY

Authorized

The Company is authorized to issue 946,821,999 shares of $0.001 par value common stock and 53,178,001 shares of $0.001 par value preferred stock. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company. The preferred shares may be issued in series, with the powers, rights and limitations of the preferred shares to be determined by the Board.

On May 11, 2015 the Nevada Secretary of State accepted for filing a Certificate of Amendment decreasing the Company's authorized common stock from 8,964,324,990 with a par value of $0.00001 to 946,821,999 with a par value of $0.001, to increase the Company's authorized preferred stock from 35,675,010 to 53,178,001 with a par value of $0.001, and to cancel and retire the Company's Series F and Series G Preferred Stock. The amendment was approved by the shareholders and directors on March 23, 2015.

On March 23, 2015 the Board of Directors adopted and approved a resolution to amend the Articles of Incorporation of the Company to decrease its capital stock from 9,000,000,000 to 1,000,000,000 with a par value of $.001, to effect a reverse split of its common stock at a ratio of 2500:1, and to cancel and retire the Company's Series F and Series G Preferred Stock.

Preferred Stock

On May 11, 2015 the Nevada Secretary of State accepted for filing a Certificate of Amendment decreasing the Company's authorized common stock from 8,964,324,990 with a par value of $0.00001 to 946,821,999 with a par value of $0.001, to increase the Company's authorized preferred stock from 35,675,010 to 53,178,001 with a par value of $0.001, and to cancel and retire the Company's Series F and Series G Preferred Stock. The amendment was approved by the shareholders and directors on March 23, 2015.

On March 23, 2015 the Board of Directors adopted and approved a resolution to amend the Articles of Incorporation of the Company to decrease its capital stock from 9,000,000,000 to 1,000,000,000 with a par value of $.001, to effect a reverse split of its common stock at a ratio of 2500:1, and to cancel and retire the Company's Series F and Series G Preferred Stock.

NOTE 7 – STOCKHOLDERS' EQUITY (CONTINUED)

On January 30, 2014, the Board of Directors duly adopted and approved a resolution further amending the Articles of Incorporation of the Company (the "Amendment") to establish the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions of Ten (10) shares of Series F Convertible Preferred Stock of the Company which will be used in the full or partial retirement of debt held by management, employees and/or consultants of the Company.

On January 30, 2014, the Board of Directors duly adopted and approved a resolution further amending the Articles of Incorporation of the Company (the "Amendment") to establish the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions of Ten Million (10,000,000) shares of Series G Convertible Preferred Stock of the Company which will be used in the full or partial retirement of debt held by management, employees and/or consultants of the Company.

On January 30, 2014, the Board of Directors adopted and approved a resolution to amend the Articles of Incorporation of the Company to establish the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions of the shares of Series F Convertible Preferred Stock of the Company. Ten (10) shares of the authorized shares of preferred stock were thereby designated "Series F Convertible Preferred Stock" (Series F Stock) at a par value of $0.00001 per share.

On January 30, 2014, the Board of Directors adopted and approved a resolution to amend the Articles of Incorporation of the Company to establish the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions of the shares of Series G Convertible Preferred Stock of the Company. Ten million (10,000,000) shares of the authorized shares of preferred stock were thereby designated "Series G Convertible Preferred Stock" (Series G Stock) at a par value of $0.00001 per share.

Financing Operations

On January 7, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware. The total number of shares sold was 12,400,000. The shares were offered at a discount off market and the total proceeds paid to the issuer/company was $10,000. These shares were all issued as freely tradable without restrictive legend stating that the shares have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

On January 16, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware. The total number of shares sold was 14,500,000. The shares were offered at a discount off market and the total proceeds paid to the issuer/company was $12,000. These shares were all issued as freely tradable without restrictive legend stating that the shares have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

On January 29, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware. The total number of shares sold was 38,000,000. The shares were offered at a discount off market and the total proceeds paid to the issuer/company was $22,000. These shares were all issued as freely tradable without restrictive legend stating that the shares have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

On February 14, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware. The total number of shares sold was 55,000,000. The shares were offered at a discount off market and the total proceeds paid to the issuer/company was $30,000. These shares were all issued as freely tradable without restrictive legend stating that the shares have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

On February 24, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware. The total number of shares sold was 61,000,000. The shares were offered at a discount off market and the total proceeds paid

NOTE 7 – STOCKHOLDERS' EQUITY (CONTINUED)

to the issuer/company was $25,000. These shares were all issued as freely tradable without restrictive legend stating that the shares have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

On March 4, 2014, the issuer filed a Form D Notice of Exempt Offering of Securities for the sales of its common stock under Rule 504 (b)(1)(ii) and Rule 504 (b)(1)(iii) under the jurisdiction of the State of Delaware. The total number of shares sold was 62,500,000. The shares were offered at a discount off market and the total proceeds paid to the issuer/company was $25,000. These shares were all issued as freely tradable without restrictive legend stating that the shares have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Stock-Based Compensation – Common Stock
During the nine months ended September 30, 2015 and 2014, the Company issued 58,218,005 and 12,555,972,543 shares of its common stock valued at $431,715 and $1,634,277, respectively; shares issued to employees and board members for services rendered (58,218,005 and 58,976,660 shares respectively), shares issued to consultants for professional services (0 and 150,000,000 shares respectively), shares issued to convertible promissory note holders in settlement of debt (0 and 5,346,995,886 shares respectively), shares issued to management for settlement of debt (0 and 7,000,000,000 shares respectively).

NOTE 8 – SEGMENT REPORTING

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", established standards for reporting information about operating segments in annual financial statements and required selected information about operating segments in interim financial reports issued to stockholders. It also established standards for related disclosures about products, services, and geographic areas. Operating segments are defined as components of the enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The Company has one reportable operating segments: Core Wafer Systems, Inc. The accounting policies of each segment are the same as those described in the summary of significant accounting policies. Each segment has its own product manager but the overall operations are managed and evaluated by the Company's chief operating decision makers for the purpose of allocating the Company's resources. The Company also has a corporate headquarters function which does not meet the criteria of a reportable operating segment. Interest expense and corporate expenses are not allocated to the operating segments.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

During the period ended September 30, 2015 and 2014, the Company's chief financial officer, and directors advanced approximately $13,589 and $22,300, respectively, to the Company for working capital.

On October 31, 2011, the Company's wholly owned subsidiary, Core Wafer Systems, Inc. (CWS) entered into a Promissory Note for the acquisition of certain intellectual property and other expenses in the principal amount of $2,866,981 with interest at the rate of 4% annually. Payment is due upon demand at such time CWS retains adequate capital to sustain normal operations. As of September 30, 2014 the Company has paid approximately $13,296 and converted $700,000 into shares of the company's common stock toward the principal amount of the note. On September 30, 2014 the Company further reduced the principal balance of the note in accordance to an Asset Purchase Agreement in the amount of $715,000 for the sale of certain assets including testers, computers, and various items of office furniture and other equipment. The Agreement was executed between the note holder and the previous president and chief executive officer of CWS prior to the closing date of the acquisition between this Company and CWS, which had not been previously disclosed to the Company. Additionally, on or about November 1, 2015, the Company received evidence of an agreement between the previous CEO/President of CWS and the note holder, selling the IP back to the note holder prior to the closing of the acquisition of CWS by the Company. This agreement had not been disclosed to the Company at any time before or after the closing date of the acquisition; as such, as of March 31, 2015, the Company offset the remaining balance of the promissory note, accumulated interest payable against the value of

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

those certain IP assets.

On December 17, 2009, the Company's wholly owned subsidiary, Core Wafer Systems, Inc. (CWS) entered into a Promissory Note in the principal amount of $129,666 with interest at a rate of 8.75% per year for cash payments received by the company for working capital. All principal and interest accruing under the Notes is due on varying dates on or before November 30, 2010. As of September 30, 2015 the Company was in default with the terms of this note which has a remaining principal balance of approximately $57,000. On or about June 3, 2015 Goetz was sentenced in U.S. District Court in St. Paul, MN on two counts of federal wire fraud where he was ordered to pay nearly $1.6 million dollars to this and the other note holders who were identified in the proceedings as the victims of his fraud. As such the Company does not believe that it is in any way liable for the repayment of this note and has therefore reclassified the note as a contingent liability.

In 2010, the Company's wholly owned subsidiary, Core Wafer Systems, Inc. (CWS) entered into Promissory Notes with four individuals in the aggregate principal amount of $355,000 with varying interest rates for cash payments received by the company for working capital. All principal and interest accruing under these Notes was due on or before November 30, 2010. As of September 30, 2015, there are two remaining notes with a principal balance of $150,000; the Company was in default with the terms of these notes On or about June 3, 2015 Goetz was sentenced in U.S. District Court in St. Paul, MN on two counts of federal wire fraud where he was ordered to pay nearly $1.6 million dollars to this and the other note holders who were identified in the proceedings as the victims of his fraud. As such the Company does not believe that it is in any way liable for the repayment of this note and has therefore reclassified the note as a contingent liability.

In 2011, the Company's wholly owned subsidiary, Core Wafer Systems, Inc. (CWS) entered into Promissory Notes with seven individuals in the aggregate principal amount of $382,500 with varying interest rates for cash payments received by the company for working capital. All principal and interest accruing under these Notes was due on or

before December 31, 2011. As of September 30, 2015, the Company had issued common stock in settlement of $150,000 principal plus accrued interest for one note and was in default with the terms of the remaining notes On or about June 3, 2015 Goetz was sentenced in U.S. District Court in St. Paul, MN on two counts of federal wire fraud where he was ordered to pay nearly $1.6 million dollars to this and the other note holders who were identified in the proceedings as the victims of his fraud. As such the Company does not believe that it is in any way liable for the repayment of this note and has therefore reclassified the note as a contingent liability.

In 2012, the Company's wholly owned subsidiary, Core Wafer Systems, Inc. (CWS) entered into Promissory Notes with three individuals in the aggregate principal amount of $132,000 with varying interest rates for cash payments received by the company for working capital. All principal and interest accruing under these Notes was due on or before December 31, 2012. As of September 30, 2015, the Company had issued common stock in settlement of $120,000 principal plus accrued interest for one note and was in default with the terms of the remaining two notes. On or about June 3, 2015 Goetz was sentenced in U.S. District Court in St. Paul, MN on two counts of federal wire fraud and was ordered to pay nearly $1.6 million dollars to this and the other note holders who were identified in the proceedings as the victims of his fraud. As such the Company does not believe that it is in any way liable for the repayment of this note and has therefore reclassified the note as a contingent liability.

On January 23, 2013, the Company's wholly owned subsidiary, Core Wafer Systems, Inc. (CWS) entered into a Promissory Note in the principal amount of $100,000 with interest at a rate of 3% per year for cash payments received by the company for working capital. The Note is payable on or about June 30, 2013 or may be converted into the company's common stock. As of September 30, 2015, $15,678 of the note has been converted into common stock. Additionally, on or about June 3, 2015 Goetz was sentenced in U.S. District Court in St. Paul, MN on two counts of federal wire fraud and was ordered to pay nearly $1.6 million dollars to this and the other note holders who were identified in the proceedings as the victims of his fraud. As such the Company does not believe that it is in any way liable for the repayment of this note and has therefore reclassified the note as a contingent liability.

Employment agreements

On June 22, 2013, the chief executive officer tendered his resignation according to the terms of his employment agreement. Compensation under the agreement called for a minimum salary of $10,000 per month plus additional cash

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

and stock compensation upon the achievement for various milestones. The Company has not made certain cash payments due under the agreement. As of September 30, 2015, $138,500 has been accrued as compensation payable.

On May 31, 2011, the Company entered into an employment agreement with our chief financial officer for a period of two years. This agreement is renewable unless either party terminates in accordance with the provisions of the Agreement, or by death or permanent disability and called for a minimum salary of $10,000 per month plus additional cash and stock compensation. The agreement was renewed for another two years by the Company on or about June 1, 2013. The renewal agreement called for a minimum salary of $14,583 per month plus additional cash and stock compensation. All other terms of the renewal agreement remain the same as the original agreement.

Effective June 1, 2015, the Company renewed the employment agreement with our chief financial officer for an additional two year period. The agreement calls for a minimum salary of $15,000 per month plus additional cash and stock compensation. All other terms of the renewal agreement remain the same as the original agreement. The Company has not made certain cash payments due under these agreements. As of September 30, 2015, $555,608, has been accrued as compensation payable, PTO accrual, and deferred salary.

Legal Proceedings

During 2009, Ronald Kaplan, a former officer and employee of the company filed a complaint in the Circuit Court for the 9th Judicial Circuit in and for Orange County, Florida against the Company claiming damages exclusive of attorneys' fees and costs, for unpaid wages and personal expenses aggregating $75,479.63. On November 9, 2009 the court granted a default judgment on behalf of Ronald Kaplan. The company believes this claim is without merit and has retained legal counsel to move to have the default judgment vacated.

On September 28, 2009, Baker, Govern & Baker PA filed a complaint in the Circuit Court for the 9th Judicial Circuit in and for Orange County, Florida against the Company claiming damages, exclusive of attorneys' fees and costs, for breach of contract aggregating $28,562.70. On September 17, 2010 the court granted a default judgment on behalf of Baker, Govern & Baker PA. The company believes this claim is without merit and has retained legal counsel to move to have the default judgment vacated.

In April 2009, the company received a demand letter from its former CFO, Robert Burrows, alleging cash and stock compensation due in the amount of approximately $250,000. On July 27, 2010, the court granted a default judgment in the amount of $431,530.39 on behalf of Robert Burrows. The company believes this claim is without merit and has retained legal counsel to move to have the default judgment vacated.

On December 11, 2008, the Company entered into a Settlement Agreement with Magsamen Consulting, LLC a consultant of the Company. Upon execution of the Settlement Agreement the Development Agreement terminated. Pursuant to the Settlement Agreement, the Company agreed to pay $100,000 to Magsamen and upon full payment; the Company and Magsamen will executive general releases. All amounts owed under the Settlement Agreement have been recorded as liabilities and charged to expense as of December 31, 2008. In a bench trial on April, 19, 2010, a judgment was ordered in the Circuit Court for Baltimore County in and for the State of Maryland against the Company for non-payment of the cash payment and certain expenses as provided for in the Settlement Agreement of December 11, 2008 in the amount of $194,903.31. The Company retained legal counsel to resolve the matter and on November 30, 2011 entered in to an Installment Promissory Note and Confession of Judgment (Note) with Magsamen. As of September 30, 2015 the Company has made only one of the required payments under the terms of the Note.

In June 2008, Debra Rutledge, Eric Rutledge & Jeanne Moore v. Action Products International, Inc., Action Toys, Inc., Action Healthcare Products, Inc., Curiosity Kits, Inc., Warren Kaplan and Judith Kaplan, Case No. 6:09-cv-1245-Orl-35GJK in the United States Middles District Court, District of Florida, Orlando Division. This is a default judgment in the amount of approximately $354,607. Plaintiffs allege a breach by the company of an oral contract and claim damages for failure to pay minimum wages, breach of contract, back pay with benefits and penalties for COBRA and ARRA violations. On June 28, 2008, the Company obtained legal counsel and filed its answer to the complaint however counsel for the Company was later allowed to withdraw and a default judgment was entered on October 7, 2010. In 2011 under the direction of the newly hired CEO, Gary Polistena, the Company retained legal counsel to defend the Company against the claim and to have the judgment vacated. On November 17, 2011 the Company presented an offer of settlement to the Plaintiffs in the approximate amount of $30,000 plus attorney's fees. As of

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

September 30, 2015 the Company is confident that the Plaintiffs will accept the offer.

On November 15, 2012, the Issuer received a letter from the attorneys representing Sandia Technologies, et. al., with regard to the Settlement Agreement entered into with CWS on July 25, 2012. In the original Settlement Agreement, prior Management of CWS agreed to pay to Sandia Technologies the sum of $500,000 for all rights and licenses of IP, copyrights, trademarks, etc. for the PDQ Suite purchased from ST in December, 2005. Payment was to be made by CWS within 90 days of the settlement date. CWS failed to make the payment as agreed and as a result, Sandia Technologies has requested payment be made in full by 5:00 p.m. on Tuesday, November 20, 2012 or, in the alternative, that the terms of the settlement be modified. The Settlement Agreement stems from a lawsuit that was filed in the State of New Mexico, County of Bernalillo, Second Judicial District Court, No. CV 2010-10561 by CWS against ST for their release of IP, copyrights, trademarks, etc. for the PDQ Suite purchased from ST in December, 2005. Sandia claims the agreement was verbally modified in 2006 to increase the payment another $400,000. Although verbal changes are prohibited in the agreement, CWS believed it was necessary to litigate and seek a pre-emptive judgment for total and absolute ownership as well as damages due to ST using this IP for their enrichment. Additionally, Mr. Pierce asserted a 15.8% ownership in CWS. On August 2, 2013, the Company filed Plaintiffs' Response to Defendants' Motion for Order to Show Cause. A hearing was held in the matter on November 5, 2013 in the Bernalillo County Courthouse in Albuquerque, NM. Because the Company did not have legal counsel a final judgment was entered. Under the terms of the final judgment Core Wafer Systems, Inc. was enjoined, until the judgment is paid in full, from all use of the Software Property in the case and its derivatives. On or about April 21, 2014, Sandia Technologies, through their attorney, rejected a plan to pay off the debt which was submitted to them on behalf of the Company. On or about May 30, 2014, the Company received a letter of formal notice and Consent to Serve as Receiver dated May 13, 2014 along with Judgment Creditors' Verified Application for Appointment of Receiver to Sell Intellectual Property of Judgment of Debtor which was dated April 28, 2014.

On or about September 14, 2014, the Company received notice from Sandia's attorney in a letter dated September 4, 2014 which contained a copy of a Final Report of Receiver indicating that a receiver had been appointed by the Court's "Order Granting Judgment Creditors' Verified Application for Appointment of Receiver to Sell Intellectual Property of Judgment Debtor and Appointment of Receiver" dated July 12, 2014. Said Order Granted the sale, by the receiver, of the Software Property. It further stated that the sale took place on the front steps of the Second Judicial District Court, Bernalillo County, New Mexico on August 19, 2014. Sandia Technologies was the only bidder at the sale and made a credit bid of $300,000 against the Final Judgment entered on November 12, 2013, in Sandia's favor.

On or about August 26, 2013, through our Registered Agent, the Company received notice of Order Continuing Case Management Conference with regard to a complaint filed on September 11, 2012 against its wholly owned subsidiary Core Wafer Systems, Inc., in the Superior Court of California, County of San Francisco, case number CGC-12-524080, for unpaid legal fees and costs in the amount of $51,896.21. The notice set a case management conference for April 26, 2014 for plaintiff to obtain a default judgment against COREwafer Industries, Inc. The Company had no prior knowledge of the legal proceedings against Core Wafer Systems in this matter and will take appropriate measures to defend against it.

Operating Leases
The organization does not currently maintain a "brick and mortar" presence. All employees and/or consultants work from home-based offices.

NOTE 11 – INCOME TAXES

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in its financial statements or tax returns. Deferred income tax liabilities and assets are determined based on the difference between the financial statement and tax bases of liabilities and assets using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company applies the provisions of FASB, Interpretation No. 48, or FIN 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109." FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to

NOTE 11 – INCOME TAXES (CONTINUED)

be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities.

The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. When applicable, the Company will include interest and penalties related to uncertain tax positions in income tax expense.

The benefit for income taxes from continued operations for the periods ended September 30, 2015 and 2014 consist of the following:

	2015	2014
Current:		
Federal	$ -	$ -
State	-	-
Deferred:		
Federal	7,054,647	7,055,596
State	-	-
	7,054,647	7,055,596
Increase in valuation allowance	(7,054,647)	(7,055,596)
Benefit for income taxes, net	$ -	$ -

The benefits for 2015 and 2014 were computed by applying the federal and state statutory corporate tax rates as follows:

Statutory federal income tax rate	35.0 %
State income taxes	0.0 %
Valuation allowance	(35.0)%
Effective tax rate	(0.0)%

The net deferred tax assets and liabilities are comprised of the following:

	2015	2014
Deferred tax assets:	$ -	$ -
Current	-	-
Non-current	7,054,647	7,055,596
Less: valuation allowance	(7,054,647)	(7,055,596)
Net deferred income tax asset	$ -	$ -

At September 30, 2015, the Company had federal net operating loss carry-forwards totaling approximately $7,010,000 which expires in various years through 2025.

NOTE 12 – SUBSEQUENT EVENTS

On October 12, 2012 the Company created a new operating entity, Aluf Biometrics, Inc. The new operational subsidiary will focus on biometrics acquisitions and applications.

On October 28, 2015 the Company entered into a joint venture agreement with a private investment group to purchase the assets of a leading biometric software innovator which will be transferred to the newly created Aluf Biometrics, Inc. The investor will provide a line of credit of up to $5,000,000 to complete the asset acquisition, update and expand its authentication software, marketing and expansion of its current sales pipeline, provide working capital, and to acquire other fixed and capital assets.

On November 6, 2015 the Company received $25,000 from an investor in exchange for a promissory note payable with interest of 10% per annum, on November 5, 2016. The funds will be used for working capital.