

**OTC DISCLOSURE AND NEWS SERVICE**

**ISSUER INFORMATION AND DISCLOSURE STATEMENT**

(December 17, 2012)

**COREWAFER INDUSTRIES, INC.**  
(Pinksheets: WAFR)

NEVADA  
(State of Incorporation)

59-2095427  
(IRS Employer Identification No.)

419 Lafayette Street, Second Floor  
New York, NY 10003  
(Address of Principal Executive Offices)

(866) 793-1110  
(Issuer's Telephone Number)

Cusip Number: 21871B107

**MANAGEMENT DISCUSSION & UPDATE**

**POSTED: December 19, 2012**

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## **FORWARD-LOOKING STATEMENTS**

This disclosure statement contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases you can identify forward-looking statements by terms such as “may”, “intend”, “will”, “could”, “would”, “expects”, “believe”, “estimate”, or the negative of these terms, and similar expressions intended to identify forward-looking statements.

These forward-looking statements reflect our current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Also, these forward-looking statements present our estimates and assumptions only as of the date of this disclosure statement. Except for our ongoing obligation to disclose material information as required by federal securities laws, we do not intend to update you concerning any future revisions to any forward-looking statements to reflect events or circumstances occurring after the date of this disclosure statement.

Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including the substantial investment of capital required to produce and market films and television series, increased costs for producing and marketing feature films, budget overruns, limitations imposed by our credit facilities, unpredictability of the commercial success of our motion pictures and television programming, the cost of defending our intellectual property, difficulties in integrating acquired businesses, and technological changes and other trends affecting the entertainment industry. 2

**Item 1 – The exact name of the issuer** is COREwafer Industries, Inc., also referred to as the “Issuer” or “WAFR”. WAFR is a Nevada corporation (registered in Nevada on May 25, 2012); Originally, the Issuer was formed in New York in 1977 and reincorporated in Florida in 1981.

**Item 2 – The address of the issuer’s principal executive offices** is as follows:

Our Contact Information:

COREWafer Industries, Inc.  
419 Lafayette St., Second Floor  
New York, NY 10003  
Tel. (866) 793-1110  
Fax: 646-861-6572  
www.Corewafer.com

Contact Person:

Gary Polistena, CEO  
419 Lafayette St., Second Floor  
New York, NY 10003  
Tel. (866) 793-1110  
Fax.: 646-861-6572  
Gary@Corewafer.com

**Item 3 – The jurisdiction and date of the issuer’s incorporation under that jurisdiction** are: Nevada (corporation), registered May 25, 2012. The Issuer was originally formed in New York in 1977 and then reincorporated in Florida in 1983.

**Item 4 – Exact title and class of securities outstanding:**

The Issuer’s stock is traded on the OTC “Pinksheets” Markets under the trading symbol: WAFR. The CUSIP number for the Issuer is: 21871B107. The following is true and correct, per our transfer agent, as of December 17, 2012, and continuing through to the date of this filing:

a.	Total shares issued and outstanding as of December 17, 2012:	37,818,100
b.	Above Shares Restricted From Sale:	20,189,339
	<b><u>Net Share Count</u></b>	<b><u>17,628,761</u></b>
c.	Series “A” Preferred Shares:	175,000
	Series “B” Preferred Shares:	3,288,318

Shareholders of Record: 177 (*Registrar & Transfer count*)

Total Beneficial Shareholders: 1 (*Broadridge, ICS count*)

Total Authorized Shares: 200,000,000

**Item 5 – Stock Transfer Agent:**

**The Transfer Agent for the Issuer’s stock is:**

Registrar and Transfer Company  
10 Commerce Drive  
Cranford, NJ 07016  
Telephone: (908) 497-2300

Registrar and Transfer Company is registered under the Exchange Act and the regulatory authority of the transfer agent is the SEC.

## **Management Discussion & Update Report on Various Corporate Matters**

### **ITEM 6 – New and ongoing business developments:**

#### **6(a) – CORE WAFER SYSTEMS, INC. GENERAL COMPANY INFORMATION –**

Core Wafer Systems, Inc. (“CWS”), the wholly owned subsidiary of COREwafer Industries, Inc. (“WAFR”), is a technology leader in the semiconductor testing industry with software that allows measurement and reporting of characteristics of the quality of how semiconductors have been manufactured. Advanced semiconductor testing is a critical part of the manufacturing lifecycle because manufacturers wish to ensure that they have a low failure rate of the components they create. CWS builds advanced test solutions for engineering and manufacturing to verify devices are being made correctly, Reliability tests to predict when the device will fail during usage, and Characterization tests to verify the manufacturing operation is building the device according to the engineered specification. CWS does these tests with their intellectual property called WLR – Wafer Level Reliability.

WLR is a form of testing beyond DC (electrical) parametric testing that allows semiconductor test engineers to determine process integrity and quality. WLR testing can, in many instances, replace packaged-component tests to predict semiconductor reliability. We have developed a unique WLR technology that is ***Predictive, Demonstrated, and Quantitative (PDQ)***. Our complete solution has been applied to ***Production, Development, and Qualification*** tests with superior results and dramatic cost savings.

CWS has an install base of over 800 clients and 1,500 installed systems on HP, Keithley, and Agilent Test hardware. With new versions of critical software near completion in our PDQ product line, customers are expected to need to upgrade over the next 12 months due to End-Of-Life support and desire to utilize advanced features. CWS expects revenue growth matching our customer upgrade cycle and will be funding additional R&D efforts to deliver semiconductor testing features requested by some of our large manufacturing clients. Our goal is to supply the industry leading semiconductor testing software solutions to the semiconductor fabrication facilities across the world.

The targeted industry is the traditional semiconductor manufacturers of computer chip and circuits. Historically, these manufacturers test their post-manufactured components with either Hewlett Packard or Agilent high volume manufacturing testers, mixed-instrumentation, or custom hardware. Our software solution utilizes the hardware created by HP or Agilent, and we deliver test harnesses and characterization tests not supplied by the hardware vendors.

#### **6(b) – CORE WAFER SYSTEMS, INC. COMPANY HISTORY –**

CWS was founded in 2001 to provide parallel reliability and characterization products and was privately funded. In 2011, the company entered into a definitive agreement to be acquired by Action Products International, Inc. Subsequent to the agreement, the parent company was renamed COREwafer Industries, Inc.

In 2002, HP and Agilent technologies selected our software and both companies included the software with hardware purchases under an OEM licensing agreement.

In 2005, CWS acquired Sandia Technologies and their successful reliability business under the name PDQ.

In 2009, Core Wafer Systems, Inc. and SEMATECH announced that they had partnered to develop Deep Submicron Reliability Test Solutions for next-generation semiconductor technologies. In the 24 months since this original announcement, CWS has been deeply involved with the Front End Processes (FEP) program and has completed development of WARp, an Expert System, which is a tool set to perform submicron reliability tests. This Expert System assists engineers in the evaluation of manufacturing processes and the devices being manufactured, while revolutionizing the way in which this evaluation is performed and analyzed.

In 2010, CWS grew and now encompasses over 1,500 installed copies of software across various hardware platforms. The company continues to have maintenance agreements with many of these customers.

CWS has been aggressively investing in R&D efforts to grow semiconductor and related business. Through this investment, CWS developed very solid relationships throughout the industry.

CWS has maintained profitability since inception through aggressive cost management and a lean sales staff. Corporate profitability suffered in 2010 and 2011 due directly to the channeling of all available funds to R&D.

	2008	2009	2010	2011
Total Income	\$1,850,000	\$2,272,000	\$2,020,000	\$857,000
Gross Profit	\$1,480,000	\$998,000	\$819,000	\$487,000
Net Income after Tax	<b>\$228,000</b>	<b>\$169,000</b>	<b>\$12,000</b>	<b>\$-108,000</b>

**Most important strengths and core competencies:** An important factor in the continued success of CWS is the strength of its install base. Due to an OEM agreement with Agilent and HP, CWS still maintains a significant footprint throughout all manufacturers utilizing these hardware platforms. CWS owns intellectual property purchased during the acquisition of Sandia Technologies and co-owns a patent with Agilent Technologies related to certain testing methods.

**Significant challenges CWS faces now and in the near future:** CWS has a single competitor in this space, and that competitor remains behind in R&D efforts related to semiconductor testing and does not have the same install base as CWS. Lack of available funds for R&D has limited our ability to acquire testing equipment, thus development of parallel semiconductor testing and advanced reporting features has slowed. An influx of approximately \$1,000,000 into CWS will finalize the creation of our fabrication-testing unit and will fund three additional resources to complete the programming necessary for newly manufactured Agilent hardware. Our ability to finalize new releases of our software is contingent upon our ability to purchase a new prober for our prober/tester and other materials to finalize test plans.

## 6c) – CORE WAFER SYSTEMS PRODUCTS, CUSTOMERS AND COMPETITION –

### 1. PRODUCTS

Core Wafer Systems has three main product lines:

#### PDQ-WLR – Wafer Level Reliability

Over the last several years, Wafer Level Reliability (WLR) has become the method of choice to reduce the high costs and lengthy test times of traditional reliability testing. WLR can give quick and accurate feedback on any reliability degradation created through process modifications, equipment changes, or production variations. Thus, WLR reduces reliance on traditional burn-in and life test. WLR achieves this by applying stresses greater than normal operating conditions to special structures on the wafer (as The Reliability Challenge opposed to packaged parts). WLR has the advantage of providing reliability information in minutes (or even seconds) that previously took months to obtain. WLR provides a solution to reduce integrated circuit development, qualification, and production cycles without sacrificing quality and reliability.

This package consists of a complete set of Joint Electron Device Engineering Council (JEDEC) and American Society for Testing Methods (ASTM) compliant test algorithms

PDQ-WLR is a sophisticated wafer level reliability test software package. When used in conjunction with our fast and accurate 40 structure FAB test structures, it yields the most repeatable and interpretable wafer-level reliability data anywhere. PDQ-WLR software contains more than 30 algorithms and tests for complete reliability failure mechanisms coverage including electromigration (including contacts, vias & stress voids), oxide breakdown, hot carrier degradation, plasma damage, self-heating mobile ions as well as characterization of interface states and trapped charge. These techniques are being used for fast Cu/low-k characterization at Applied Materials, for low-k modeling at IBM and have been purchased by the top semiconductor companies worldwide. Support is provided for the Agilent 4070 series and 4062UX testers under Agilent SPECS or a standalone RMB environment.

Key Benefits of this software include:

Technology	Result
Physics-based Techniques	Predictive
Quantitative and Proven Fast-to-Slow	Meaningful Results Correlate to Legacy Data
Same Tests in Production and Development	Reduce Cost and Time-to-Market
Multifunction Algorithms/Structures	Less Test Time and Structure Area
True Reliability Comparison	Prove Process Reliability to Customer
Evaluate Fab or Foundry	Confirm/Improve Supplier Quality
DC and AC Reliability Correlated	Enhance Process Performance

## **ASUR SDR – Single Device Reliability**

This product provides a PC and instruments-based solution for single device-at-a-time reliability testing with modest equipment investment using proven reliability test algorithms. SDR is a high-performance, low-cost, accelerated reliability and parametric solution for single-site testing that incorporates the proven accelerated techniques of Core Wafer Systems PDQ-WLR using instruments-based solutions. This software was previously packaged as part of an offering from Agilent Technologies sold under the name ASUR SDR, which is part of the ASUR scalable set of solutions: one hardware, one software, from instruments to system testers. The solution is now sourced solely from Core Wafer Systems.

The ASUR SDR software suite provides an environment in which users can test semiconductor wafers by using the JEDEC compliant PDQ-WLR algorithm library. PDQ-WLR, now in its sixth generation, is a Predictive, Demonstrated and Quantitative methodology used in Production, Development and Qualification testing of semiconductor manufacturing processes. The easy-to-use ASUR SDR software suite comes equipped with PDQ-WLR and added features necessary for the reliability assessment of advanced technological nodes.

## **2. CUSTOMERS**

With over 1,500 copies of our PDQ-WLR software installed throughout the world, we have a number of high-profile customers. A sample of our customers is below:

- Applied Materials (CA)
- TSMC (Taiwan Semiconductor)
- Winbond (Taiwan)
- Sematech International
- Global Foundries
- National Semiconductor (now part of TI)
- Texas Instruments
- US Department of Defense (DMEA, Sacramento CA)
- Fujitsu (Japan)
- Intel (Rio Rancho NM)
- ON Semi (US)
- Charter Semi (Singapore)
- Hewlett Packard

## **3. COMPETITION**

Our primary competition is a significant competitor in the Asian market, mainly China and Taiwan, due to a stronger sales channel in that region.

They have recently started to engage in the United States through an office in California. However, when comparing products manufactured by the competitor, their focus is primarily on proprietary hardware and probecards. CWS solutions have a strong pedigree with their association with SEMATECH and a more complete integrated measurement and analysis solution. CWS remains the sole supplier of technology for the Agilent platform.

**ITEM 7      Certifications**

I, GARY POLISTENA, hereby certify that;

- (1) I have reviewed the Management Discussion & Update Report as posted on December 19, 2012 on behalf of COREWafer Industries, Inc.
- (2) Based on my knowledge, this Management Discussion & Update Report 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 filing;
- (3) Based on my knowledge, the financial information included or incorporated by reference in this Management Discussion & Update Report 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 Statement.

Dated: 17 December 2012

/s/ Mr. Gary Polistena  
By: Gary Polistena  
Title: Chief Executive Officer

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