

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO**

IN RE:

STAR READY MIX, INC.

Debtor

CASE NO. 18-04185

CHAPTER 11

**DISCLOSURE STATEMENT
OF
STAR READY MIX, INC.**

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I. INTRODUCTION

Pursuant to Section 1125 of the Bankruptcy Code, 11 U.S.C. §101, *et seq.* (the "Bankruptcy Code"), Star Ready Mix, Inc., debtor and debtor-in-possession in the above captioned case ("Debtor"), provides this Disclosure Statement (the "Disclosure Statement") to all of Debtor's known creditors. The purpose of the Disclosure Statement is to provide such information the Debtor believes may be deemed necessary for Debtor's creditors to make an informed decision in exercising their rights to vote on Debtor's Plan (the "Plan"), dated as of the date of the Disclosure Statement. The Plan is being filed with the United States Bankruptcy Court for the District of Puerto Rico ("Bankruptcy Court") simultaneously herewith.

Debtor recommends that you vote to accept the Plan. Each creditor must, however, carefully review the Plan and the Disclosure Statement, including all Exhibits in their entirety, and determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in the Disclosure Statement is in summary form and is qualified by reference to the actual terms and conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan. Capitalized terms not otherwise defined herein have the same meaning as set forth in the Plan; other terms shall have the meaning ascribed to them in the Bankruptcy Code.

The information contained in the Disclosure Statement has been provided by Debtor based upon Debtor's knowledge of its records, business, and affairs. Except as otherwise expressly indicated herein, the information provided in the Disclosure Statement has not been subject to an audit or independent review. Although great efforts have been made to be accurate, Debtor its Counsel, and other professional advisors, do not warrant the accuracy of the information contained herein.

The Disclosure Statement has not yet been approved by the Bankruptcy Court as providing information deemed adequate to permit Debtor's creditors to make an informed judgment in exercising their right to vote for or against the Plan.

No representations concerning Debtor, including the value of its assets, or the aggregate dollar amounts of claims which may be allowed, are authorized other than as set forth in the Disclosure Statement. Any representations, warranties, or agreements made to secure acceptance or rejection of the Plan by Debtor's creditors that differ from those contained in the Disclosure Statement should not be relied upon in voting on the Plan.

Debtor believes that the Plan provides the quickest recovery and will maximize the return to creditors on their Claims. **ACCORDINGLY, DEBTOR URGES ALL CREDITORS TO VOTE IN FAVOR OF THE PLAN.**

II. SUMMARY OF THE PLAN

The Plan specifies the manner in which the Claims and the Interest in Debtor are to be treated. Allowed Administrative Expense Claims and Allowed Priority Tax Claims are not classified for purposes of voting under the Plan, but the Plan does provide for the treatment of such Claims. The table below provides a summary of the treatment of those Claims and of all other Classes of Claims, as well as Debtor's shareholder's interest in Debtor. To the extent that the terms of the Disclosure Statement vary from those of the Plan, the terms of the Plan will control.

DESCRIPTION OF CLAIM	CLASS	ESTIMATED AMOUNT OF ALLOWED CLAIM	TREATMENT AND ESTIMATED RECOVERY UNDER THE PLAN
<p style="text-align: center;">Allowed Administrative Expense Claims (Estimated)</p>	N/A	\$121,500.00	<p>Unimpaired.</p> <p>Estimated Recovery: 100%</p> <p>Except as otherwise agreed to by Debtor and the holder of an Allowed Administrative Expense Claim, each such holder shall be paid in full in cash on the Effective Date of the Plan (the "Effective Date"), from the proceeds of the sale of Debtor's assets described in Class1 below.</p> <p>Payments to Professionals will be made as approved by the Bankruptcy Court during the pendency of the Chapter 11 Case. US Trustee's Quarterly fees will be paid when due, with any pending balance to be paid on or before the Effective Date.</p>
<p style="text-align: center;">Holders of Allowed Priority Tax Claims Excluding the Claims of the Department of Treasury of Puerto Rico</p>	N/A	\$3,708.29	<p>Unimpaired.</p> <p>Estimated Recovery: 100%</p> <p>Holder of Allowed Priority Tax Claims (Secured and Unsecured), excluding the claims of the Department of Treasury of Puerto Rico, will be paid on the Effective Date from the proceeds of the sale of Debtor's assets described in Class1 below.</p>
<p style="text-align: center;">The Priority Tax Claims of the Department of Treasury of Puerto Rico ("Treasury") (Estimated)</p>	N/A	\$2,800,760.47	<p>Impaired.</p> <p>Estimated Recovery: 21%</p> <p>Treasury will be paid \$600,000 on the Effective Date in full payment, accord, and satisfaction of all of Treasury's priority claims against Debtor, from the proceeds of the sale of Debtor's assets as described in Class 1 below.</p>
<p style="text-align: center;">Triangle Cayman Asset Company 2 ("Triangle")</p>	Class 1	\$2,981,503.22	<p>Impaired.</p> <p>Estimated Recovery: 32%</p> <p>The Plan contemplates the sale of substantially all of Debtor's assets to Star Concrete Solutions, LLC (the "Purchaser"), including Debtor's manufacturing plants, furniture, fixtures, improvements, equipment, inventories, trademarks, trade names, supplies, and others, for \$1,950,000. From this amount, \$1,600,000 will be received in cash at closing, with the remaining balance to be paid by the assumption of a promissory note by the</p>

			<p>Purchaser in favor of Triangle to be paid in accordance to the Settlement Agreement attached hereto as Attachment A.</p> <p>From the cash proceeds of the sale, the estimated cash in Debtor's debtor-in-possession accounts (\$50,000), and the expected recovery from Debtor's insurance claims for damages caused by Hurricane María, estimated in \$250,000, Debtor will pay on the Effective Date, 100% for Allowed Priority Tax Claims (excluding Treasury), \$600,000 to Treasury, \$950,000 to Triangle, \$92,000 to the Holders of Claims of Assumed and Assigned Executory Contracts, and will reserve a carve out of \$100,000 to pay Allowed General Unsecured Claims (Class 3 below) on a pro-rata basis. Administrative expenses, including Professional fees will be paid in Debtor's regular course of business or as otherwise authorized by the Bankruptcy Court.</p> <p>Therefore, Triangle's claims shall be paid on the Effective Date \$950,000 and will receive the \$350,000 Promissory Note, to be assumed by the Purchaser, as described in Attachment A hereto.</p>
<p>Holders of Pre-Petition Cure Claims against Debtor, arising from the Assumption and Assignment of Unexpired Executory Contracts</p>	<p>Class 2</p>	<p>\$91,830.05</p>	<p>Unimpaired</p> <p>Estimated Recovery: 100%</p> <p>Holders of Allowed Pre-Petition Cure Claims arising from assumed and assigned executory contracts to the Purchaser, as listed in Section 7.4 hereof, shall be paid in full on the Effective Date from the proceeds of the sale of Debtor's assets.</p>
<p>Holders of Allowed General Unsecured Claims</p>	<p>Class 3</p>	<p>\$1,037,282.40</p>	<p>Impaired.</p> <p>Estimated Recovery: 9.6%</p> <p>Holders of Allowed General Unsecured Claims will be paid in full satisfaction of their claim, on the Effective Date, approximately 9.6% thereof, from a \$100,000.00 carve out to be reserved for this Class from the proceeds of the sale of Debtor's assets.</p>
<p>Debtor's Shareholder</p>	<p>Class 4</p>	<p>N/A</p>	<p>Impaired.</p> <p>Estimated Recovery: N/A</p>

			Holders of the Equity Interest in Debtor will not receive any distribution under the Plan. Debtor's common shares will be cancelled within 120 days from the Effective Date, as Debtor's operations will cease after the sale of its assets.
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For a more detailed description of the treatment of the foregoing Claims and Interest, see "Treatment of Claims and Interest under the Plan".

The Disclosure Statement has been prepared by Debtor to provide creditors with adequate information so that they can make an informed judgment about the Plan. Each creditor should read the Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to the Disclosure Statement and no person has been authorized to utilize any information concerning Debtor's assets other than the information contained herein for purposes of solicitation.

III. INFORMATION ABOUT THE REORGANIZATION PROCESS

3.1 Purpose of a Disclosure Statement

This Disclosure Statement includes background information about Debtor and identifies how creditors have been placed in the Plan. It describes the proposed treatment of Debtor's creditors if the Plan is confirmed and contains information concerning the prospects in the event of confirmation or, in the alternative, the prospects if confirmation is denied or the proposed Plan does not become effective.

Upon its approval by the Bankruptcy Court, the Disclosure Statement and the Exhibits thereto will have been found to contain, in accordance with the provisions of the Bankruptcy Code, adequate information of a kind and in sufficient detail to enable a reasonable, hypothetical investor, typical of a holder of an impaired claim or an interest to make an informed judgment about the

Plan. Approval of the Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

3.2 Voting Procedure

Creditors entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing, and causing the Ballot Form accompanying this Disclosure Statement as **Exhibits A, A-1 and A-2** to be returned to the following address:

Star Ready Mix, Inc.
c/o Charles A. Cuprill, P.S.C., Law Offices
356 Fortaleza Street, Second Floor
San Juan, PR 00901

The Ballots must be received **on or before 4:00 P.M. (Eastern Standard Time) on _____, 2018**, to be counted in the voting. Ballots received after this time will not be counted in the voting unless the Bankruptcy Court so orders. Debtor recommends a vote for "ACCEPTANCE" of the Plan.

3.3 Ballots

Pursuant to the provisions of the Bankruptcy Code, only Classes of Claims or Equity Interests which are "impaired" under the terms and provisions of a plan are entitled to vote to accept or reject such plan, except as provided in Section 1126(g) of the Bankruptcy Code as to any Class which is deemed not to have accepted the Plan because the Plan provides that the claims or interests of such class do not entitle the holders of such claims or interests to receive or retain any property under the Plan on account of such claims or interests.

Treasury and members of Classes 1 and 3 are impaired under the Plan and entitled to vote. They will be asked to vote for acceptance or rejection of the Plan. Classes 2 and 4 are unimpaired under the Plan, but are deemed to have accepted the Plan and not entitled to vote to accept or reject the Plan.

Class V while unpaired under the Plan is not entitled to vote under Section 1126(g) of the Bankruptcy Code.

3.4 The Confirmation Hearing

Pursuant to Section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on _____, 2018 at _____ .M. or as soon thereafter as Debtor can be heard. The Confirmation Hearing will be held before the Honorable assigned to the case, at the United States Bankruptcy Judge, in the United States Bankruptcy Court, 300 Recinto Sur Street, San Juan, Puerto Rico 00901. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and in the best interests of holders of claims and interest. The Bankruptcy Court will also receive and consider a Report of Plan Voting prepared by Debtor, summarizing the votes for acceptance or rejection of the Plan entitled to vote.

The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

At the Confirmation Hearing with respect to the Plan, the Bankruptcy Court will (i) determine whether the requisite votes have been obtained for the impaired Classes, (ii) hear and determine objections, if any, to the Plan and to the confirmation of the Plan, that have not been previously disposed of, (iii) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code, and (iv) determine whether to confirm the Plan.

Any objection to confirmation of the Plan must be in writing, filed and served as required by the Bankruptcy Court pursuant to the order approving the Disclosure Statement, a copy of which is attached as **Exhibit B** hereto.

3.5 Acceptances Necessary to Confirm the Plan

The vote of each holder of an impaired Class is important since at the Confirmation Hearing and as a condition to the confirmation of the Plan, the Bankruptcy Court must determine, among other things, whether each impaired Class has accepted the Plan. Under Section 1126 of the Bankruptcy Code, the impaired Classes will be deemed to have accepted the Plan if at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of each impaired Class members who actually cast ballots to accept or reject the Plan, accept the Plan. Further, unless there is acceptance of the Plan by all members of the impaired Class, the Bankruptcy Court must also determine that under the Plan, such Class members will receive property of a value, as of the Effective Date, that is not less than the amount that such Class members would receive or retain if Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

3.6 Confirmation of the Plan Without the Necessary Acceptances

If a Class or Classes of impaired Claims do not accept the Plan, Debtor will request confirmation of the Plan under the “cram down” provisions of Section 1129(b) of the Bankruptcy Code, which permits confirmation, notwithstanding non-acceptance by one or more impaired Classes, if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable as to each non-accepting Class entitled to vote on the Plan, as long as at least one class of impaired creditors votes to accept the Plan. Section 1129(b) of the Bankruptcy Code requires among other things, that claimants must either receive the full value of their claims and if they receive less, that no Class with junior liquidation priority may receive anything. THESE CALCULATIONS ARE BASED ONLY ON THE CLAIMS AMOUNTS AND NUMBER OF CREDITORS WHO

ACTUALLY VOTE. ANY BALLOT THAT IS VALIDLY EXECUTED THAT DOES NOT CLEARLY INDICATE REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE A VOTE FOR ACCEPTANCE OF THE PLAN. THE VOTE OF EACH CREDITOR IS IMPORTANT.

IV. GENERAL INFORMATION

4.1 Description and Historical View of the Debtor.

Debtor is a corporation organized under the laws of the Commonwealth of Puerto Rico on April 24, 1985. Debtor is engaged in the manufacturing and distribution of ready-mixed concrete. Debtor's concrete plants are located at Bo. Navarro, Carr. 189, Km 3.8, Gurabo, P.R. 00778 and at Carr. 734 Km 2.7 Bo. Arenas, Cidra, P.R. 00739.

Eng. Victor M. Díaz Morales is Debtor's President. Debtor's sales were approximately \$5,110,000 and \$5,400,000 during the fiscal years ended on April 30, 2017 and 2016, respectively.

On May 23, 2011, Debtor filed a Voluntary Petition for Relief under the provisions of Chapter 11 of the Bankruptcy Code in case number 1104254 (MCF). Its proposed plan in that case was confirmed with the Final Decree entered on January 9, 2013.

4.2 Events Preceding Debtor's Chapter 11 Filing

The economic downturn and recession Puerto Rico has been facing during the last years has adversely impacted numerous sectors and entities, including Debtor's industry. As a result, Debtor was having difficulties to complying with its obligations in the ordinary course of business, as well as those to be paid under its confirmed Plan, leaving Debtor with no alternatives to Debtor other than to file a new Chapter 11 Case, to protect its assets and implement their orderly liquidation.

Consequently, for the purpose of reorganizing its business and financial affairs, obtain the benefits of the automatic stay provisions of Section 362(a) of the Bankruptcy Code and execute an orderly liquidating plan, on July 24, 2018, Debtor filed a voluntary petition for relief pursuant to 11 U.S.C. Chapter 11 with the Bankruptcy Court.

4.3 Debtor's Post-Petition Endeavors.

As a result of the filing by Debtor of its instant Bankruptcy Case, Debtor has received the benefits of 11 U.S.C. § 362(a), which stays all collection actions and judicial proceedings against Debtor, thus preventing a run to the court house by creditors and the possible execution of its assets, providing Debtor the opportunity to file a Plan and a Disclosure Statement, without the pressures that drove Debtor into Chapter 11, as envisioned by the Bankruptcy Code.

During the course of its case, Debtor has undertaken the following efforts for the benefit of its Estate and its creditors:

Debtor sought and obtained the Bankruptcy Court's approval to retain Charles A. Cuprill, P.S.C., Law Office, as its bankruptcy counsel.

Debtor also sought the Bankruptcy Court's approval to retain Luis R. Carrasquillo, CPA, CIRA, CVA ("Carrasquillo") as its financial advisor on all matters pertaining to the Chapter 11 case.

V. CLAIMS AGAINST DEBTOR

5.1 Claims Against Debtor

Allowed Claims, as defined in the Plan, will be entitled to Distribution pursuant thereto, as indicated in pages 6 and 7 thereof.

The Plan provides that only Holders of Allowed Claims, that is, holders of Claims not in dispute, not contingent, liquidated in amount and not subject to objection or estimation are entitled

to receive distribution thereunder. Until a claim becomes an Allowed Claim, distribution will not be made to the holder of such claim.

5.2 Objections to Claims

The amounts set forth as due to Holders of unclassified and classified claims are estimates, based upon Debtor's Schedules or Debtor's belief as to the amounts due thereto. Debtor is including as **Exhibit C** hereto a Summary of Claims and Plan Payments.

Any objections to Claims must be filed and served on their Holders by the Claims Objection Bar Date, which as set forth in the Plan is thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of Debtor's Plan. If an objection has not been filed to a Claim by the Claims Objection Bar Date, the Claim will be treated as an Allowed Claim.

Objections to Claims filed in Debtor's Chapter 11 case are to be prosecuted by Debtor, including any application to estimate or disallow Claims for voting purposes.

As of the date of this Disclosure Statement Debtor has not filed any objections to claims.

VI. DESCRIPTION OF THE PLAN

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by said provisions. In the event and to the extent that the description of the Plan contained in the Disclosure Statement is inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan.

Except as otherwise agreed to by Debtor and the Holder of an Allowed Administrative Expense Claim, the Holders of an Allowed Priority Tax Claims, other than Treasury, and the Holders of Claims arising from Assumed Executory Contracts each such Holder shall be paid in full by Debtor in the regular course of Debtor's business or as authorized by the Court, on or before the Effective Date.

6.1 Unclassified Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Claims are not classified in the Plan. A description of the unclassified Claims as well as the estimated principal amounts thereof, as of the Effective Date, and their treatment, are set forth in the Plan and summarized in pages 6 and 7 hereof.

Administrative Expense Claims are generally the ordinary and necessary costs of administering and operating during a Chapter 11 case. These claims are listed in **Exhibit C** hereto.

6.2 Administrative Expense Claims

Except as otherwise agreed to by Debtor and the Holder of a pending Allowed Administrative Expense Claim, each such Holder shall be paid in full on or before the Effective Date, from the proceeds of the sale of Debtor's assets. US Trustee Fees will be paid when due, during the pendency of the Bankruptcy Case.

If Debtor disputes any portion of an Administrative Expense Claim, Debtor shall pay such Claim within thirty (30) days after the entry of a Final Order with respect to the allowance of such disputed Administrative Expense Claim. Debtor will reserve the necessary funds to meet these payments.

6.3 Professional Fee Claims

The professionals retained by Debtor in its Chapter 11 case have and will incur fees and expenses from the date of their retention through the Effective Date. It is impossible to predict the amount of professional administrative expense fees that will be incurred through the confirmation of the Plan. Debtor estimates that Allowed Professionals Fee Claims will aggregate from \$100,000 to \$150,000 for services rendered and expenses incurred up to the Confirmation of the Plan, for all professionals retained by Debtor. All amounts paid to professionals through the Confirmation Date, including interim fees and expenses are subject to final Bankruptcy Court approval. Debtor

reserves the right to contest the allowance of any professional fees. Payments to Professionals will be made as approved by the Bankruptcy Court during the pendency of the Chapter 11 Case.

6.4 Priority Tax Claims and Other Priority Claims

Priority Tax Claims composed of Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. The estimated Priority Tax Claims are listed on **Exhibit D** hereto in the amount of \$2,804,468.76.

The Allowed Priority Tax Claims Secured and Unsecured, except for Treasury's claims, basically consisting of the Allowed Secured Claim for municipal taxes, will be paid on the Effective Date from the proceeds of the sale of Debtor's Assets.

Treasury will be paid \$600,000 on the Effective Date of the Plan, in full payment, accord, and satisfaction of all of its priority pre-petition claims against Debtor, from the proceeds of the sale of Debtor's assets.

6.5 Classes of Claims and Equity Interests

As of the Petition Date, Debtor had secured debts with Triangle Cayman Asset Company 2; claims arising from the assumed and assigned executory contracts, and non-priority unsecured debts, as more particularly described below and in pages 6 to 8 hereof. The Plan classifies the various claims against Debtor. A description of all classes of Claims and the Equity Interest, the estimated principal amount owed to each Class and their treatment are set forth below. The Classes of Claims and the Interest in Debtor are as follows:

Class 1 – Consists of the Claim of Triangle Cayman Asset Company 2, secured by Debtor's realty, property, machinery, equipment and other assets.

Class 2 – Consists of the Holders of Pre-petition cure claims against Debtor, arising from assumed and assigned executory contracts.

Class 3 – Consists of Holders of Allowed General Unsecured Claims in the amount of \$1,037,282.40.

Class 4 – Consists of Debtor’s Shareholder.

6.6 Treatment of Claims.

Class 1 – The Allowed Secured Claims of Triangle Cayman Asset Company 2 (“Triangle”)

- (a) Impairment and Voting - Triangle is impaired and entitled to vote to accept or reject the Plan.
- (b) Distribution – The Plan contemplates a payment of \$1,950,000 in full satisfaction of all of Triangle’s Claims against Debtor. From the sale of substantially all of Debtor’s assets to Star Concrete Solutions, LLC (the “Purchaser”), including Debtor’s manufacturing plants, furniture, fixtures, improvements, equipment, inventories, trademarks, trade names, supplies and others, Triangle is to receive \$1,600,000 at closing, the remaining balance to be evidenced by the issuance by the Purchaser to Triangle of a promissory note for \$350,000.00, payable through thirty six (36) equal monthly payments of \$3,500.00 each, including principal and interest at prime rate, commencing on the Effective Date, and a balloon payment on the thirty six (36) month after the Effective Date for the balance then due. The Purchaser’s principal officer and sole shareholder, Mr. Victor Diaz Maldonado (“Diaz-Maldonado”), is Debtor’s shareholder Victor Diaz Maldonado Morales’ son. The financing for the purchase has been obtained from Carlos M. Rodriguez, and Mejer Consulting Corp., Mr. Rodriguez’ Corporation. Mr. Rodriguez is married to Mr. Diaz Morales’ aunt.

From the cash proceeds of the sale of Debtor’s assets, the estimated cash in Debtor’s debtor-in-possession accounts (\$50,000), and the expected recoveries from insurance claims for the damages caused by Hurricane María, estimated in \$250,000, Debtor will pay on the Effective Date, 100% of Allowed Priority Tax Claims (excluding Treasury), \$600,000 to

Treasury, \$1,160,000 to Triangle, \$92,000 to Holders of Claims of Assumed and Assigned Executory Contracts, and will reserve a carve out of \$100,000 to pay Allowed General Unsecured Claims (Class 3 below) on a pro-rata basis. Administrative Expenses, including Professional fees shall be paid in the regular course of Debtor's business or as authorized by the Bankruptcy Court on or before the Effective Date.

Class 2 – Holders of Cure Claims

- (a) **Impairment and Voting** - Class 2 is unimpaired under the Plan and is not entitled to vote to accept or reject the Plan.
- (b) **Distribution** – Holders of Allowed Cure Claims arising from assumed and assigned executory contracts, as listed in Section 7.4 of the Disclosure Statement, shall be paid 100% of their claims on the Effective Date from the proceeds of the sale of Debtor's Assets.

Class 3 – Allowed General Unsecured Claims (Non-Insiders)

- (a) **Impairment and Voting** - Class 3 is impaired under the Plan. Holders of Allowed Unsecured Claims are entitled to vote to accept or reject the Plan.
- (b) **Distribution** – Holders of Allowed General Unsecured Claims will be paid in full satisfaction of their claim, on the Effective Date of the Plan, approximately 9.6% thereof, from a \$100,000.00 carve out to be reserved from the proceeds of the sale of Debtor's Assets.

Class 4 – Debtor's Shareholder

- (a) **Impairment and Voting** - Class 4 is impaired under the Plan. Debtor's shareholder is deemed not to have accepted the Plan and not entitled to vote to accept or reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code.
- (b) **Distribution** – Debtor's shareholder will not receive any distribution under the Plan. Debtor's common shares will be cancelled within 120 days from the Effective Date, as Debtor's operations will cease after the sale of its assets.

6.7 Means for Implementation of the Plan

Except as otherwise provided in the Plan, Debtor will effect payment of pending Administrative Expense Claims on or before the Effective Date. Priority Tax Claims, including Treasury's Claims, will be paid as indicated above, on the Effective Date from the proceeds of the sale of Debtor's assets. Classes 1 and 2 Claims will also be paid on the Effective Date, from the proceeds of the sale of Debtor's assets. General Unsecured Claims will be paid on a pro-rata basis on the Effective Date, out of the \$100,000.00 carve-out from the proceeds of the sale of Debtor's assets. Total distributions under the Plan are estimated in \$1,867,000.00.

Cash proceeds from the sale of Debtor's assets are estimated in \$1,600,000.00. As per Debtor's public adjusters, Debtor will receive not less than \$250,000 from its insurance claim due to the damages caused to its properties by Hurricane Maria. Moreover, on the Effective Date, Debtor estimates that the net cash in its debtor-in-possession bank accounts, resulting from the collection of accounts receivable, will be approximately \$50,000. Therefore, total funds to make the Plan Payments will be approximately \$1,900,000.00, sufficient to make the aforesaid payments.

6.8 Debtor's Post Confirmation Management

After confirmation of the Plan, Debtor will cease its operations since all of the assets utilized in its operations will be sold pursuant to the Plan. Therefore, no management will be maintained by Debtor.

6.9 Cancellation of Existing Agreements

Except to the extent reinstated or otherwise provided for by the Plan, or for purposes of evidencing a right to distribution under this Plan or as otherwise provided hereunder, on the Effective Date, all agreements and other documents evidencing any Claim or rights of any holder of a Claim against Debtor, including all indentures and notes evidencing such Claims, shall be cancelled.

6.10 Effectuating Documents and Further Transactions

Upon entry of the Confirmation Order, Debtor shall be authorized and will be instructed to execute, deliver, file or record such contracts, instruments, releases, consents, certificates, resolutions, programs and other agreements and documents and take such actions as may be reasonably necessary or appropriate to effectuate, implement, consummate and further evidence the terms and conditions of the Plan, including, without limitation, implementing all settlements and compromises as set forth in or contemplated by the Plan, and performing all obligations under the Plan.

6.11 Authority to Act

Prior to, on or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of Debtor's shareholder, security holders, officers, directors, managers, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date pursuant to the applicable laws of Puerto Rico, without any requirement of further vote, consent, approval, authorization or other action by the shareholder, security holders, officers, directors or notice to, order of or hearing before the Bankruptcy Court.

6.12 Executory Contracts and Unexpired Leases

All executory contracts and unexpired leases which have not expired by their own terms or have been rejected on or prior to the Confirmation Date, except for the Executory Contracts with CEMEX de Puerto Rico, Inc., ("CEMEX") shall be deemed rejected on the Effective Date and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code. The executory contracts with CEMEX will be assumed by Debtor and assigned to the Purchaser,

If the rejection of such executory contracts or unexpired leases results in a claim for damages by the other party to such contracts or leases, any claim for such damages, if not

evidenced by a filed proof of claim, shall be forever barred and will not be enforceable against Debtor's Estate, or its properties, its agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for Debtor on or before forty-five (45) days following the Confirmation Date. Debtor retains the right to object to any rejection damages claims filed in accordance with this Section.

6.13 Exculpation

Debtor, and its present and former officers, directors, representatives, shareholders, employees, financial advisors, attorneys and agents acting in such capacity shall have no liability to any Holder of any Claim or Shareholder Interest or any other Person for any act taken or omission made after the Petition Date in connection with, or arising out of the captioned case, the Plan, the Disclosure Statement, the solicitation of votes for confirmation of the Plan, the administration of the Plan or property of Debtor's estate distributed under the Plan, or any transaction contemplated by the Plan or the Disclosure Statement in furtherance thereof, except for willful misconduct or gross negligence, as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in the Plan shall release, discharge or exculpate any non-Debtor party from any Claim owed to the United States Government or its agencies, including any liability arising under the Internal Revenue Code or criminal laws of the United States.

VII. LIQUIDATION AND FINANCIAL ANALYSIS

7.1 Best Interest of Creditors and Comparison with Chapter 7 Liquidation

In the event Debtor's Chapter 11 case is converted to Chapter 7 of the Bankruptcy Code, Debtor would be required to cease its operations and activities and a Chapter 7 Trustee would be appointed for Debtor's estate to liquidate the estate's assets pursuant to the provisions of the

Bankruptcy Code, after attending to the immediate issues of securing Debtor's assets and the resolution of any issues involving Debtor's executory contracts.

A Liquidation Analysis with respect to Debtor's assets as of April 30, 2018, is attached as **Exhibit E** hereto (the "Liquidation Analysis").

The Liquidation Analysis reveals that in the event of a liquidation of Debtor's assets by a Chapter 7 Trustee, there would be a substantial loss to Debtor's estate, taking into account the Chapter 7 costs of administration, the decrease in the recovery from the liquidation of Debtor's assets in a chapter 7 scenario and the expected value of the estate's assets thereunder. It also reflects what in Chapter 11 the respective Creditors are expected to receive under the Plan versus what is projected they would receive in Chapter 7, underscoring the benefits of the confirmation of the Plan and its effectiveness. Pursuant to such analysis, under a Chapter 7 scenario, General Unsecured Creditors would not receive any dividends on their claims, primarily due to the fact that Triangle has a perfected security interest over substantially all of Debtor's assets and a secured claim for approximately \$3,000,000.

Confirmation of the Plan will ensure that Holders of Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed General Unsecured Claims will receive prompt dividends on their claims, as set forth above. The Liquidation Analysis contains estimates and assumptions that, although developed and considered reasonable by Debtor, are inherently subject to significant economic uncertainties and contingencies beyond Debtor's control.

7.2 Feasibility of the Plan

A) Financial Projections

The feasibility of the Plan rests on the sale of substantially all of Debtor's assets under Section 363(b) of the Bankruptcy Code for \$1,950,000 and the other available funds, as set forth above.

Debtor, with the assistance of its Court appointed financial consultant, has prepared a report detailing the distributions under the Plan and the sources of funds, for such payments (the “Funds Distribution”). Such report is attached hereto as **Exhibit F**.

Moreover, as **Exhibit G**, Debtor attaches its unaudited financial statements as of April 30, 2018 and 2017, and as **Exhibit H** its audited financials for the year ended on April 30, 2016.

As of the Petition Date, Debtor owned assets and had liabilities, as more particularly described in its Schedules and Statement of Financial Affairs, filed with the Bankruptcy Court on July 24, 2018. Debtor’s Schedules and Statement of Financial Affairs are available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours.

a) Real Property

As of the Petition Date, Debtor was the owner in fee simple of two (2) commercial properties located at Bo. Arenas, Cidra, PR and on Bo. Navarro, Gurabo, PR, as listed and fully described in its Schedule A filed with the Bankruptcy Court on July 24, 2018, with an estimated value of \$1,710,000 and \$2,014,000, respectively.

b) Personal Property

As of the Petition Date, Debtor’s Schedules listed Debtor’s personal property consisting of cash, bank accounts, deposits, accounts receivable, transportation equipment, machinery, office equipment, and others with an aggregate value of \$636,208.80. A detail of Debtor’s personal property is included in its Schedule B, available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours.

c) Liquidation Analysis

In order to analyze realistic liquidation scenarios and considering the updated value of Debtor’s assets as of June 30, 2018, Debtor has included the Liquidation Analysis as **Exhibit E** hereto.

7.3 Pending Litigation and Other Liabilities

At the time of the filing of the Chapter 11 petition, Debtor did not have any pending litigation.

7.4 Leases and Executory Contracts

As of the Petition Date, Debtor was a party to the following unexpired executory leases and/ or contracts, (as set forth in Debtor’s Schedule G), which will be deemed assumed, upon the Confirmation of the Plan:

Name and Mailing Address, including Zip Code, of other Parties to Lease or Contract	Description of Contract of Lease and Nature of Debtor’s Interest
CEMEX DE PUERTO RICO PO BOX 364487 SAN JUAN, PR 00936	Contract Type: LEASE AGREEMENT Term: FOUR YEARS AND THREE MONTHS Description: MIXING TRUCK LEASING AGREEMENT ACTION TAKEN BY DEBTOR: ASSUMED AND ASSIGNED
CEMEX DE PUERTO RICO PO BOX 364487 SAN JUAN, PR 00936	Contract Type: SERVICE CONTRACT Term: THREE MONTHS Description: EXCLUSIVE CEMENT SUPPLY AGREEMENT ACTION TAKEN BY DEBTOR: ASSUMED AND ASSIGNED
ENCO MANUFACTURING, CORP. BALDORIOTY #43 CIDRA, PR 00739-3426	Contract Type: LEASE AGREEMENT Term: EIGHT MONTHS Description: LAND LEASE ACTION TAKEN BY DEBTOR: DEEMED AS REJECTED
OFFITEK (XEROK CORPORATION) 2980 EMILIO FAGOT AVE. MERCEDITA, PR 00715-0090	Contract Type: LEASE AGREEMENT Term: FOUR MONTHS Description: PHOTOCOPIER LEASE AGREEMENT ACTION TAKEN BY DEBTOR: ASSUMED AND ASSIGNED

VIII. BAR DATE AND DETERMINATION OF CLAIMS

8.1 Bar Date

In the “Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines” to be issued in Debtor’s case, the Bankruptcy Court will fix the bar dates for the filing of proofs of claims and interests, which should be examined by creditors and parties in interest.

8.2 Determination of Claims

The Plan specifies procedures for objecting to claims. Debtor may object to Claims within thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of the Plan. No payments will be made under the Plan on account of Disputed Claims until their allowance by the Bankruptcy Court. The Plan provides that Distributions on Disputed Claims will be held in reserve until the Disputed Claims are allowed (at which time the reserves will be distributed, and the Claims will be treated according to the terms of the Plan), or disallowed (at which time the reserves will be distributed on account of Allowed Claims pursuant to the terms of the Plan).

Any Claims which (a) are not listed as Allowed on Debtor's Schedules, as amended; (b) are not evidenced by a valid, timely filed Proof of Claim; or (c) are not listed in the Plan or exhibits to the Plan as Allowed Claims, shall not receive any distribution of cash or property under the Plan until the same become Allowed Claims, and shall be disallowed and discharged if they are not Allowed by Order of the Bankruptcy Court.

IX. ALTERNATIVES TO THE PLAN

If the Plan is not confirmed and consummated, the alternatives include (a) Debtor's liquidation under Chapter 7 of the Bankruptcy Code, (b) dismissal of Debtor's Chapter 11 Case, or (c) the proposal of an alternate plan.

A. Liquidation under Chapter 7

If the Plan cannot be confirmed, the Bankruptcy Case may be converted to Chapter 7 of the Bankruptcy Code. In such an event, a trustee would be elected or appointed to liquidate Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code.

As set forth in the Liquidation Analysis attached as **Exhibit E** hereto, Debtor believes that conversion of the Case to Chapter 7 of the Bankruptcy Code would result in a limited distribution to creditors, due to the decreased value of Debtor's assets, the unfamiliarity of a trustee with Debtor's business and assets and with the manner of most effectively disposing of the same, the carrying costs of certain assets such as insurance, property taxes, etc., and the delay in distribution on account of such conversion.

Thus, Debtor believes that the interest of creditors and the goals of Chapter 11 are better served by the confirmation of the Plan.

B. Dismissal of the Case

Dismissal of the Bankruptcy Case would likely create substantial problems for Debtor and parties in interest, including a run to the courthouse, which would result, in an abandonment of the orderly and structured equitable payments provided by the Plan. Therefore, dismissal of the Case is not a viable alternative for creditors.

C. Alternate Plan of Reorganization

If the Plan is not confirmed, at present, Debtor does not foresee a different plan. Debtor believes that the Plan will provide the greatest and most expeditious return to creditors.

X. TAX EFFECTS

Based on Debtor's net operating loss carry forwards, the provisions of the Puerto Rico Internal Revenue Code of 2011, as amended, and the tax provisions of the Bankruptcy Code, Debtor expects that the implementation of the Plan will not have any tax effects.

XI. CONCLUSION

Debtor submits that the Plan is fair and reasonable and in the best interest of its estate and creditors and offers the best possible recovery for creditors under the circumstances. Debtor therefore urges creditors to vote in favor of the Plan.

Star Ready Mix, Inc.
Disclosure Statement

Page 27

In San Juan, Puerto Rico this 24 day of July, 2018.

STAR READY MIX, INC.
PO Box 127
Gurabo, PR 00778



Eng. Víctor M. Díaz Morales
President

The Priority Tax Claims of the Department of the Treasury of Puerto Rico

UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO

IN RE: STAR READY MIX, INC. Debtor	CASE NO. 18-04185 CHAPTER 11
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**CLASS [1] BALLOT FOR ACCEPTING OR REJECTING
PLAN OF REORGANIZATION OF
STAR READY MIX, INC.**

Star Ready Mix, Inc. filed its Plan of Reorganization dated July 24, 2018, (the “Plan”) for the Debtor in this case. The Court has approved the Disclosure Statement with respect to the Plan (the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from **Charles A. Cuprill, P.S.C., Law Offices, 356 Fortaleza Street, Second Floor, San Juan, PR 00901**. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claims have been placed in Class [1] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If your ballot is not received by Charles A. Cuprill, P.S.C., Law Offices, 356 Fortaleza Street, Second Floor, San Juan, PR 00901, on or before _____, 2018 at 4:00 P.M. (EST.), and such deadline is not extended, your vote will not count as either an acceptance or rejection of the plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

EXHIBIT A
Star Ready Mix, Inc.
The Priority Tax Claims of the Department of the Treasury of Puerto Rico

Page 2 of 2

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of priority tax claims against the Debtor, in the unpaid amount of \$ _____ (\$ _____).

ACCEPTS THE PLAN

REJECTS THE PLAN

Dated: _____

Print or type name of creditor: _____

Signature: _____

Name and Title: _____

Address: _____

RETURN THIS BALLOT TO:

Star Ready Mix, Inc.
CHARLES A. CUPRILL P.S.C. LAW OFFICES
Attorneys for Debtor
356 Fortaleza Street
Second Floor
San Juan, PR 00901

The Secured Claim of Triangle Cayman Asset Company 2 (“Triangle”)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO

IN RE: STAR READY MIX, INC. Debtor	CASE NO. 18-04185 CHAPTER 11
---	---

**CLASS [1] BALLOT FOR ACCEPTING OR REJECTING
PLAN OF REORGANIZATION OF
STAR READY MIX, INC.**

Star Ready Mix, Inc. filed its Plan of Reorganization dated July 24, 2018, (the “Plan”) for the Debtor in this case. The Court has approved the Disclosure Statement with respect to the Plan (the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from **Charles A. Cuprill, P.S.C., Law Offices, 356 Fortaleza Street, Second Floor, San Juan, PR 00901**. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claims have been placed in Class [1] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If your ballot is not received by Charles A. Cuprill, P.S.C., Law Offices, 356 Fortaleza Street, Second Floor, San Juan, PR 00901, on or before _____, 2018 at 4:00 P.M. (EST.), and such deadline is not extended, your vote will not count as either an acceptance or rejection of the plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class [1] claim against the Debtor, in the unpaid amount of \$ _____ (\$ _____).

ACCEPTS THE PLAN

REJECTS THE PLAN

Dated: _____

Print or type name of creditor: _____

Signature: _____

Name and Title: _____

Address: _____

RETURN THIS BALLOT TO:

Star Ready Mix, Inc.
CHARLES A. CUPRILL P.S.C. LAW OFFICES
Attorneys for Debtor
356 Fortaleza Street
Second Floor
San Juan, PR 00901

Holders of Allowed General Unsecured Claims

UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO

IN RE: STAR READY MIX, INC. Debtor	CASE NO. 18-04185 CHAPTER 11
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**CLASS [2] BALLOT FOR ACCEPTING OR REJECTING
PLAN OF REORGANIZATION OF
STAR READY MIX, INC.**

Star Ready Mix, Inc. filed its Plan of Reorganization dated July 24, 2018, (the “Plan”) for the Debtor in this case. The Court has approved the Disclosure Statement with respect to the Plan (the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from **Charles A. Cuprill, P.S.C., Law Offices, 356 Fortaleza Street, Second Floor, San Juan, PR 00901**. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claims have been placed in Class [3] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If your ballot is not received by Charles A. Cuprill, P.S.C., Law Offices, 356 Fortaleza Street, Second Floor, San Juan, PR 00901, on or before _____, 2018 at 4:00 P.M. (EST.), and such deadline is not extended, your vote will not count as either an acceptance or rejection of the plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class [3] claim against the Debtor, in the unpaid amount of \$ _____ (\$ _____).

ACCEPTS THE PLAN

REJECTS THE PLAN

Dated: _____

Print or type name of creditor: _____

Signature: _____

Name and Title: _____

Address: _____

RETURN THIS BALLOT TO:

Star Ready Mix, Inc.
CHARLES A. CUPRILL P.S.C. LAW OFFICES
Attorneys for Debtor
356 Fortaleza Street
Second Floor
San Juan, PR 00901

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO**

IN RE:

STAR READY MIX, INC.

DEBTOR

CASE NO. 18-04185

CHAPTER 11

**ORDER APPROVING DISCLOSURE STATEMENT
AND SETTING CONFIRMATION HEARING**

For the reasons stated at Hearing on the ___ day of _____ 2018, the Disclosure Statement filed on July 24, 2018 is approved. The Court now GIVES NOTICE OF THE FOLLOWING:

1. Within 7 days from the entry of this Order, Debtor shall notify its creditors and parties in interest in its case, electronically through counsel of record if any or otherwise by regular mail: (a) the proposed Plan, (b) a copy of this Order; and to each holder of a claim in an impaired class, ballots as per Official Form No. 30 as provided for in Bankruptcy Rule 3017(d).

2. The HEARING ON CONFIRMATION of the Plan shall be held on _____, 2018, at _____.

3. Acceptances or rejections of the Plan shall be filed not later than 7 days prior to the confirmation hearing.

4. Any objection to confirmation shall be filed not later than 7 days prior to the confirmation hearing, served as required by Rule 3020 (b) (1) and shall be heard at the confirmation hearing scheduled above.

SO ORDERED.

San Juan, Puerto Rico, this _____ day of _____, 2018.

Hon. _____

EXHIBIT C

STAR READY MIX, INC.
SUMMARY OF CLAIMS AND PLAN PAYMENTS
AS OF JUNE 18, 2018

	PROOF OF CLAIM AMOUNTS	CLASS	SCHEDULED CLAIMS	ADJUSTMENTS AND TRANSFERS	AMOUNT EXPECTED TO BE ALLOWED	PAID DURING REORGANIZATION	TO BE PAID ON OR BEFORE THE EFFECTIVE DATE
SECURED CLAIMS	\$ -	1	\$ 2,981,503	\$ -	\$ 2,981,503	\$ -	\$ 950,000
PRIORITY TAX CLAIMS	-	N/A	3,708	-	3,708	-	3,708
TREASURY TAX CLAIMS	-	N/A	2,800,760	-	2,800,760	-	600,000
ADM. EXPENSE CLAIMS	-	N/A	156,500	-	156,500	35,000	121,500
UNSECURED - EXECUTORY CONTRACT	-	2	91,830	-	91,830	-	91,830
UNSECURED CLAIMS	-	3	1,037,282	-	1,037,282	-	100,000
TOTAL	\$ -		\$ 7,071,584	\$ -	\$ 7,071,584	\$ 35,000	\$ 1,867,038

STAR READY MIX, INC.
 SECURED CLAIMS
 AS OF JUNE 18, 2018

CREDITOR	PROOF OF CLAIM AMOUNT	CLAIM NO.	STATUS	SCHEDULED CLAIMS	ADJUSTMENTS AND TRANSFERS	AMOUNT EXPECTED TO BE ALLOWED	TO BE PAID ON THE EFFECTIVE DATE
TRIANGLE CAYMAN	\$ -			\$ 2,981,503.22	\$ -	\$ 2,981,503.22	\$ 950,000.00
TOTAL	\$ -			\$ 2,981,503.22	\$ -	\$ 2,981,503.22	\$ 950,000.00

STAR READY MIX, INC.
 ADMINISTRATIVE EXPENSE CLAIMS
 AS OF JUNE 18, 2018

	ESTIMATED FEES AND COSTS	AMOUNT EXPECTED TO BE ALLOWED	/-----PAYMENTS-----/ DURING THE REORGANIZATION PERIOD	ON OR BEFORE EFFECTIVE DATE
COUNSEL	\$ 90,000	\$ 90,000	\$ 20,000	\$ 70,000
FINANCIAL CONSULTANT	60,000	60,000	15,000	45,000
US TRUSTEE FEES	6,500	6,500	-	6,500
	<u>\$ 156,500</u>	<u>\$ 156,500</u>	<u>\$ 35,000</u>	<u>\$ 121,500</u>

STAR READY MIX, INC.
 PRIORITY TAX CLAIMS
 AS OF JUNE 18, 2018

CREDITOR	PROOF OF CLAIM AMOUNT	CLAIM NO.	STATUS	SCHEDULED CLAIMS	ADJUSTMENTS AND TRANSFERS	AMOUNT EXPECTED TO BE ALLOWED	TO BE PAID ON THE EFFECTIVE DATE
MUNICIPIO DE CIDRA	\$ -			\$ 3,708.29	\$ -	\$ 3,708.29	\$ 3,708.29
DEPARTMENT OF TREASURY OF PUERTO RICO	-			151,275.16	-	151,275.16	32,407.30
DEPARTMENT OF TREASURY OF PUERTO RICO (IVU)	-			2,649,485.31	-	2,649,485.31	567,592.70
TOTAL PRIORITY TAX CLAIMS	\$ -			<u>\$ 2,804,468.76</u>	<u>\$ -</u>	<u>\$ 2,804,468.76</u>	<u>\$ 603,708.29</u>

STAR READY MIX, INC.
 GENERAL UNSECURED CLAIMS
 AS OF JUNE 18, 2018

CREDITOR	PROOF OF CLAIM AMOUNT	CLAIM NO.	STATUS	SCHEDULED CLAIMS	ADJUSTMENTS AND TRANSFERS	AMOUNT EXPECTED TO BE ALLOWED	Carve Out TO BE PAID ON THE EFFECTIVE DATE
ALLIED- C REPUBLIC SERVICES	-			117.08	-	117.08	11.29
ALLIED REPUBLIC SERVICES	-			194.74	-	194.74	18.77
AMERICAN PETROLEUM	-			14,868.00	-	14,868.00	1,433.36
AOC. DE PRODUCTORES DE CONCRETO DE PR	-			750.00	-	750.00	72.30
AQUINO DE CORDOVA, JORGE AQUINO	-			13,355.32	-	13,355.32	1,287.55
ARAMARK UNIFORMS	-			1,409.63	-	1,409.63	135.99
ARGOS PUERTO RICO	-			94,074.85	-	94,074.85	9,069.33
ASOC. CAMIONEROS DEL TURABO	-			71,981.14	-	71,981.14	6,939.40
ASOCIACION DE CONTRATISTAS	-			426.50	-	426.50	41.11
AT&T MOBILITY	-			2,405.59	-	2,405.59	231.99
AUTORIDAD DE ACUEDUCTOS Y ALCANTARILLADOS	-			1,992.19	-	1,992.19	192.00
AV SUPPLY COMPANY	-			2,725.40	-	2,725.40	262.74
BASF AG. CHEM DABV CHRISTIAN TERRASSA	-			8,265.00	-	8,265.00	796.79
CAGUAS COMMERCIAL	-			149.68	-	149.68	14.43
CHARLIE TOWING SVC	-			700.00	-	700.00	67.48
CLARO PR	-			282.34	-	282.34	27.22
COMMERCIAL BERRIOS	-			448.13	-	448.13	43.20
DEPARTMENT OF TREASURY OF PUERTO RICO	-			37,224.53	-	37,224.53	3,588.66
DEPARTMENT OF TREASURY OF PUERTO RICO (IVU)	-			385,865.63	-	385,865.63	37,199.67
EMPRESAS ORTIZ	-			93,249.16	-	93,249.16	8,989.76
EPUMPS SOLUTIONS LLC	-			2,745.60	-	2,745.60	264.69
ESSROC SAN JUAN CEMENT CO INC	-			243,312.21	-	243,312.21	23,456.70
INRUMEC INDUSTRIAL RUBBER	-			773.19	-	773.19	74.54
JAN-PRO DE PUERTO RICO, INC.	-			1,873.20	-	1,873.20	180.59

STAR READY MIX, INC.
 GENERAL UNSECURED CLAIMS
 AS OF JUNE 18, 2018

CREDITOR	PROOF OF CLAIM AMOUNT	CLAIM NO.	STATUS	SCHEDULED CLAIMS	ADJUSTMENTS AND TRANSFERS	AMOUNT EXPECTED TO BE ALLOWED	Carve Out TO BE PAID ON THE EFFECTIVE DATE
JOSE L. NUÑEZ	-			200.00	-	200.00	19.28
LA CASA DE LOS TORNILLOS	-			163.23	-	163.23	15.74
M.A. CARIBBEAN CORP.	-			1,497.60	-	1,497.60	144.38
MIGUEL ALVAREZ	-			550.00	-	550.00	53.02
MULTI BATTERIES & FORKLIFTS INC	-			297.71	-	297.71	28.70
MULTI-VENTAS & SERVICIOS	-			4,038.84	-	4,038.84	389.30
OFFICE DEPOT, INC.	-			73.46	-	73.46	7.00
PRODUCTOS DE CANTERA	-			18,438.29	-	18,438.29	1,777.56
SILVA-COFRESI	-			92.50	-	92.50	8.96
TECNOCRETE, INC.	-			442.00	-	442.00	42.60
TO GO STORE	-			1,116.47	-	1,116.47	107.60
TODAY PLUMBING SERVICES CORP	-			388.00	-	388.00	37.40
TRIFORCE ELECTRIC STORES	-			3,249.89	-	3,249.89	313.31
TRUCK & TRAILER PART	-			2,356.46	-	2,356.46	227.18
TRUCK PARTS CENTER INC	-			362.38	-	362.38	34.94
TRUE GUARD SECURITY	-			16,995.00	-	16,995.00	1,638.42
VENTO DISTRIBUTORS	-			5,906.46	-	5,906.46	569.42
VICTOR GRATACOS, ESQ.	-			1,500.00	-	1,500.00	144.61
VM PARTS INC	-			425.00	-	425.00	40.97
GENERAL UNSECURED CREDITORS	\$ -			\$ 1,037,282.40	\$ -	\$ 1,037,282.40	\$ 100,000.00

\$100,000

STAR READY MIX, INC.
 EXECUTORY CONTRACT
 AS OF JUNE 18, 2018

CREDITOR	PROOF OF CLAIM AMOUNT	CLAIM NO.	Status	SCHEDULED CLAIMS	ADJUSTMENTS AND TRANSFERS	AMOUNT EXPECTED TO BE ALLOWED	TO BE PAID ON THE EFFECTIVE DATE
CEMEX DE PUERTO RICO, INC.	\$ -			\$ 91,830.05		\$ 91,830.05	\$ 91,830.05
				\$ 91,830.05	\$ -	\$ 91,830.05	\$ 91,830.05

EXHIBIT D

**STAR READY MIX, INC.
SUMMARY OF PRIORITY TAX CLAIMS
AS OF JUNE 18, 2018**

CREDITOR	PROOF OF CLAIM AMOUNT	CLAIM NO.	STATUS	SCHEDULED CLAIMS	ADJUSTMENTS AND TRANSFERS	AMOUNT EXPECTED TO BE ALLOWED	PAID ON THE EFFECTIVE DATE
MUNICIPIO DE CIDRA	\$ -			\$ 3,708.29	\$ -	\$ 3,708.29	\$ 3,708.29
DEPARTMENT OF TREASURY OF PUERTO RICO	-			151,275.16	-	151,275.16	32,407.30
DEPARTMENT OF TREASURY OF PUERTO RICO (IVU)	-			2,649,485.31	-	2,649,485.31	567,592.70
TOTAL PRIORITY TAX CLAIMS	\$ -			\$ 2,804,468.76	\$ -	\$ 2,804,468.76	\$ 603,708.29



CPA LUIS R. CARRASQUILLO & CO., P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

STAR READY MIX, INC.
Liquidation Analysis
As of April 30, 2018

28th Street, #TI-26, Turabo Gardens Avenue, Caguas, Puerto Rico 00725
Tel. (787)746-4555, (787)746-4556, Fax (787)746-4564
E-mail: luis@cpacarrasquillo.com

STAR READY MIX, INC.
Liquidation Analysis
As of April 30, 2018

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CPA LUIS R. CARRASQUILLO & CO., P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

April 30, 2018

Mr. Víctor M. Díaz
President
Star Ready Mix, Inc.
PO Box 127
Gurabo, Puerto Rico 00778

**RE: Liquidation Analysis of
Star Ready Mix, Inc.**

Dear Mr. Díaz:

Upon your request, enclosed is the Liquidation Analysis (the "Analysis") of Star Ready Mix, Inc. ("Debtor") as of April 30, 2018. The Analysis is based on Debtor's Schedules and other financial information obtained from Debtor's unaudited books and records as of April 30, 2018. The Analysis also considers management's estimated recovery from Debtor's assets if Debtor were to be liquidated under the provisions of the Chapter 7 of the United States Bankruptcy Code (the "Code") and the distribution of the net proceeds of this liquidation among Debtor's creditors, as indicated in Debtor's Disclosure Statement and Plan of Reorganization (the "Plan"). The Exhibits as to Claims and Plan Payments have been prepared and updated with Debtor's unaudited financial statements as of April 30, 2018 and its Chapter Schedules.

In order to confirm the Plan, the Bankruptcy Court (the "Court") must independently determine that it is in the best interest of all classes of creditors impaired thereby. The "best interest test" requires that the Court finds that the Plan provides to the members of each impaired class a recovery of a value at least equal to the value of the distribution which each such creditor would receive if Debtor were to be liquidated under Chapter 7 of the Code. The Analysis and this report were prepared to assist the Court in making this determination. This report should not be used for any other purpose.

Furthermore, the liquidation values assigned to Debtor's assets or estimated recovery described in the Analysis do not represent, in any way or form, the value of the assets on a going concern basis and/or their values if Debtor's Plan is confirmed. The Analysis is just focused on the recovery expected, by a Chapter 7 Trustee, in a total liquidation of the Estate and may not consider other unknown liquidation expenses and contingencies unknown as of the Analysis' date.

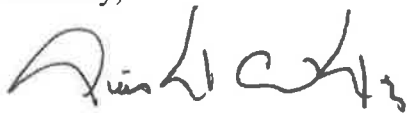
28th Street, #TI-26, Turabo Gardens Avenue, Caguas, Puerto Rico 00725
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E-mail: luis@cpacarrasquillo.com

**Star Ready Mix, Inc.
Liquidation Analysis Report**

We have not audited the Analysis and, accordingly, do not express an opinion or any other form of assurance on the amounts, estimates, and assumptions that, although considered reasonable by management, are inherently subject to significant uncertainties and contingencies beyond management's control.

Accordingly, there can be no assurance that the results shown in the Analysis would be realized if Debtor were to be liquidated under Chapter 7, and therefore, the actual results in such case could vary materially from those presented. We have no responsibility to further update this report for events and circumstances occurring after the date thereof.

Cordially,



CPA LUIS R. CARRASQUILLO & CO., P.S.C.
Certified Public Accountants
License Number 234
Expires on December 1, 2018

STAR READY MIX, INC.
LIQUIDATION ANALYSIS
30-Apr-18

	ASSETS ESTIMATED VALUES	ADJUSTMENT FOR LIQUIDATION	ESTIMATED RECOVERY VALUE	ESTIMATED RECOVERY %
Cash	\$ 84,675	100%	\$ 84,675	
Accounts Receivable				
Accounts Receivable - Trade	196,194	25%	49,049	
Pre-paid Expenses	20,716	0%	-	
Inventory	116,233	20%	23,247	
Property and Equipment				
Furniture and Fixtures, Computers, and Other Office Equipment	42,111	20%	8,422	
Machinery and Equipment				
Transportation Equipment Motor Vehicles	176,280	25%	44,070	
Tax Credits and Deferred Tax Assets	-	0%	-	
Real Properties				
Industrial Building/Concrete Plant - Cidra	1,710,000	50%	855,000	
Industrial Building/Concrete Plant - Gurabo	2,014,000	50%	1,007,000	
TOTAL ASSETS	<u>\$ 4,360,209</u>		<u>\$ 2,071,462</u>	
AMOUNT AVAILABLE FOR SECURED CREDITORS, LIQUIDATION EXPENSES, AND OTHER CREDITORS			<u>\$ 2,071,462</u>	
SECURED CREDITORS' ALLOWED CLAIMS:	<u>Secured Claim</u>		<u>Recovery</u>	
TRIANGLE CAYMAN ASSET COMPANY 2	<u>\$ 2,981,503</u>		<u>\$ 1,906,070</u>	64%
	<u>\$ 2,981,503</u>		<u>\$ 1,906,070</u>	64%
AMOUNT AVAILABLE FOR LIQUIDATION EXPENSES AND OTHER CREDITORS			<u>\$ 165,392</u>	
ADMINISTRATIVE CLAIMS UNDER CHAPTER 7				
LEGAL FEES - CHAPTER 7	\$ 50,000		\$ 30,361	
CHAPTER 7 TRUSTEE FEES	107,073		65,017	
ACCOUNTING AND TAXES	20,000		12,144	
REAL ESTATE BROKER AND CLOSING COSTS	93,100		56,532	
AUCTION, APPRAISAL, OTHER LIQUIDATION COSTS (5%)	2,204		1,338	
TOTAL ADMINISTRATIVE CLAIMS ESTIMATED FOR CH 7	<u>\$ 272,377</u>		<u>\$ 165,392</u>	61%
AMOUNT AVAILABLE FOR PAYMENT TO ADMINISTRATIVE CH 11 AND OTHER CREDITORS			<u>\$ -</u>	
ADMINISTRATIVE CLAIMS - CHAPTER 11				
ACCOUNTING AND CONSULTING - DEBTOR	\$ 45,000		\$ -	
LEGAL FEES - CHAPTER 11	70,000		-	
US TRUSTEE FEES	6,500		-	
TOTAL CHAPTER 11 ADMINISTRATIVE EXPENSES	<u>\$ 121,500</u>		<u>\$ -</u>	0%
AMOUNT AVAILABLE FOR PAYMENT OF PRIORITY AND UNSECURED CREDITORS			<u>\$ -</u>	
UNSECURED PRIORITY CLAIMS	<u>\$ 2,804,469</u>		<u>\$ -</u>	0%
AMOUNT AVAILABLE FOR UNSECURED CREDITORS			<u>\$ -</u>	
GENERAL UNSECURED CREDITORS ALLOWED CLAIMS				
Unsecured Creditors	\$ 1,129,112		-	0%
Secured Claims Deficiency	1,075,433		-	0%
	<u>\$ 2,204,546</u>		<u>\$ -</u>	0%
DEFICIT			<u>\$ (5,009,014)</u>	

STAR READY MIX, INC.
LIQUIDATION ANALYSIS NOTES AND ASSUMPTIONS
AS OF APRIL 30, 2018

The Analysis includes the assets and claims of Star Ready Mix, Inc., (“Debtor”), which filed for protection under Chapter 11 of the Bankruptcy Code.

It assumes Debtor’s liquidation under Chapter 7 of the Code, in order to determine the proceeds originating from the liquidation process of Debtor’s assets and the recovery rate for each class of creditor. Therefore, the assumptions, explanations, and comments included herein are set forth in accordance with section 1129(a) of the Bankruptcy Code (the “Code”).

The Analysis is based on information provided by management and other sources. It was prepared as of April 30, 2018, based on the updated Summary of Claims and Plan Payments and other financial information obtained from Debtor’s unaudited books and records as of such date.

The Analysis reflects management’s estimate of the proceeds that a Chapter 7 Trustee (the “Trustee”) would be able to realize if Debtor were to be liquidated in accordance with Chapter 7 of the Code.

Underlying the Analysis are a number of estimates and assumptions that, although reasonably developed and considered conservative, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond Debtor and its management’s control, and on assumptions with respect to liquidation decisions which could be subject to change.

Accordingly, there can be no assurance that the values reflected in the Analysis would be realized if Debtor, in fact, were to undergo such a liquidation, and actual results could vary materially from those shown herein.

Pursuant to section 1129(a) (7) of the Code (the “Best Interests Test”), each holder of an Impaired Claim must either (a) accept its Plan or (b) receive or retain under the Plan property of a value, as of the Plan’s Effective Date (the “Effective Date”), that is not less than the value such non-accepting claimant would receive or retain if Debtor were to be liquidated under Chapter 7 of the Code on the Effective Date.

In determining whether the “Best Interest Test” has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of Debtor’s assets. Such amount is then reduced by the costs and expenses of the liquidation. Prior to determining whether the “Best Interest Test” has been met, further reductions are required to eliminate cash and asset liquidation proceeds that would be applied to Secured Claims and amounts necessary to satisfy Administrative, Priority Tax, and Other Priority Claims that are senior to General Unsecured Claims, including Administrative Claims that may result from the termination of Debtor’s business and the liquidation of its assets.

Then, any remaining cash would be available for distribution to General Unsecured Creditors, the Unsecured Portion of certain Secured Claims, and the shareholders, in accordance to the order of distribution established by section 726 of the Code. This recovery rate is then compared to that of the Plan, in order for creditors to determine whether the Plan is a better alternative.

STAR READY MIX, INC.
LIQUIDATION ANALYSIS NOTES AND ASSUMPTIONS
AS OF APRIL 30, 2018

The Analysis included herein reflects the estimated cash proceeds, net of liquidation related costs, which would be available to Debtor's creditors if Debtor's assets are liquidated in Chapter 7. The values assigned in the Analysis are estimates of the expected recovery by the Trustee and in no way or form, represents an estimate of Debtor's assets values on a going concern basis and/or if Debtor's Plan is confirmed or, the estimated recovery from Debtor's Assets assuming the Liquidation of the Estate in an Orderly Liquidation Plan executed by Management.

Debtor submits this Analysis as evidence that Debtor's Plan satisfies the Best Interest Test and that, under the Plan, each holder of an Allowed General Unsecured Claim will receive value that is not less than the amount such holder would receive in a Chapter 7 liquidation scenario.

The Analysis is based on unaudited financial information provided by management and and considers a period not to exceed two (2) years during which the Chapter 7 Trustee would take possession and liquidate the assets and distribute the net proceeds to creditors, following the order of distribution established by section 726 of the Code. Issues of potential recoveries from avoidance or preferential actions have not been addressed in the Analysis. This Liquidation Analysis should be read in conjunction with the following notes:

NOTES TO LIQUIDATION ANALYSIS

NOTE A – ASSETS BOOK VALUES

Unless stated otherwise, the assets' values used in this Analysis are those reflected in Debtor's unaudited books and records as of April 30, 2018, real estate available appraisal reports, and/or the assets' values reflected in Debtor's Schedules.

NOTE B – CASH AND CASH EQUIVALENTS

The Analysis assumes that operations during the liquidation period, if any, Debtor would not generate additional cash for distribution, but instead, to cover any post-conversion expenses. It is assumed that any cash and cash equivalents in Debtor's bank accounts as of the filing date will be available for distribution and therefore, 100% realizable. As of April 30, 2018, Debtor's bank accounts reflected a combined cash balance of \$84,675, including Debtor's petty cash account.

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable as of April 30, 2018, represents Debtor's trade accounts receivable due from customers.

The recoverability analysis of these accounts receivable assumes that the Assigned Chapter 7 Trustee would retain or re-hire for a short period of time, certain Debtor's existing staff to handle the collection efforts of the outstanding accounts receivable, resolve disputes in accounts, re-bill some invoices, and similar processes.

STAR READY MIX, INC.
LIQUIDATION ANALYSIS NOTES AND ASSUMPTIONS
AS OF APRIL 30, 2018

NOTE C – ACCOUNTS RECEIVABLE

However, since Debtor's operations will cease if it undergoes liquidation process and Debtor will not comply with the pending orders and/or projects, it is also assumed that the recoverability of these accounts will be negatively affected.

Due to the shut-down of the operations, Debtor's customers may have to place new orders with Debtor's competitors. This will definitively reduce Debtor's customers' cash flows, their ability to pay Debtor its accounts receivable, and may force some customers out of business or into bankruptcy.

After an extensive analysis of Debtor's Accounts Receivable Aging, Management estimated that the recoverability of the receivables, in a liquidation scenario, will not exceed from \$49,000 or **25%** of the outstanding balances as of April 30, 2018.

NOTE D – PREPAID EXPENSES

Prepaid expenses as of the filing date were comprised of prepaid insurance and prepaid property taxes. In the case of the prepaid insurance, no recoverability is expected as it represents the prepaid balance of insurance premiums, as of the filing date (already expired and amortized). In the case of the prepaid taxes, this amount will be netted with any pre and post-petition debts with CRIM, thus, without any recoverability for the Estate.

NOTE E – INVENTORY

Debtor's inventory consists of raw materials used in operations; including additives, cement, diesel, oil and lubricants, flocculants, processed aggregates, spare parts, sand, supplies and stone. The estimated gross value of it is based on the reported amount at Debtor's books and records as of April 30, 2018.

The Analysis assumes that the recovery on the inventory would not exceed 20% of its costs due to its nature. The recovery of this asset is also affected by the fact that most of the inventory is composed of spare parts used to repair Debtor's machinery and equipment. The high carrying cost of this asset including utilities, management, property taxes, and the conditions of the economy, are factors that will affect its recovery, in a liquidation scenario. Therefore, the estimated recovery rate from this asset, under a liquidation scenario, was estimated in 20% of its reported value.

NOTE F – PROPERTY AND EQUIPMENT

Offices Furniture and Computers

Debtor's furniture, computers, and other office equipment's combined scheduled values as of the filing date, amounted to \$42,111. These assets include furniture, fixtures, and computers acquired for Debtor's administrative office and were presented at their acquisition costs at Debtor's Schedules.

**STAR READY MIX, INC.
LIQUIDATION ANALYSIS NOTES AND ASSUMPTIONS
AS OF APRIL 30, 2018**

NOTE F – PROPERTY AND EQUIPMENT

Offices Furniture and Computers

The market for used office equipment has been flooded by small business closings and has been also affected by more efficient new equipment in the market. Due to the above and the physical condition of these assets, Debtor estimated the recovery rate for these assets at 20% of their costs or \$8,422.

Construction Equipment, Rolling Stock, Machinery and Equipment, and Other Similar Fixed Assets

As of the filing date, Debtor owns Construction Equipment, Rolling Stock, Machinery and Equipment, and Trucks, which were listed in Debtor’s Schedules at their estimated fair values.

As of the filing date, Debtor estimated the values of these assets in the aggregate amount of \$176,280. Debtor estimated the recovery rate for these assets at 25% of their costs or \$44,070.

Based on the liquidation proceeds archived on a similar case (Mini-Master Concrete Services Inc., Case No. 16-09956 (MFC)), these assets may produce approximately 20-21% of their estimated values, in a liquidation process. Therefore, Management’s estimated recovery of 25% seems reasonably stated.

NOTE G – REAL PROPERTY

Debtor’s real properties were presented on Debtor’s Bankruptcy Schedules at their estimated market values, based on the available appraisal reports. Real properties include two (2) commercial properties located at the municipalities of Cidra and Gurabo, that serve as collaterals to Triangle Cayman Asset Company 2 (“Triangle”) secured claims. The liquidation values of such real properties are summarized as follows:

Property	Appraisal Date	Appraised or Estimated Values	Estimated Recovery %	Estimated Liquidation Value	Claim Holder
(1) Commercial property located at Arenas Ward, P.R. Road No. 734, Km. 2 Hm. 7, Cidra, Puerto Rico	05/24/2016	\$ 1,710,000	50%	\$ 855,000	Triangle
(2) Commercial property located at Navarro Ward, P.R. Road No. 189, Km 3 Hm 8, Gurabo, Puerto Rico	12/04/2017	2,014,000	50%	1,007,000	Triangle
Total		\$ 3,724,000		\$ 1,862,000	

STAR READY MIX, INC.
LIQUIDATION ANALYSIS NOTES AND ASSUMPTIONS
AS OF APRIL 30, 2018

NOTE G – REAL PROPERTY

Due to the conditions of the Plants after the passage of Hurricane Maria, among other factors, it is estimated that the recovery of such properties will not exceed from 50% of their estimated values.

Notwithstanding the above, the recovery value of both plants, combined, is less than the secured claims of Triangle.

NOTE H – ALLOCATION OF NET ESTIMATED PROCEEDS TO SECURED CLAIMANTS

Based on the Analysis and as set forth above, it is estimated that the Trustee will recover approximately \$2,071,000 from the sale and/or liquidation of all of Debtor’s assets. Triangle has a perfected security interest over Debtor’s real estate and chattel mortgages over all plant and other equipment.

Therefore after the payment to Triangle there will be only \$165,392 which would be distributed as follows:, may be summarized as follows:

<u>Creditors</u>	<u>Claim</u>	<u>Recovery Under Chapter 7</u>	<u>%</u>	<u>Recovery Under Chapter 11</u>
Chapter 7 Adm. Expense Claims	272,377	\$ 165,392	61%	N/A
Chapter 11 Adm. Expense Claims	121,500	-	0%	100%
Treasury Claims	2,800,760	-	0%	21%
Priority Tax Claims	3,708	-	0%	100%
Cure Claims	91,830	-	0%	100%
General Unsecured Claims	<u>1,037,282</u>	-	0%	10%
	<u>\$ 7,308,960</u>	<u>\$ 165,392</u>		

As shown above, after the payment to the secured creditor in this case and a partial payment of Chapter 7 Administrative Expenses Claims, there would be no funds for Administrative Chapter 11 Expense claims, Priority Tax Claims, and General Unsecured Claims. However, all of them would receive better dividends, if Debtor’s Plan is confirmed, as shown in the table above.

NOTE I - CONCLUSIONS

Based on the Analysis, under a Liquidation Scenario, only the Secured Creditor and the Chapter 7 Administrative Claimants, would be receiving some dividends. The Chapter 11 Administrative Expense Claimants, the Priority Claimants and General Unsecured Claimants would **NOT** receive any dividends.

Under Debtor’s Plan, Debtor will pay **100%** of the Administrative Expense Claims on or before the Effective Date, including attorney’s fees, accounting fees, and the US Trustee quarterly fees.

STAR READY MIX, INC.
LIQUIDATION ANALYSIS NOTES AND ASSUMPTIONS
AS OF APRIL 30, 2018

NOTE I - CONCLUSIONS

Furthermore, pursuant to the Plan, the Holders of Allowed Priority Claims other than Treasury will receive a dividend of approximately 100%, while Treasury will receive \$600,000 in full payment and release of all of its pre-petition claims.

Lastly, under the provisions of the Plan, the Holders of Allowed General Unsecured Claims will receive a dividend of approximately 9.6% of their claims, at the Effective Date of the Plan, from a \$100,000 carve out reserved for such class.

Therefore, and based on the above, an orderly liquidating implemented Plan by Debtor will maximize the recoverability of the General Unsecured Creditors and will assure compliance with the best interest test as all creditors will receive or retain, under the Plan, property of a value, as of the Effective Date, that is not less than the value they would receive or retain if Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code. Therefore, Debtor believes that the best alternative for such creditors is to vote in favor of the Plan.

STAR READY MIX, INC.
CASE NO.
REPORT OF FUNDS (CASH) DISTRUBUTION

<u>Creditors/Classes</u>	<u>Claims Balance</u>	<u>Dividend %</u>
Triangle Cayman Asset Company 2	\$ 2,981,503	32%
CEMEX of Puerto Rico, Inc..	91,830	100%
Administrative Expense Claims	115,000	100%
Priority Tax Claims (Municipio de Cidra)	3,708	100%
Priority Tax Claims - Treasury	2,800,760	21%
Allowed General Unsecured Claims	1,037,282	9.6%
Total	<u>\$ 7,030,084</u>	

Estimated Funds That Will Be Available at Debtors DIP Accounts

Hurricane Maria Insurance Claims

Loan From Debtor's Family

Total Cash For Distributions

**STAR READY MIX, INC.
HISTORICAL BALANCE SHEETS**

	<u>Apr-18</u>	<u>Apr-17</u>
ASSETS		
Cash	\$ 84,269	\$ (42,090)
Accounts Receivable:		
Trade, Net	229,014	484,457
Employees & Others	<u>26,002</u>	<u>26,839</u>
Total Accounts Receivable	255,017	511,296
Inventories	116,233	116,233
Prepaid Expenses	<u>41,199</u>	<u>48,810</u>
TOTAL CURRENT ASSETS	496,717	634,248
Property, Plant & Equipment		
Land	566,625	566,625
Building & Improvements	2,467,410	2,467,410
Transportation Equipment	2,074,917	2,071,477
Machinery & Equipment	1,228,203	1,202,105
Motor Vehicles	84,518	84,518
Office Equipment, Furniture & Fixtures	<u>95,083</u>	<u>69,605</u>
	6,516,756	6,461,739
Less Accumulated Depreciation	<u>(5,158,588)</u>	<u>(5,158,588)</u>
Property, Plant & Equipment, Net	1,358,168	1,303,151
Deferred Alternative Minimum Tax Credit	-	-
Deferred Tax Asset	<u>161,582</u>	<u>161,582</u>
TOTAL ASSETS	\$ 2,016,467	\$ 2,098,981
LIABILITIES & STOCKHOLDER'S DEFICIENCY		
Liabilities Not Subject to Compromise		
Current Liabilities:		
Post-petition Accounts Payable	\$ 2,301,771	\$ 2,254,949
Accrued Post-petition Expenses & Payroll Taxes	259,869	214,612
Current Portion of Secured Long-Term Debt (Pre)	416,887	523,147
Income Tax Payable	<u>-</u>	<u>-</u>
Current Liabilities	2,978,527	2,992,707
Pre-Petition Claims	<u>4,747,875</u>	<u>4,767,493</u>
Total Liabilities	<u>7,726,402</u>	<u>7,760,201</u>
Stockholder's Deficiency		
Common Stock, \$10 par value; 25,000 shares authorized; 1,593.50 shares issued and outstanding	15,935	15,935
Accumulated Deficit	<u>(5,725,870)</u>	<u>(5,677,155)</u>
Stockholder's Deficiency	<u>(5,709,935)</u>	<u>(5,661,220)</u>
LIABILITIES & STOCKHOLDER'S DEFICIENCY	\$ 2,016,467	\$ 2,098,981

STAR READY MIX, INC.
HISTORICAL STATEMENTS OF OPERATIONS

	<u>Apr-18</u>	<u>Apr-17</u>
Net Sales	\$ 4,046,180	\$ 5,101,223
Manufacturing & Processing Costs	3,092,004	4,070,944
Delivery Expenses	<u>267,814</u>	<u>259,434</u>
Total Cost of Sales	<u>3,359,818</u>	<u>4,330,378</u>
	83%	85%
Gross Profit	686,362	770,845
Selling, General & Administrative Expenses	<u>707,730</u>	<u>1,034,737</u>
Income/(Loss) from Operations	(21,368)	(263,892)
Other Income/(Expenses):		
Other Income	-	8,687
Interest Expense	(29,893)	(155,039)
Loss on Disposal of Assets	<u>-</u>	<u>(41)</u>
Other Income/(Expenses), net	(29,893)	(146,393)
Net Income/(Loss) Before Reorg Items and Taxes	<u>\$ (51,260)</u>	<u>\$ (410,285)</u>

Financial Statements

STAR READY MIX, INC.

DEBTOR-IN-POSSESSION

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2016

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Aquino, De Cordova, Alfaro & Co., LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Star Ready Mix, Inc.
Gurabo, Puerto Rico

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Star Ready Mix, Inc. (Debtor-in-Possession and a Puerto Rico corporation), which comprise the balance sheet as of April 30, 2016, and the related statements of operations and accumulated deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

- 1) The Company has not recorded approximately \$401,000 of long-term debt that the creditor claims is owed. We were unable to determine the veracity of such claim and no adjustment was made in the financial statements.
- 2) As discussed in Note C to the financial statements, the Company is not complying with the conditions of its voluntary petition for reorganization under Chapter 11 of the Federal Bankruptcy Law.

Basis for Disclaimer of Opinion - Continued

- 3) The accompanying financial statements have been prepared assuming that the Company will continue as a debtor-in-possession going concern. As discussed in Note I to the financial statements, the Company is in arrears with the Treasury Department of the Commonwealth of Puerto Rico not covered by the Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Law for approximately \$548,000 as of April 30, 2016 and approximately \$1.7 million as of November 8, 2017. As of April 30, 2016, the Company has an accumulated deficit of approximately \$5.6 million.
- 4) As discussed in Note I to the financial statements, a major catastrophe occurred in Puerto Rico on September 20, 2017 (Hurricane María) and the Company has been unable to continue full operations since that date.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Report on Supplementary Information

We were engaged to audit the financial statements of Star Ready Mix, Inc. as of and for the year ended April 30, 2016, and have issued our report thereon dated November 8, 2017. However, the scope of our audit of the financial statements was not sufficient to enable us to express an opinion because of uncertainties and accordingly we did not express an opinion on such financial statements. The supplementary information on pages 17 through 19 is presented for purposes of additional analysis and it is not a required part of the basic financial statements. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

AQUINO, DE CÓRDOVA, ALFARO & CO., LLP
Carolina, PR

November 8, 2017

Aquino, De Cordova, Alfaro & Co. LLP

Stamp number E305828
of Puerto Rico CPA Society
has been affixed to the
original report.



Aquino, De Córdoba, Alfaro & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
BALANCE SHEET
APRIL 30, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 68,074
Accounts receivable:	
Trade, less allowance for doubtful accounts of \$16,161	513,207
Employees and others	<u>2,677</u>
	515,884
Inventories	136,373
Prepaid expenses	<u>5,633</u>
TOTAL CURRENT ASSETS	725,964

PROPERTY, PLANT AND EQUIPMENT

Land	566,625
Building and building improvements	2,467,410
Transportation equipment	2,086,667
Machinery and equipment	1,135,712
Motor vehicles	72,518
Office equipment, furniture and fixtures	<u>67,195</u>
	6,396,127
Less accumulated depreciation	<u>5,014,435</u>
	1,381,692

DEFERRED TAX ASSET

	<u>161,581</u>
	<u>\$ 2,269,237</u>

See accompanying notes to financial statements.

STAR READY MIX, INC.
 DEBTOR-IN-POSSESSION
 BALANCE SHEET - CONTINUED
 APRIL 30, 2016

LIABILITIES AND STOCKHOLDER'S EQUITY DEFICIENCY

LIABILITIES NOT SUBJECT TO COMPROMISE

CURRENT LIABILITIES

Postpetition accounts payable, trade	\$ 1,384,272
Accrued postpetition expenses and payroll taxes	1,110,379
Current portion of fully secured long-term debt	<u>348,000</u>
	2,842,651

FULLY SECURED LONG-TERM DEBT , less current portion	<u>2,928,503</u>
--	------------------

TOTAL LIABILITIES NOT SUBJECT TO COMPROMISE	5,771,154
--	-----------

LIABILITIES SUBJECT TO COMPROMISE

CURRENT LIABILITIES

Current portion of prepetition claims	<u>1,450,463</u>
	1,450,463

PREPETITION CLAIMS , less current portion	<u>594,318</u>
--	----------------

TOTAL LIABILITIES SUBJECT TO COMPROMISE	2,044,781
--	-----------

STOCKHOLDER'S EQUITY DEFICIENCY

Common stock, \$10 par value; 25,000 shares authorized; 1,593.50 shares issued and outstanding	15,935
Accumulated deficit	<u>(5,562,633)</u>
	<u>(5,546,698)</u>

\$ 2,269,237

See accompanying notes to financial statements.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
YEAR ENDED APRIL 30, 2016

NET SALES	\$ 5,449,235
MANUFACTURING AND PROCESSING, AND DELIVERY COSTS	
Manufacturing and processing	4,123,643
Delivery	<u>525,779</u>
	<u>4,649,422</u>
GROSS PROFIT	799,813
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,231,453</u>
LOSS FROM OPERATIONS	(431,640)
OTHER INCOME (EXPENSE)	
Other income	4,042
Interest expense	<u>(120,544)</u>
	<u>(116,502)</u>
NET LOSS	(548,142)
ACCUMULATED DEFICIT AT BEGINNING OF YEAR	<u>(5,014,491)</u>
ACCUMULATED DEFICIT AT END OF YEAR	<u>\$ (5,562,633)</u>

See accompanying notes to financial statements.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 5,329,845
Cash paid to suppliers and employees	(4,255,378)
Interest paid	(120,544)
Income tax paid	<u>23,853</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

977,776

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(158,887)</u>
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**CASH USED IN
INVESTING ACTIVITIES**

(158,887)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on:	
Long-term debt	(526,000)
Prepetition claims	<u>(243,827)</u>

**NET CASH USED IN
FINANCING ACTIVITIES**

(769,827)

NET INCREASE IN CASH

49,062

CASH AT BEGINNING OF YEAR

19,012

CASH AT END OF YEAR

\$ 68,074

See accompanying notes to financial statements.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
STATEMENT OF CASH FLOWS - CONTINUED
YEAR ENDED APRIL 30, 2016

**RECONCILIATION OF NET LOSS TO
NET CASH PROVIDED BY OPERATING
ACTIVITIES**

Net loss	\$ (548,142)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	287,275
Provision for bad debts	5,408
Changes in assets and liabilities (Increase) decrease in:	
Accounts receivable, trade	(123,432)
Others accounts receivable	7,245
Inventories	(752)
Prepaid expenses	2,001
Increase (decrease) in:	
Postpetition accounts payable, trade	451,964
Accrued postpetition expenses and payroll taxes	872,356
Deferred Alternative Minimum Tax	23,853
	<u>1,525,918</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 977,776</u>

See accompanying notes to financial statements.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Star Ready Mix, Inc. (hereinafter referred to as the Company) was organized under the laws of the Commonwealth of Puerto Rico on April 24, 1985. It is engaged in the manufacturing and distribution of ready-mixed concrete. The Company has batching plants located in Cidra and Gurabo, Puerto Rico.

With these plants strategically located, the Company delivers its high quality product to most of the eastern central region of the Island.

Summary of significant accounting policies:

Accounts receivable

Trade accounts receivable are stated net of allowance for doubtful accounts and represents the amount management expects to collect from outstanding balances. Difference between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to an allowance for doubtful accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to trade accounts receivable.

Inventories

Inventories are stated at the lower of cost or market, using the first-in, first-out basis of accounting.

Property, plant, and equipment

Property, plant, and equipment are stated at cost. Depreciation is provided by the straight-line method over the estimated useful life of the related asset.

Expenditures that increase the useful life or substantially increase the serviceability of an existing asset are capitalized. Expenditures relating to recurring repair and maintenance are expensed as incurred.

When property is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance sheet, with any resulting gain or loss being reflected in income.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
APRIL 30, 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, plant, and equipment - continued

The Company periodically reviews its property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment charge was recorded.

Accounts payable, trade

Accounts payable, trade represent purchases made and expenses incurred in the ordinary course of business that are usually paid within thirty days.

Income taxes

The Company uses an asset and liability approach in accounting for income taxes following the provisions of the Income Taxes Topic of the FASB Accounting Standards Codification.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred income taxes represent the future tax return consequences of those differences which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Sales tax collected

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
APRIL 30, 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising costs

The Company expenses advertising costs when incurred. Advertising expense was approximately \$30,400.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the U.S.A requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE B - INVENTORIES

Inventories consist of:

Raw materials	\$	61,032
Spare parts, oil and lubricants		<u>75,341</u>
	\$	<u>136,373</u>

NOTE C - PREPETITION CLAIMS OF THE CHAPTER 11 PLAN

On May 23, 2011, Star Ready Mix, Inc. (the Debtor) filed a voluntary petition for relief under the provisions of Section 362 of Chapter 11 of the Federal Bankruptcy Laws in the United States Bankruptcy Court of the District of Puerto Rico. The Company filed the Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Laws on March 2, 2012. This Plan was confirmed by the United States Bankruptcy Court for the District of Puerto Rico on June 29, 2012. Under Chapter 11, certain claims against the Debtor in existence before to the filing of the petition for relief under the federal bankruptcy laws are stayed while the Debtor continues business operations as Debtor-in-Possession. These claims were reflected on the April 30, 2016 Balance Sheet as "Liabilities subject to compromise". Additional claims (liabilities subject to compromise) may arise subsequent to the filing date resulting from rejection of executory contracts, including leases, and from the determination by the Court (or agreed to by parties in interest) of allowed claims for contingencies and other disputed amounts. Claims secured against the Debtor's assets (secured claims) also are stayed, although the holders of such claims have the

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
APRIL 30, 2016

NOTE C - PREPETITION CLAIMS OF THE CHAPTER 11 PLAN - CONTINUED

right to move the Court for relief from the stay. Secured claims are secured primarily by liens over substantially all of the Debtor's assets. As of April 30, 2016, the Company was not in compliance with the payment plan filed on March 2, 2012.

Future payments of these claims are as follows:

<u>Year ending April 30,</u>	<u>Amount</u>
2017	\$ 1,450,463
2018	277,139
2019	52,139
2020	52,139
2021	52,139
Thereafter	<u>160,762</u>
	2,044,781
Less current portion	<u>1,450,463</u>
	<u>\$ 594,318</u>

STAR READY MIX, INC.
 DEBTOR-IN-POSSESSION
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 APRIL 30, 2016

NOTE D - LONG-TERM DEBT

Long-term debt consists of:

6.5% note, payable in monthly installments of \$28,000 from October 2013 through October 2016, and \$30,000 from November 2016 through March 2018, including interest. At April 2018, any and all sums due and owing may be renegotiated at the bank's discretion. The note is secured by real estate owned by the Company, and security interest over inventory and construction equipment.	\$ 3,276,503
Less current portion	<u>348,000</u>
	<u>\$ 2,928,503</u>

Maturities of long-term debt are approximately as follows:

<u>Year ending April 30,</u>	<u>Amount</u>
2017	\$ 348,000
2018	<u>2,928,503</u>
	<u>\$ 3,276,503</u>

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
APRIL 30, 2016

NOTE E - INCOME TAXES

At April 30, 2016, the Company has available net operating loss carry-forwards of approximately \$2,165,000 expiring \$242,000 in 2026, \$860,000 in 2020, \$441,000 in 2021, \$436,000 in 2024, and \$184,000 in 2025 applicable against future pretax income, if any.

A deferred tax asset resulted from the effect of the net operating loss carry-forwards for approximately \$161,000.

In assessing the realize ability the deferred tax asset, management considers whether it is more likely than not that some portion or the entire deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

Based upon the level of historical taxable income and projections of future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the benefits of these deducible differences.

NOTE F - FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Company is principally engaged in the manufacturing and sale of ready-mixed concrete to construction companies. Consequently, the Company's ability to collect the amounts due from customers may be affected by economic fluctuations in the construction industry. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of trade accounts receivable and accounts payable trade.

Accounts receivable from two customers were approximately 51%, (\$270,000), at April 30, 2016.

Purchases of cement from two suppliers were approximately 94% (\$2,212,000) during the year ended April 30, 2016.

Sales to one customer was approximately 10% (\$565,000) during the year ended April 30, 2016.

The Company maintains cash in a bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such account and management does not believe it is exposed to any significant credit risk on cash. No uninsured deposits existed at April 30, 2016.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
APRIL 30, 2016

NOTE G - LEASE AGREEMENT

The Company leases warehouse space in Gurabo, Puerto Rico with a monthly payment of \$1,089, renewed annually. Rent expense for the year ended April 30, 2016 was approximately \$29,000.

NOTE H - GOING CONCERN

As described in Note C, the Company underwent reorganization under Chapter 11 of the Federal Bankruptcy Court. On June 29, 2012, the reorganization plan was approved by the court. The court requires all the payments in the reorganizational plan to be paid in full and in a timely manner. As of April 30, 2016, the Company had an accumulated deficit of approximately \$5.6 million. These factors create an uncertainty about the Company's ability to continue as a Debtor-in-Possession going concern. Management of the Company is developing a plan to continue increasing its revenues while maintaining or reducing its operational costs, in order to increase its cash flows. In addition, it expects to comply with all required payments stipulated in the reorganization plan. The ability of the Company to continue as a Debtor-in-Possession going concern is dependent on the plan's success. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a Debtor-in-Possession going concern.

NOTE I - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 8, 2017, which is the same date the financial statements were available to be issued. Sales tax obligation in arrears as of April 30, 2016 amounted to \$547,758. No payments have been made thereon. As of November 8, 2017, sales tax in arrears not covered by the Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Law is approximately \$1.7 million.

With the passing of Hurricane Maria, the Company suffered damages to its property and experienced business interruption since September 20, 2017. Although the Company has insurance covering the damages the ultimate recovery is not currently determinable.

SUPPLEMENTARY INFORMATION

(See Independent Auditor's Report on Page 2)

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
MANUFACTURING AND PROCESSING COSTS
YEAR ENDED APRIL 30, 2016

DIRECT COSTS

Cost of materials	\$ 2,688,059
Manufacturing salaries, payroll taxes and fringe benefits	<u>374,509</u>
	3,062,568

OVERHEAD COSTS

Depreciation	31,393
Miscellaneous expenses	575
Professional services	22,958
Repair and maintenance	37,161
Commissions expense	4,447
Radio and telephone	42,141
Rent equipment	44,134
Rent	29,177
Security	<u>39,690</u>
	251,676

HAULING COSTS

Professional services	<u>809,399</u>
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**TOTAL MANUFACTURING
AND PROCESSING COSTS**

\$ 4,123,643

See independent auditor's report.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
DELIVERY COSTS
YEAR ENDED APRIL 30, 2016

Salaries and fringe benefits	\$ 48,060
Depreciation	129,604
Professional services	4,894
Oil and lubricants	172,753
Tolls fare	8,215
Miscellaneous expenses	246
Repairs and maintenance	89,147
Tires	56,359
Uniforms	10,104
Sales tax	6,397
TOTAL DELIVERY COSTS	\$ 525,779

See independent auditor's report.

STAR READY MIX, INC.
DEBTOR-IN-POSSESSION
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED APRIL 30, 2016

Salaries and fringe benefits	\$ 452,145
Payroll taxes	28,820
Advertising and promotions	30,453
Bank and late charges	4,901
Dues and subscriptions	4,826
Depreciation	126,279
General insurance	35,739
Training	635
Office expenses	21,548
Rent	625
Professional fees	48,203
Gasoline	32,558
Licenses and permits	31,401
Maintenance and repairs expense	590
Property and municipal taxes	14,828
Travel	4,126
Bad debts	26,012
Vehicles expenses	18,308
Sales tax expense	40,827
Interest and penalties	240,909
Waste disposal expense	5,839
Utilities	48,153
Telephone	225
Uniforms	2,107
Donations	550
Postage and freight expense	3,566
Bonus and royalties	4,716
Computer and hardwares	1,095
Miscellaneous	1,469
	<hr/>
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	\$ 1,231,453

See independent auditor's report.